

---

**Dated:** 11 June 2019

- (1) BRITISH AIRWAYS PLC
- (2) NEW AIRWAYS PENSION SCHEME TRUSTEE LIMITED

-

---

Supplemental Deed

(Introduction of consolidated trust deed and rules)

---

New Airways Pension Scheme

**BY**

- (1) **BRITISH AIRWAYS PLC** (registered number 01777777) whose registered office is at Waterside, PO Box 365, Harmondsworth UB7 0GB (the “**Principal Company**”); and
- (2) **NEW AIRWAYS PENSION SCHEME TRUSTEE LIMITED** (registered number 10299954) whose registered office is at Waterside, HAA1, Harmondsworth, England, UB7 0GB (the “**Management Trustee**”).

**BACKGROUND**

- (A) The Management Trustee is the sole current Management Trustee of the New Airways Pension Scheme (the “**Scheme**”). The Scheme is governed by a Supplemental Deed of Amendment and Consolidation dated 3 April 2008 adopting a consolidated text of the trust deed (the “**Trust Deed**”) and rules scheduled to the trust deed (the “**Rules**”), as amended by the deeds listed in Schedule 1 to this deed.
- (B) Under Clause 16 of the Trust Deed, the Principal Company and the Management Trustee may amend the Trust Deed and Rules by supplemental deed executed by the Principal Company and two directors of the Management Trustee who have been appointed by the Management Trustee to execute the deed, provided that no such amendment or addition shall take effect unless it has been approved by a resolution of the Management Trustee in favour of which at least two thirds of the directors of the Management Trustee have voted and provided as additionally set out in Clause 16.
- (C) With effect from the date of this deed, the Principal Company and the Management Trustee wish to amend the Trust Deed and Rules by replacing it with the amended and consolidated trust deed and rules (the “**New Trust Deed and Rules**”) attached to this deed at Schedule 2.
- (D) The New Trust Deed and Rules are not intended to change the amount of any person's benefit entitlement under the Scheme nor to change the balance of power between the Principal Company and the Management Trustee.
- (E) At a meeting of the Management Trustee held on 27 March 2019
- (i) at least two thirds of the directors for the time being of the Management Trustee voted in favour of a resolution approving the amendment of the Trust Deed and Rules on the terms set out in this deed; and
- (ii) Virginia Holmes and Christopher Daw
- were appointed in accordance with Clause 16 of the Trust Deed to execute this deed.
- (F) The Management Trustee has received legal advice confirming that the changes set out in this deed are not “regulated modifications” as defined in section 67 of the Pensions Act 1995, and that they comply with the requirements of section 37 of the Pension Schemes Act 1993 and regulations made under that section.

**OPERATIVE PROVISIONS**Amendment and Consolidation

1. The Principal Company and the Management Trustees agree to amend and to consolidate the Trust Deed and Rules of the Scheme with effect on and from the date of this supplemental deed by replacing the Trust Deed and Rules with the New Trust Deed and Rules set out in Schedule 2 to this deed.
2. The New Trust Deed and Rules is not intended to change the amount of any person's benefit entitlement under the Scheme nor to change the balance of power between the Principal

Company and the Management Trustee. If any ambiguity or discrepancy contrary to this intention is identified between the New Trust Deed and Rules and the Trust Deed and Rules in force immediately before the date of this supplemental deed:

- 2.1 the New Trust Deed and Rules will be construed and applied so as to give full effect to this intention (and for that purpose will, if necessary, be read as if words had been added to or deleted from the provision(s) giving rise to the ambiguity or discrepancy); and
- 2.2 the Management Trustee and Principal Company will (without prejudice to the jurisdiction of the courts) execute a supplemental deed clarifying or correcting the relevant provision(s); and
- 2.3 for the period prior to the execution of that supplemental deed, the benefits payable to and in respect of the relevant members will be determined in accordance with the Trust Deed and Rules in force immediately before the date of this supplemental deed.

General provisions

3. This deed may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this deed.
4. The parties to this deed do not intend that any term of this deed should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this deed.

**EXECUTED** as a deed and delivered on the date stated at the beginning of this deed.

**THE COMMON SEAL of  
BRITISH AIRWAYS PLC**  
was affixed in the presence of:

**Director / secretary:** .....

**Name:** Stephen Gunning

**EXECUTED** as a deed (but not delivered until dated)  
by **NEW AIRWAYS PENSION SCHEME TRUSTEE LIMITED** acting by two directors

**Director signature:** .....

**Name:** Christopher Daw

**Director signature:** .....

**Name:** Virginia Holmes

## SCHEDULE 1

| Date       | Document                                                                                                                                                                          | Parties                                                   |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 02.04.2009 | Supplemental Deed<br>(Upper accrual point)                                                                                                                                        | (1) British Airways Plc<br>(2) R P Maynard Esq and others |
| 09.06.2009 | Supplemental Deed<br>(Exoneration provisions and Clause 9(b))                                                                                                                     | (1) British Airways Plc<br>(2) R P Maynard Esq and others |
| 10.07.2009 | Supplemental Deed<br>(Clause 9)                                                                                                                                                   | (1) British Airways Plc<br>(2) R P Maynard Esq and others |
| 24.03.2010 | Supplemental Deed<br>(Discretion not to recover overpayments<br>and serious ill health)                                                                                           | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 08.06.2010 | Supplemental Deed<br>(Trivial commutation)                                                                                                                                        | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 20.09.2010 | Supplemental Deed<br>(Payment of Trustees)                                                                                                                                        | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 20.09.2010 | Supplemental Deed<br>(Trustee Appointments and<br>Investments)                                                                                                                    | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 29.09.2010 | Supplemental Deed<br>(Rule changes effective from 1 October<br>2010)                                                                                                              | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 17.12.2010 | Supplemental Deed<br>(Member Nominated<br>Trustees)                                                                                                                               | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 01.09.2011 | Supplemental Deed<br>(Salary sacrifice additional voluntary<br>contributions)                                                                                                     | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 14.12.2011 | Supplemental Deed<br>(Quorum - MNTs/ENTs)                                                                                                                                         | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 24.07.2012 | Supplemental Deed<br>(Flexible Retirement)                                                                                                                                        | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 31.08.2012 | Supplemental Deed<br>(BAMPS Closure)                                                                                                                                              | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 03.09.2012 | Supplemental Deed<br>(Finance Act 2011 Leavers after Normal<br>Retirement Age and Transfers)                                                                                      | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 07.11.2012 | Supplemental Deed<br>(Salary Sacrifice Additional Voluntary<br>Contributions and Early Retirement<br>Following Switches to and from the<br>British Airways Money Purchase Scheme) | (1) British Airways Plc<br>(2) P Spencer CBE and others   |
| 09.09.2013 | Supplemental Deed<br>(Forfeiture)                                                                                                                                                 | (1) British Airways Plc<br>(2) P Spencer CBE and others   |

| Date       | Document                                                                                                | Parties                                                 |
|------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| 19.09.2013 | Supplemental Deed<br>(Salary Sacrifice Additional Voluntary Contributions)                              | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 10.07.2014 | Supplemental Deed<br>(appointment of Management alternates)                                             | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 10.07.2014 | Supplemental Deed<br>(Benefits for same sex spouses)                                                    | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 10.07.2014 | Supplemental Deed<br>(Transfer of contracted-out benefits)                                              | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 09.12.2014 | Supplemental Deed<br>(Meetings of members)                                                              | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 22.01.2015 | Supplemental Deed<br>(Confidential Information)                                                         | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 01.04.2015 | Supplemental Deed<br>(Defined contribution flexibility, commutation and transfers)                      | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 01.04.2015 | Supplemental Deed<br>(Shared parental leave)                                                            | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 17.06.2015 | Supplemental Deed<br>(Member disputes)                                                                  | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 06.07.2015 | Supplemental Deed<br>(Confirmation of deeds dated 1 April 2015)                                         | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 06.07.2015 | Supplemental Deed<br>(Appointment of Management Trustee alternates)                                     | (1) British Airways Plc<br>(2) P Spencer CBE and others |
| 17.03.16   | Supplemental Deed<br>(End of contracting-out: deed implementing statutory override)                     | British Airways Plc                                     |
| 23.03.16   | Supplemental Deed<br>(Delegation powers)                                                                | (1) British Airways Plc<br>(2) V Holmes and others      |
| 23.03.16   | Supplemental Deed<br>(End of contracting-out: deed amending revaluation of guaranteed minimum pensions) | (1) British Airways Plc<br>(2) V Holmes and others      |
| 26.05.16   | Supplemental Deed<br>(BAMPS Account: interest rate)                                                     | (1) British Airways Plc<br>(2) V Holmes and others      |
| 30.06.16   | Supplemental Deed<br>(End of contracting-out: deed implementing statutory override (Dunwoody))          | British Airways Plc                                     |
| 26.10.16   | Supplemental Deed<br>(Corporate trustee)                                                                | (1) British Airways Plc<br>(2) V Holmes and others      |

| Date     | Document                                                                                                              | Parties                                                                      |
|----------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 12.05.17 | Supplemental Deed<br>(Scheme Pays and delegation powers)                                                              | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |
| 13.12.17 | Supplemental Deed<br>(British Caledonian and Dan-Air -<br>Deferment of transferred-in benefits)                       | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |
| 13.12.17 | Supplemental Deed<br>(Administrative amendments in relation<br>to scheme payment power)                               | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |
| 10.01.18 | Supplemental Deed<br>(Pension Advice Allowance)                                                                       | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |
| 08.03.18 | Supplemental Deed<br>(AVC Arrangements)                                                                               | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |
| 14.03.18 | Supplemental Deed<br>(Closure to accrual, transitional benefits<br>and member-nominated trustee<br>arrangements)      | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |
| 17.12.18 | Supplemental Deed (partial transfers-<br>out)                                                                         | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |
| 27.03.19 | Supplemental Deed (introduction of the<br>Transitional Arrangement Transfer Fund<br>for transfers-in to AVC Accounts) | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |
| 27.03.19 | Supplemental Deed (BAMPS Bonus<br>Component)                                                                          | (1) British Airways Plc<br>(2) New Airways Pension Scheme<br>Trustee Limited |

## **Schedule 2**

### **Consolidated trust deed and rules**

**CONSOLIDATED TRUST DEED  
AND RULES**

**- OF THE -**

**NEW AIRWAYS PENSION SCHEME**

**CONTENTS**  
**NEW AIRWAYS PENSION SCHEME**  
**TRUST DEED AND RULES**

**TRUST DEED**

| <b>Clause</b>                                                   | <b>Page</b> |
|-----------------------------------------------------------------|-------------|
| 1 Definitions                                                   | 1           |
| 2 Establishment of Scheme                                       | 2           |
| 3 Payment of contributions                                      | 3           |
| 4 Vesting and administration of Fund and Scheme                 | 3           |
| 5 Benefits to be paid out of Fund                               | 4           |
| 6 Management Trustees                                           | 5           |
| 6A Corporate Trustee                                            | 10          |
| 7 Management Trustees' powers of decision                       | 10          |
| 8 Management Trustees' special powers                           | 12          |
| 9 Meetings of Management Trustees                               | 13          |
| 10 Appointment and removal of Custodian Trustees                | 17          |
| 11 Secretary and staff, Actuary and Auditor                     | 17          |
| 12 Records of Management Trustees                               | 17          |
| 13 Actuarial investigation                                      | 19          |
| 14 Bank accounts and their operation                            | 19          |
| 15 Powers of investment                                         | 20          |
| 16 Power to alter Trust Deed and Rules                          | 21          |
| 17 Expenses of management                                       | 22          |
| 18 Admission of companies to participation in Scheme            | 22          |
| 19 Transfer of obligations of Principal Company to another body | 22          |
| 20 Termination of liability                                     | 23          |
| 21 Events leading to determination of Scheme                    | 23          |
| 22 Winding-up of Scheme                                         | 24          |

|    |                                                         |    |
|----|---------------------------------------------------------|----|
| 23 | <b>Withdrawal of Participating Company</b>              | 32 |
| 24 | <b>General indemnity</b>                                | 34 |
| 25 | <b>Contributions calculated and payable in sterling</b> | 34 |
| 26 | <b>Unclaimed benefits</b>                               | 34 |
| 27 | <b>Management Trustees' interest</b>                    | 35 |
| 28 | <b>Governing law</b>                                    | 35 |
| 29 | <b>Headings</b>                                         | 35 |

# **THE RULES**

## **PART 1**

| <b>RULES</b>                                                                                 | <b>Page</b> |
|----------------------------------------------------------------------------------------------|-------------|
| <b>1 Definitions</b>                                                                         | <b>37</b>   |
| <b>1A Same sex spouses</b>                                                                   | <b>54</b>   |
| <b>2 Admission to membership</b>                                                             | <b>55</b>   |
| <b>3 Salary Sacrifice</b>                                                                    | <b>55</b>   |
| <b>4 Production of information</b>                                                           | <b>55</b>   |
| <b>5 Normal Retirement Age</b>                                                               | <b>56</b>   |
| <b>6 Contributions</b>                                                                       | <b>56</b>   |
| <b>6A Crystallised Members</b>                                                               | <b>59</b>   |
| <b>7 Pay for contribution purposes</b>                                                       | <b>61</b>   |
| <b>8 Statutory Requirements</b>                                                              | <b>62</b>   |
| <b>9 Retirement at or after Normal Retirement Age</b>                                        | <b>64</b>   |
| <b>10 Special provisions applicable where staying in Service after Normal Retirement Age</b> | <b>68</b>   |
| <b>10A Flexible Retirement</b>                                                               | <b>74</b>   |
| <b>10B Uncrystallised funds pension lump sum option</b>                                      | <b>74</b>   |
| <b>11 Optional Dependants' pensions: FSS</b>                                                 | <b>70</b>   |
| <b>12 Adult Survivors' pensions: FSS</b>                                                     | <b>72</b>   |
| <b>13 Dependent Child's Allowance: FSS</b>                                                   | <b>77</b>   |
| <b>14 Ill health pension</b>                                                                 | <b>79</b>   |
| <b>15 Leaving Service</b>                                                                    | <b>83</b>   |
| <b>16 Optional lump sum in lieu of pension</b>                                               | <b>92</b>   |
| <b>17 Payment of pensions and allowances</b>                                                 | <b>94</b>   |
| <b>18 Pre-State Pensionable Age retirement variable option</b>                               | <b>96</b>   |
| <b>19 Change in occupational category: FSS</b>                                               | <b>97</b>   |
| <b>20 Broken Service</b>                                                                     | <b>98</b>   |

|     |                                                                                        |     |
|-----|----------------------------------------------------------------------------------------|-----|
| 21  | <b>Lump sum benefit on death of Member or Pensioner</b>                                | 98  |
| 22  | <b>Interest on refunds of FSS Members' and FSS Pensioners' contributions</b>           | 100 |
| 23  | <b>Notices to the Secretary</b>                                                        | 100 |
| 24  | <b>Application of lump sum death benefit</b>                                           | 100 |
| 25  | <b>Opting out</b>                                                                      | 102 |
| 26  | <b>Requirements of Approved Insurance Companies</b>                                    | 104 |
| 27  | <b>Meetings of Members</b>                                                             | 104 |
| 28  | <b>Deduction of tax</b>                                                                | 106 |
| 29  | <b>Special conditions for Part Time Service and Employees in irregular Service</b>     | 106 |
| 30  | <b>Transfers-in</b>                                                                    | 108 |
| 31  | <b>Transfers-out</b>                                                                   | 110 |
| 32  | <b>Buy-outs</b>                                                                        | 112 |
| 33  | <b>Availability of copies of Trust Deed and Rules</b>                                  | 113 |
| 34  | <b>Amendments and additions to Rules</b>                                               | 113 |
| 35  | <b>Discretionary benefits</b>                                                          | 114 |
| 36  | <b>Additional voluntary contributions</b>                                              | 114 |
| 36A | <b>Transfers-in to AVC Accounts</b>                                                    | 126 |
| 37  | <b>Reference scheme requirements: FSS</b>                                              | 126 |
| 38  | <b>Reference scheme requirements: FSS - additional</b>                                 | 128 |
| 39  | <b>Guaranteed Minimum Pensions: FSS</b>                                                | 129 |
| 40  | <b>Incapacity of beneficiary</b>                                                       | 131 |
| 41  | <b>Benefits non-assignable</b>                                                         | 131 |
| 41A | <b>Forfeiture of pension</b>                                                           | 133 |
| 42  | <b>Transfer to FSS from APS on 1 July 1984</b>                                         | 133 |
| 43  | <b>Transfer from the British Caledonian Scheme</b>                                     | 133 |
| 44  | <b>Merger of Dan-Air Aircrew Scheme and Dan-Air Groundstaff Scheme with the Scheme</b> | 137 |
| 45  | <b>Special transfers from Dan-Air Money Purchase Scheme</b>                            | 140 |

|    |                                                                                      |     |
|----|--------------------------------------------------------------------------------------|-----|
| 46 | <b>Merger of British Airways Associated Companies Pension Scheme with the Scheme</b> | 141 |
| 47 | <b>BAMPS</b>                                                                         | 142 |
| 48 | <b>Pension sharing on divorce</b>                                                    | 150 |
|    | <b>Appendix 1 - Transfers to FSS from APS on 1 July 1984</b>                         | 151 |

## PART 2

|  |                                      |     |
|--|--------------------------------------|-----|
|  | <b>Rules applying to NAPS2 (FSS)</b> | 156 |
|--|--------------------------------------|-----|

**THE TRUST DEED  
NEW AIRWAYS PENSION SCHEME**

1

**Definitions**

In this deed:

- (a) the expression “**Rules**” shall mean the rules including the appendices to the rules scheduled hereto (as altered from time to time); and
- (b) the provisions of Rule 1 of the Rules shall apply to the interpretation of this deed; and
- (c) the following expressions shall have the meanings hereafter respectively ascribed to them:

**Advisory Committee:** means the advisory committee (if any) for the time being of the Scheme appointed pursuant to sub-Clause 8(a);

**Auditor:** the auditor appointed by the Management Trustees from time to time in relation to the Scheme under section 47 of the PA 1995;

**Custodian Trustees:** means the custodian trustees for the time being of the Scheme appointed pursuant to Clause 10;

**Employer AVCs:** means such additional contributions as the Principal Company may, in its absolute discretion, from time to time, determine are to be paid by a Participating Employer to the AVC Scheme in relation to Members contributing Voluntary Contributions by way of the Salary Sacrifice arrangement operated by the Principal Company;

**Notional Voluntary Contributions:** means the Voluntary Contributions made by a Participating Employer which are notionally made by a Salary Sacrifice Member under Rule 36(b)(ii);

**Partial Transfers Operating Rules:** means the operating rules agreed by the Management Trustees, as amended from time to time, governing the process by which the Management Trustees shall respond to a request from a Member, Pensioner or other person for a transfer of a portion of their benefits to another arrangement;

**Principal Assets:** means that part of the Fund other than the Segregated Assets;

**Segregated Assets:** means that part of the Fund which represents the assets held in respect of Voluntary Contributions (including Notional Voluntary Contributions and Employer AVCs);

**Voluntary Contributions:** means voluntary contributions paid to the Scheme by Members and Pensioners pursuant to the provisions of the AVC Scheme and assets representing contributions paid voluntarily to any other Registered Pension Scheme by members thereof which have been transferred to the Scheme and which were at the date of such transfer deemed by the Management Trustees to be for all purposes of the Scheme (other than the purposes of Rule 8(c) of the Rules) voluntary contributions paid to the Scheme by Members and Pensioners pursuant to the provisions of the AVC Scheme;

- (d) reference to the widow of a male shall include the widower of a female; and
- (e) any reference to “spouse” includes a same sex spouse, any reference to “marriage” includes same sex marriage and any reference to “husband”, “wife”, “widow” or “widower” will be read accordingly.

2

### **Establishment of Scheme**

- (a) By a Definitive Trust Deed & Rules dated 16 March 1984 the Principal Company:
  - (i) established the Scheme to operate as on and from the Starting Date;
  - (ii) appointed the first Management Trustees of the Scheme; and
  - (iii) appointed the first Custodian Trustees of the Scheme
- (b) The object of the Scheme is to provide benefits of the kind set out in section 150 of the Finance Act. The Scheme is not in any sense a benevolent scheme and no benevolent or compassionate payments can be made therefrom.
- (c) The Scheme comprises:
  - (i) a section providing retirement benefits on a final salary basis known as the Final Salary Section (“**FSS**”), which closed to further accrual of benefits on 1 April 2018; and
  - (ii) with effect on and from 1 April 1993, a section providing retirement benefits on a money purchase basis known as the British Airways Money Purchase Scheme (“**BAMPS**”), which closed to further accrual of benefits on 30 September 2012;

together with associated arrangements for the provision of benefits on death for and in respect of Members or Pensioners under each section as described in detail in the Rules. With effect from 1

October 1996, the FSS comprises two parts, designated as NAPS1(FSS) and NAPS2(FSS) respectively. The Rules are set out in two parts accordingly.

3                   **Payment of contributions**

Each Participating Employer severally covenants with the Management Trustees that it will pay or cause to be paid to the Management Trustees all contributions to be contributed by it in accordance with the Rules.

4                   **Vesting and administration of Fund and Scheme**

- (a)    The Fund shall be vested in the Custodian Trustees and the Custodian Trustees shall deal with the Fund and the income thereof as the Management Trustees shall from time to time direct and the Custodian Trustees shall be under no liability otherwise than by recourse to the trust property vested in them for making any sale or investment of or otherwise dealing with the trust property and/or the income thereof as directed by the Management Trustees.
- (b)    The Segregated Assets shall at all times be segregated from and held separately from the Principal Assets.
- (c)    The Fund shall be held by or under the control of the Management Trustees and upon irrevocable trusts and with and subject to the powers and provisions of the Trust Deed and the Rules.
- (d)    The Management Trustees shall manage and administer the Scheme and shall have power to perform all acts incidental and conducive to such management and administration and the Custodian Trustees shall concur in and perform all acts necessary or expedient to enable the Management Trustees to exercise their powers of management or any other power or discretion vested in them accordingly for which purpose the Custodian Trustees shall have vested in them the power for and on behalf of and (if necessary) in the name of the Management Trustees to execute any deed or other instrument giving effect to the exercise by the Management Trustees of any power vested in them.
- (e)    The Management Trustees shall be the administrator of the Scheme for the purposes of the Finance Act.
- (f)    The Custodian Trustees shall have power to delegate, either generally or for any particular purpose, to any person or body any or all of their powers to deal with the Fund and the income thereof (including the power to sub-delegate and authority to sign any document) upon such terms as to remuneration or otherwise as the Custodian Trustees may decide.

- (g) Upon and with effect from the appointment of any new trustee (whether a Custodian Trustee or a Management Trustee) of the Scheme, under this Trust Deed or otherwise, such new trustee shall automatically, as a result of such appointment and as a term of this Trust Deed, undertake and assume all of the obligations and liabilities of the trustees of the Scheme to any person, which:
  - (i) are subsisting at the time of such appointment;
  - (ii) are within the scope of the new trustee's powers and obligations under the Trust Deed (as a Management Trustee, Custodian Trustee or otherwise) and/or statute; and
  - (iii) were assumed by the relevant existing trustees or by relevant previous trustees in their capacity as trustees of the Scheme or for the purposes of the Scheme.

Such obligations and liabilities shall include those owed to any third party contractor or counterparty (whether under contract, deed or other instrument or legal obligation). The assumption of obligations and liabilities by the new trustee under this Clause shall take effect irrespective of whether the new trustee executes any documentation with such third party, but shall be subject to the terms of any agreement between the new trustee and any such third party and (if necessary) the satisfaction of any legal requirement that may apply for obtaining the consent of any such third party. The personal liability of any trustee in respect of any obligation or liability assumed under this Clause shall (in the absence of fraud) be limited to the extent to which that trustee may have recourse to the Fund in respect of that obligation or liability.

- (h) Upon and with effect from the resignation or removal of any trustee (whether a Custodian Trustee or a Management Trustee), such trustee shall be discharged of any obligation or liability assumed under Clause 4(g), conditional upon the Scheme continuing to have:
  - (i) a body corporate acting as Custodian Trustee at that time; and
  - (ii) one or more trustees who are at that time permitted to meet such obligations or liabilities from the assets of the Scheme.

If such conditions are not met at the time that the relevant trustee resigns or is removed, that trustee's discharge shall apply on and from the time that such conditions are so satisfied.

#### **Benefits to be paid out of Fund**

- (a) The Custodian Trustees shall out of the income of the Fund or out of the capital thereof as the Management Trustees may from time to

time direct or failing direction as the Custodian Trustees at their discretion think fit provide the Management Trustees with such monies as they may require for the purpose of enabling them to pay the pension and other payments for the time being chargeable against the Fund or the administration or other expenses thereof such pensions and other payments to be payable out of the Principal Assets to the extent that they are not attributable to Voluntary Contributions, Notional Voluntary Contributions or Employer AVCs and out of the Segregated Assets to the extent that they are so attributable and the Custodian Trustees shall in all respects facilitate as far as their powers extend the discharge by the Management Trustees of their responsibilities in the management of the Fund.

- (b) Any directions to be given to the Custodian Trustees under sub-Clause 5(a) shall be given by way of a request in writing in such form as determined by the Management Trustees from time to time. The Custodian Trustees shall act upon any such direction so given and make any payment or payments thereunder without being concerned to enquire as to whether such direction is in accordance with the Scheme or is proper or to enquire for what purpose the money is wanted or to see to the application thereof.

## 6

### Management Trustees

- (a) Subject to the provisions of Clause 9(a) concerning any vacancies which arise, the Management Trustees shall be 12 in number. The Principal Company shall appoint six Management Trustees (“the **Employers’ Representatives**”) and, subject to the provisions of sub-Clause 6(b), the Employed Deferreds and Pensioners of the Scheme (“the **Voting Members**”) shall appoint from among the categories of Voting Members specified in sub-Clauses 6(a)(i) and (ii) below, and in accordance with those sub-Clauses, six persons to be Management Trustees of the Scheme (“the **Members’ Representatives**”):
  - (i) two persons from a category consisting of the Pensioners of the Scheme (“the **Pensioner Trustee**”), such appointments to be made by such of the Voting Members who are Pensioners of the Scheme; and
  - (ii) one person from each of the following sub-categories of Employed Deferred (“the **Employed Deferred Trustees**”):
    - (1) pilots
    - (2) cabin crew
    - (3) engineering, TMGs and ground services
    - (4) administration and the rest of management

such appointments to be made by such of the Voting Members who are employed in the occupational sub-category to which the vacancy applies;

PROVIDED THAT for the purposes of this Clause 6 the term “**Pensioners**” shall exclude any person who is not in receipt of pension from the Scheme;

PROVIDED FURTHER THAT for the purposes of this Clause 6 the term “**Employed Deferred**” shall include any person who is a Crystallised Member for the purposes of Rule 6A.

PROVIDED FURTHER THAT in the event of an Employed Deferred Trustee becoming employed in an occupational sub-category different from that to which he belonged at the date of his appointment as a Members’ Representative, or in the event of a change in the sub-categories of staff forming the constituencies mentioned above, then he shall not for such reason alone be ineligible to continue in office (although to be eligible for reappointment he must satisfy the relevant requirements for eligibility for appointment applicable at that time).

- (b) This Clause 6 shall not affect the period of office of those Management Trustees who were in office on the date immediately before this Clause 6 took effect (having been duly appointed under the provisions of Clause 6 as they applied at that date), and who were not due to retire from office by rotation or otherwise on that date. Such persons shall retire by rotation when they would otherwise have been due to retire under the provisions of Clause 6(c), but shall be eligible for reappointment if they satisfy the relevant requirements for appointment applicable at the time.
- (c) Subject to the provisions of sub-Clauses 6(d), (e), (f) and (h) each Management Trustee shall retire from office on that 31 March or 30 September (hereinafter in this sub-Clause 6(c) referred to as a “**retirement day**”) which shall be more than five years but not more than five years and six months after the date of his appointment as such Management Trustee;

PROVIDED THAT if more than two Management Trustees are due to retire at any retirement day the foregoing provision shall apply at such retirement day only to those two of the Management Trustees otherwise due to retire on such day who have been longest in office since their latest date of appointment (the question being decided by lot if more than two of the Management Trustees would thus be due for retirement), any of the Management Trustees thus exempted from retirement on such retirement day then being due for retirement as if under this sub-Clause 6(c) on the next following retirement day. Subject to satisfying the relevant requirements for appointment applicable at the time, a retiring Management Trustee shall be eligible for reappointment (whether immediate or subsequent) and in this Clause any reference to “appoint” (or any of its derivations) shall include a reference to “re-appoint” (or any of its derivations).

- (d) The Principal Company may remove an Employers' Representative and may appoint an Employers' Representative in place of one who has died or has been removed or has retired or resigned from office.
- (e)
  - (i) An Employed Deferred Trustee who ceases to be in Service shall thereupon be deemed to have vacated office as a Members' Representative.
  - (ii) A Members' Representative shall also vacate office as a Management Trustee upon his removal from such office by the Voting Members in the category or in the case of an Employed Deferred Trustee, the sub-category from which such Members' Representative was appointed such removal being effected by (and only by) means of a postal ballot of such Voting Members taken in accordance with the provisions of Rule 27 of the Rules which results in a majority of at least two-thirds of the Voting Members voting in the said ballot being in favour of such removal;

PROVIDED THAT no such ballot shall be held unless a written request therefor has been made to the Secretary signed by at least 50 Voting Members in such category or sub-category and other references to Members in Rule 27 shall for the purposes of such ballot be construed as references to Voting Members in that category or sub-category.

- (f) An Employers' or Members' Representative may resign his office as a Management Trustee at any time by giving written notice to the Secretary.
- (g)
  - (i) The appointment of a Members' Representative to fill a vacancy arising or anticipated (and whether on retirement or otherwise) shall be effected by simple majority consisting of the largest number of votes of the Voting Members belonging to the category or (in the case of an Employed Deferred Trustee) the sub-category concerned, who vote on a postal ballot taken in accordance with sub-Clause 6(g)(v) below;

PROVIDED THAT where any such postal ballot is taken in respect of a vacancy arising or anticipated for a Pensioner Trustee, the person appointed shall be the person in respect of whom are received the largest number of votes of such of the Voting Members who are Pensioners of the Scheme;

AND PROVIDED THAT no person shall be eligible for appointment as a Members' Representative unless within the time specified for the receipt of nominations in the notice issued by the Secretary inviting the same (which shall not be

less than one month) there shall have been delivered to the Secretary a written nomination of such person signed, in the case of a Pensioner Trustee, by at least 10 Voting Members belonging to the Category or, in the case of an Employed Deferred Trustee, by at least 20 Voting Members in the sub-category, entitled to appoint him together with his written agreement to be nominated; and

PROVIDED FURTHER THAT in the event that only one person eligible for appointment is so nominated such person shall be deemed duly appointed.

- (ii) Any such notice inviting nominations may be given (in the case of Voting Members) by publicising through the Principal Company's usual communication channels and (in the case of Pensioners) in any magazine or circular distributed to Pensioners or (in either case) by delivery or posting to the person concerned (any such postal notice being treated as served on the day following posting). The accidental omission to serve or the non-receipt of such notice will not invalidate any subsequent ballot.
- (iii) An appointment of a Members' Representative shall if the result of the aforesaid ballot or (in the case of a single nomination) of the nomination is known prior to the effective date of resignation or retirement of the Members' Representative whose office is to be filled take effect on the day immediately following such effective date and in all other cases shall take effect from the date of declaration of such result.
- (iv) In the event of no nomination being received within the relevant time specified in the notice inviting nominations a further notice shall be given and any such further notice shall be treated as a notice for the purpose of sub-Clause 6(g)(i).
- (v) Any ballot for the purposes of the appointment of a Members' Representative shall be held by the delivery or posting of ballot papers to those in the relevant Voting Category, who will be given at least one month to return their ballot paper. Ballot papers sent by post to Voting Members will be treated as delivered on the day following posting. The accidental omission to serve or the accidental inclusion or omission of a person's name in the voting list in a ballot will not invalidate the ballot. A memorandum signed by the persons appointed to count the ballot papers will, unless the contrary is proved, be accepted as sufficient evidence of the result of the ballot.

(vi) A Flexible Retirement Member, for as long as he remains in Service:

- (1) cannot be nominated to be a Pensioner Trustee if he is an Employed Deferred Trustee and vice versa; and
- (2) cannot be nominated to be a Pensioner Trustee and an Employed Deferred Trustee at the same time.

If the Secretary receives nominations of a Flexible Retirement Member for both Pensioner Trustee and Employed Deferred Trustee vacancies, he shall ask the Flexible Retirement Member to choose the position for which he agrees to be nominated, and his other nomination shall be disqualified.

For the purposes of clause 6(a)(i) and (ii) above, a Flexible Retirement Member shall be eligible to cast a vote as both a Voting Member who is a Pensioner and a Voting Member who is an Employed Deferred.

- (h) If a Management Trustee fails for a period of six months to attend in person any meeting of the Management Trustees the Management Trustees may declare him to be removed from office;

PROVIDED THAT such Management Trustee shall be given at least seven days' notice of the date of the meeting of the Management Trustees at which the Management Trustees intend to consider declaring his office vacant as aforesaid.

- (i) The foregoing provisions of this Clause 6 reflect the arrangements for the election of Member Representatives which were put in place by the Management Trustees under section 241 of the Pensions Act 2004. In the event of any conflict between the provisions of this Clause 6, where those provisions relate to the arrangements for the election of Member Representatives, and the provisions of the arrangements in place from time to time, the latter shall prevail.
- (j) Upon the appointment or the removal of any Management Trustee, Clauses 4(g) and 4(h) respectively shall apply.
- (k) This Clause 6 will not apply at any time when a Corporate Trustee has been appointed under Clause 6A.
- (l) Notwithstanding any other provision of this Clause 6, the Management Trustees may resolve at any time to communicate with, provide notice to or ballot Employed Deferred or Pensioners for the purpose of this Clause 6 by electronic communication.

## 6A **Corporate Trustee**

- (a) Subject to the following provisions of this Clause 6A, the Principal Company may, on the date this Clause 6A takes effect or subsequently pursuant to a decision made under Clause 6A(g), appoint a company (the “**Corporate Trustee**”) as the sole Management Trustee. All of the Management Trustees will vacate office immediately on the appointment of the Corporate Trustee under this sub-clause.
- (b) The appointment of the Corporate Trustee under sub-clause (a) must be made by deed executed by the Corporate Trustee and the Principal Company.
- (c) Subject to any overriding applicable law, the Corporate Trustee’s articles of association must be consistent in all material respects with:
  - (i) the provisions of Clause 6 insofar as they relate to the number, selection, appointment and term of directors of a Corporate Trustee as if references to Management Trustees were references to directors of the Corporate Trustee; and
  - (ii) the provisions of Clause 9 as if references to Management Trustees were references to directors of the Corporate Trustee.
- (d) If the Corporate Trustee’s articles of association cease to comply with the requirements of Clause 6A(c) and the articles of association of the Corporate Trustee or the Trust Deed and Rules of the Scheme are not amended to rectify the inconsistency within 30 calendar days of this Clause 6A(d) first applying, then the appointment of the Corporate Trustee will be treated as having terminated from the date this Clause 6A(d) first applied in relation to that inconsistency.
- (e) The appointment of the Corporate Trustee will terminate immediately if, at any time, the Corporate Trustee’s articles of association:
  - (i) cease to comply with the principle embodied in Clause 6 (which is applied to a Corporate Trustee by Clause 6A(c)) that the directors of the Corporate Trustee shall consist of an equal number of appointees of the Principal Company and the Members respectively; or
  - (ii) may be amended by way of a vote or written resolution that requires less than two thirds of the company members for the time being (at least two of whom must be END Members (as defined in the articles of association of the Corporate Trustee) and at least two of whom must be MND Members (as defined in the articles of association of the Corporate Trustee)) voting or resolving in favour of the decision.
- (f) Following the termination of the Corporate Trustee’s appointment pursuant to Clause 6A(d) or (e) the Principal Company will, as soon as

reasonably practicable, appoint a professional independent trustee (the “**Independent Trustee**”) to act as the sole Management Trustee until such time as a new Corporate Trustee or new individual Management Trustees are appointed in accordance with sub-clause (g) below. All powers, discretions and duties which under this Trust Deed and the Rules are exercisable by the Management Trustees will be exercisable by the Independent Trustee, except that:

- (i) any minimum number of Employers’ Representatives and Members’ Representatives will not apply; and
  - (ii) the Independent Trustee may not exercise any power of the Management Trustees which would require a decision to be approved by at least two thirds of the Management Trustees.
- (g) Following the appointment of the Independent Trustee, the Principal Company and the Independent Trustee will agree whether a new Corporate Trustee will be appointed in accordance with this Clause 6A or whether individual Management Trustees will be appointed in accordance with Clause 6.
  - (i) For the purposes of Clause 6 or 6A, the appointment of Employers’ Representatives (or the equivalent directors of a Corporate Trustee) will be made by the Principal Company and the appointment of Members’ Representatives (or the equivalent directors of a Corporate Trustee) will be made in accordance with the Trust Deed and Rules (or equivalent provisions of the articles of association of the Corporate Trustee).
  - (ii) The appointments under Clause 6 or 6A will only take effect when at least two Employers’ Representatives and at least two Members’ Representatives (or, in each case, the equivalent directors of a Corporate Trustee) have been selected, at which point all of the new appointments will take effect and the appointment of the Independent Trustee will terminate (unless the Independent Trustee is selected as an Employer’s Representative).
  - (iii) The Independent Trustee and the Principal Company will use all reasonable endeavours to ensure that appointments under Clause 6 or 6A take effect as soon as practicable and in any event within six months of the appointment of the Independent Trustee.

7

### **Management Trustees’ powers of decision**

The Management Trustees shall have full powers to determine whether or not any person is entitled to any pension benefit or other allowance from the Fund in accordance with the provisions of the Trust Deed and of the Rules and any other claim made upon the Fund and all matters questions and disputes touching or in connection with the affairs of the Scheme and in deciding any question of fact they shall have full liberty to act upon such evidence or presumption as they shall in their absolute discretion think fit notwithstanding

that the same may not be evidence legally admissible or a legal presumption. The Management Trustees shall also have full power to determine all questions or matters of doubt arising on the construction or operation of the Trust Deed or the Rules or otherwise relating to the Scheme;

PROVIDED THAT in the event of any dispute arising as between the Management Trustees and any person entitled to or claiming to be entitled to any pension benefit or other allowance from the Fund, such dispute shall be referred to the Internal Dispute Resolution Procedure operated by the Management Trustees in accordance with section 50 of the 1995 Act.

8

### **Management Trustees' special powers**

In addition and without prejudice to the provisions of Clause 7 the Management Trustees shall have the following powers each to be exercised or not as they think namely:

- (a) power to constitute and appoint the members of an Advisory Committee for the purposes of the Fund and Scheme;
- (b) power to delegate such of their investment powers under the provisions of Clause 15(a) upon such terms as to remuneration or otherwise as they think fit from time to time and to appoint one or more investment managers or advisers (including without prejudice to the foregoing generality the Advisory Committee) with such discretionary powers as they may decide to act on behalf of the Management Trustees in exercise of their powers under the provisions of Clause 15(a) upon such terms as to remuneration as they shall determine and otherwise as the Management Trustees think fit from time to time and to appoint a nominee or nominees to hold the investments of the Fund upon such terms as to remuneration as they shall determine and otherwise as they think fit from time to time;
- (c) in addition and without prejudice to any other powers vested in the Management Trustees, power to delegate, or authorise the sub-delegation of, such of their powers duties and discretions, whether under the Trust Deed and the Rules or otherwise, as they may think fit from time to time and upon such terms as to remuneration or otherwise as they think fit to any person, company or committee including, but without limitation, a committee constituted by the Management Trustees and consisting wholly or partly of Management Trustees or, if there is a sole Corporate Trustee, directors of the sole Corporate Trustee, and to revoke or terminate any such delegation;
- (d) power to direct the Custodian Trustees to effect such insurance for such risks and for such amounts as they think fit in respect of any potential loss or depreciation whatsoever of all or any part of the

Fund or in respect of any action claim or demand made against or loss suffered by the Custodian Trustees or the Management Trustees (or the agents delegates or appointed officers of any of them) in relation to the Scheme and to direct the Custodian Trustees to pay the insurance premiums out of the Fund;

- (e) power generally to do all such acts and things as the Management Trustees think fit for the maintenance and preservation of the Fund and of the rights under the Scheme of the Members and others;

PROVIDED THAT no power aforesaid shall be exercised so as to vest in persons or bodies or any person or body other than the Secretary or any officers or staff appointed under Clause 11 any power discretion or duty in relation to the disposal investment or other application of a significant part of the Fund except with the approval of a resolution of the Management Trustees in favour of which at least two-thirds of the Management Trustees (or if a sole Corporate Trustee is appointed, a majority of at least two-thirds of all the directors of the sole Corporate Trustee for the time being) for the time being shall have voted.

9

### **Meetings of Management Trustees**

- (a) The Management Trustees may subject to the provisions of the Scheme meet together for the despatch of business adjourn and otherwise regulate their proceedings as they think fit. Questions arising at any meeting shall be determined by a majority of votes and in case of an equality of votes the Chairman of the Meeting shall have a second or casting vote.

The Chairman of the Management Trustees (or in his absence such one of the Deputy Chairmen as the Management Trustees present at the meeting shall choose) shall take the chair at every meeting of the Management Trustees at which he is present but if there is no Chairman or Deputy Chairman of the Management Trustees for the time being appointed or present at the meeting then the Management Trustees present at the meeting shall choose one of the other Management Trustees present at the meeting to act as the Chairman of the meeting. The continuing Management Trustees may act notwithstanding any vacancies in their body provided that the necessary quorum is available to enable them to act.

- (b) The Principal Company may from time to time nominate one of the Management Trustees to be Chairman of the Management Trustees and another two to be the Deputy Chairmen and fix their respective terms of office.
- (c) The quorum at any meeting of the Management Trustees shall be four of whom two shall be Employer's Representatives and two Members' Representatives;

PROVIDED THAT except where there is a sole corporate Trustee (when Clause 6A (Corporate Trustee) will apply), a written resolution signed by all the Management Trustees takes effect as if passed at a meeting of the Management Trustees. Such a resolution may comprise one or more documents in similar form (including documents sent by fax or email). If sent by email, a resolution authorised by a Management Trustee is deemed to be signed by the Management Trustee concerned.

- (d) An Employer's Representative and a Members' Representative may appoint in writing:
  - (i) another Management Trustee (a "**Primary Alternate**") to be his alternate at any one specified meeting of the Management Trustees, or at any committee meeting, from which he intends to be absent or for a specified period of time not exceeding 3 months; and
  - (ii) a further Management Trustee (a "**Secondary Alternate**") to be his alternate at the specified meeting or period of time set out in sub-Clause 9(d)(i) above if the Primary Alternate is absent.

An alternate shall be entitled to exercise all the powers of the Management Trustee appointing him.

A Management Trustee may at any time revoke the appointment of his alternate(s) and if a Management Trustee shall cease to hold office for any reason the appointment of his alternate(s) shall ipso facto cease. When exercising the powers of the Management Trustee appointing him, the alternate shall not be bound to have regard to the views of that Management Trustee.

If a Management Trustee is absent from a meeting and:

- (iii) he has appointed a Primary Alternate but not a Secondary Alternate, and the Primary Alternate is also absent from the meeting; or
- (iv) he has appointed a Primary Alternate and a Secondary Alternate, both of whom are also absent from the meeting;

all the powers of the Management Trustee will be exercisable by the Chairman of the Management Trustees for that meeting.

- (e) The Chairman or any two Management Trustees together may by written request to the Secretary call for a meeting of the Management Trustees and such meeting shall be convened by the Secretary within 14 days of receipt of said request.

- (f) Notice of meetings of the Management Trustees stating the general nature of the business to be transacted thereat shall be despatched by the Secretary to the Management Trustees.
- (g) The Management Trustees shall cause proper Minutes to be kept of the proceedings at their meetings which Minutes shall be signed by the Chairman of the meeting to which they refer or of the next succeeding meeting and any such Minutes purporting to be so signed as aforesaid shall be sufficient evidence of the matters stated therein.
- (h) The Management Trustees may whenever they think fit desirable or necessary for the proper execution of their duties employ or consult lawyers accountants brokers bankers and others and/or appoint or call into consultation such advisers as they see fit to advise them on questions relative to the investments of the Fund and all expenses incurred and fees paid under this sub-Clause 9(h) shall be chargeable to the Principal Assets except to any extent to which the Management Trustees consider it would be appropriate for any such costs charges or expenses to be met out of the Segregated Assets.
- (i) Out of pocket expenses properly incurred by the Management Trustees shall be payable out of the Fund.
- (j) A Management Trustee who is in receipt of pension from the Scheme or who is appointed as an independent trustee may be remunerated by the Principal Company at such rate as the Principal Company may determine. Alternatively, the Management Trustees may at their discretion remunerate a Management Trustee who is in receipt of a pension from the Scheme or who is appointed as an independent trustee from the assets of the Fund at such rate as the Management Trustees may agree with the Principal Company, provided an insolvency event has not occurred in relation to the Principal Company for the purposes of section 121 of the Pensions Act 2004 in which case the Management Trustees may determine the rate without the agreement of the Principal Company.
- (k)(a) It may be that any Management Trustee, including those who are an employee or an officer of a Participating Employer or of any associated entity or who is a trustee of another occupational pension scheme (including APS), comes into possession of information:
  - (i) that is, or is intended to be, confidential to him in his capacity as an employee, officer or trustee or otherwise; and
  - (ii) which may be relevant to and have a material impact upon a decision of the Management Trustees in relation to the Scheme (“Confidential Information”) such that he would, but for this sub-clause (k)(a), be required either to disclose that Confidential Information to the other Management Trustees or not be able to be party to that decision as a result of his

Scheme trustee duties.

If so, this person is not required to disclose that Confidential Information to the Management Trustees provided that, in accordance with the conflict policy in place for the Scheme from time to time, he:

EITHER

ensures he is not party to discussions or decisions of the Management Trustees to which the Confidential Information is relevant and upon which it would have a material impact;

OR

- (a) declares to the Management Trustees that he has a potential conflict of interest; and
- (b) following discussion he agrees to take such steps as the Management Trustees may determine (other than disclosing the Confidential Information), which may include absenting himself and taking no further part in particular discussions or decisions of the Management Trustees or continuing to take part either fully or partially in such discussions and decisions or remaining in a meeting or discussion as an observer only.

This sub-clause (k)(a) does not prevent a Management Trustee who will be absent from a meeting because he possesses Confidential Information from appointing an alternate to attend that meeting under sub-clause (d).

- (k)(b) The Management Trustees may, in such circumstances as they think fit, which may include the circumstances set out in (k)(a) above, establish one or more sub-committees comprising Management Trustees who are not in possession of Confidential Information. Such sub-committees may be given authority by the Management Trustees to take decisions, negotiate on behalf of, and bind the Management Trustees, on such terms as may be set out in their mandates.
- (l) In this Clause 9, any reference to “writing” includes e-mails, e-mail attachments and faxes, and expressions referring to writing are to be construed accordingly.
- (m) This Clause 9 will not apply at any time when a sole Corporate Trustee has been appointed under Clause 6A.

### **Appointment and removal of Custodian Trustees**

The power of appointment removal and re-appointment of Custodian Trustees shall be vested in the Management Trustees and shall be exercisable by resolution duly passed at a meeting of the Management Trustees which resolution may authorise any two of the Management Trustees (or if a Corporate Trustee is appointed, any two directors of the Corporate Trustee) to execute any deed to give effect to such resolution. Every Custodian Trustee shall vacate office upon the service on such Custodian Trustee of notice that the Management Trustees have resolved to remove such Custodian Trustee from office. Upon the appointment or the removal of any Custodian Trustee, Clauses 4(g) and 4(h) respectively shall apply.

### **Secretary and staff, Actuary and Auditor**

The Management Trustees shall have power to appoint, remove and re-appoint a Secretary and such other administrative officers and staff of the Scheme as they think necessary upon such terms and conditions and for such period of office as they think fit. The Management Trustees shall also have power subject to the approval of the Principal Company to appoint, remove and replace the Auditor. The Actuary shall be either a Fellow of the Institute and Faculty of Actuaries or a firm or body corporate of such Actuaries. Any appointment, removal or replacement of the Actuary shall be made by the Management Trustees with the consent of the Principal Company. If at any time the Management Trustees and the Principal Company fail to agree on the appointment of the Actuary because each wishes to appoint a different person or firm or body corporate, the President of the Institute of the Institute and Faculty of Actuaries shall be asked to appoint a person or firm or body corporate as the Actuary but that person or firm or body corporate shall not be the person or firm or body corporate that the Management Trustees or the Principal Company wished to appoint.

### **Records of Management Trustees**

- (a) The Management Trustees shall keep such accounts registers and records as may be necessary for the proper working of the Scheme (in particular but without prejudice to the generality of the foregoing they shall use their best endeavours to keep full and true records of the date of commencement of membership of each Member and Pensioner of the contributions and of all other chronological and other facts proper to be recorded and they shall also keep a register of Members and Pensioners) and shall have the accounts of the Scheme audited annually by the Auditor. The accounts shall:
  - (i) include the AVC Account specifically required to be kept in respect of each Member who contributes, or for whom a Participating Employer pays Employer AVCs or Notional Voluntary Contributions, to the AVC Scheme; and

- (ii) include details of each BAMPS Member's and BAMPS Accountholder's designated BAMPS Account.
- (b) The accounts of the Fund shall be made up to 31 March in each year and as soon thereafter as is practicable an income and expenditure account and balance sheet (together with a list of investments) prepared by the Management Trustees and exhibiting a true statement of the position of the Fund shall be delivered by the Management Trustees to the Auditor together with all means of verifying and vouching the same and the Management Trustees shall give to the Auditor every assistance in his investigation and give him access to all books papers records and accounts connected with the Scheme and shall obtain from him a report in writing upon the result of his audit.

### **Actuarial investigation**

- (a) The Management Trustees shall instruct the Actuary to submit the financial position of the Scheme to actuarial investigation not later than three years after the Starting Date and thereafter at intervals of not more than three years (with the exception of the valuation following the one made as at 30 September 1985 which will be made as at 31 March 1989) on dates arranged by the Management Trustees in consultation with the Principal Company and upon the application of the provisions of Clause 22 and the Principal Company and the Management Trustees shall furnish to the Actuary all accounts and information which the Actuary may reasonably require for the purpose of such investigation.
- (b) The Management Trustees shall require the Actuary to report to them and to the Principal Company in writing on the financial position of the Scheme upon the completion of each actuarial investigation carried out pursuant to the provisions of sub-Clause 13(a) such report to contain such information as shall have been requested by the Management Trustees or the Principal Company or which in the opinion of the Actuary is appropriate.
- (c) The Actuary shall make and give such other reports and certificates and give such advice and information relating to the Fund and Scheme as the Management Trustees or any Participating Employer may deem to be necessary or expedient.

### **Bank accounts and their operation**

The Management Trustees shall open and keep a current account or accounts with such bank or bank's branch or branches as they may from time to time determine and shall from time to time make such regulations as they shall think desirable for the operation of any such Bank accounts including the signing and endorsement of cheques in connection therewith. The Management Trustees shall pay all subscriptions contributions donations and bequests (if any) and other monies whatsoever received by them for or on behalf of the Scheme into one or other of their banking accounts aforesaid;

PROVIDED THAT the Management Trustees may from time to time place on deposit account at any such bank or banks as aforesaid any sums not immediately required for the payment of pensions or any expenses or other sums payable out of the Fund but which they in the exercise of their discretion shall not deem it desirable to invest for the time being.

### **Powers of investment**

- (a) Subject to the provisions of Clause 8(b) and to the proviso to Clause 14, the Management Trustees may invest or apply all or any part of the assets of the Scheme as they decide is appropriate in the names or under the legal control of the Custodian Trustees either solely or jointly with others and as if the Management Trustees were absolutely and beneficially entitled to the assets. In exercising this power, the Management Trustees must ensure that they comply with the requirements for investment set out in section 36 of the Pensions Act 1995 and the restrictions on employer-related investment set out in section 40 of the Pensions Act 1995.

In particular, the Management Trustees may:

- (i) make a contract or take on any obligation (whether or not it is intended to produce income or capital gains or to mitigate risk);
- (ii) grant a charge or mortgage over, or give any right of recourse against, any of the Scheme's assets;
- (iii) insure Scheme assets against risk for any amount;
- (iv) subject to section 36A of the 1995 Act, borrow and lend money or other property;
- (v) pool any or all of the Scheme's assets with the assets of any other occupational pension schemes, including in a common investment fund;
- (vi) keep assets in the name of a nominee;
- (vii) stock lend (subject to the receipt of appropriate collateral) notwithstanding the above requirement that investments should be held in the names or under the legal control of the Custodian Trustees;
- (viii) sell, convert, vary or transpose any assets of the Scheme;
- (ix) acquire any property (whether with a view to its producing income or a capital gain or otherwise); and
- (x) effect insurance, swaps, bulk annuity contracts and other financial transactions to protect the Scheme against financial and other risks to which it is exposed including (but not limited to) interest risk, inflation risk, credit risk and longevity risk; and grant and receive the benefit of security in respect of obligations owed to or by counterparties to such transactions, including (but not limited to) by fixed or floating charge, retention or deposit back of premiums or the provision of collateral.

PROVIDED THAT if the Management Trustees make any investment or transaction which requires an indemnity to be given by the Management

Trustees in respect of liabilities arising in the event of the Scheme losing its status as a Registered Pension Scheme, the Management Trustees shall have power to bind the Scheme notwithstanding that such indemnity may only become operative by reason of some act or omission which constitutes a breach of trust on the part of the Management Trustees; and

PROVIDED FURTHER THAT the Segregated Assets shall at all times be segregated from and held separately from the Principal Assets.

- (b) The Management Trustees must appoint one or more fund managers for the purposes of section 47(2) of the Pensions Act 1995.

16

### **Power to alter Trust Deed and Rules**

The provisions of the Trust Deed and the Rules may be altered or added to in any way by means of a supplemental deed executed by the Principal Company and by such two Management Trustees as may be appointed by the Management Trustees to execute the same and any such alteration or addition may take effect retrospectively;

PROVIDED THAT no such alteration or addition shall take effect unless the same has been approved by a resolution of the Principal Company and of the Management Trustees in favour of which at least two thirds of the Management Trustees for the time being (at least two of whom must be Employers' Representatives and at least two of whom must be Members' Representatives) shall have voted;

AND PROVIDED FURTHER THAT no alteration or addition shall be made which:

- (i) would have the effect of changing the object of the Scheme as described in Clause 2; or
- (ii) would result in the return to a Participating Employer of its contributions or any part thereof except on the winding-up or partial winding-up of the Scheme; or
- (iii) would be contrary to the principle embodied in Clause 6 that the Management Trustees shall consist of an equal number of appointees of the Principal Company and the members respectively.

At any time when a Corporate Trustee is appointed under Clause 6A, this Clause 16 will be read as if references to Management Trustees were references to directors of the Corporate Trustee and references to Employers' Representatives and Members' Representatives were, in each case, references to the equivalent directors of a Corporate Trustee.

**Expenses of management**

- (a) All costs charges and expenses incurred in the establishment administration and management of the Scheme which are not borne by the Participating Employers shall be met by the Management Trustees out of monies provided by the Custodian Trustees pursuant to Clause 5.
- (b) Any of the Custodian Trustees being a person engaged in any profession shall be entitled to charge and be paid all usual professional or other charges for business done by him or his firm in relation to the trusts of the Scheme and also his reasonable charges in addition to disbursements for all other work and business done by and all time spent by him or his firm in connection with the administration of the Scheme including matters which could have been attended to in person by a trustee not being a professional person but which such trustee might reasonably require to be done by a professional person.

**Admission of companies to participation in Scheme**

Any body (whether or not incorporated) which wishes to become a party to the Scheme and the participation of which in the Scheme is approved by the Principal Company and the Management Trustees shall by deed, upon such special terms (if any) as the Principal Company or the Management Trustees may require, covenant with the Management Trustees (on whose behalf the relevant deed shall be executed by such two Management Trustees, or if a Corporate Trustee is appointed, such two directors of the Corporate Trustee, as may be appointed by the Management Trustees to execute the same) to observe such of the provisions of the Trust Deed and the Rules as (subject as aforesaid) may apply to it and to perform its obligations thereunder and shall thereby become a party to the Scheme upon those terms as from the date specified in such deed. Such special terms cannot include terms which, if implemented by express alterations to the Trust Deed or the Rules, would infringe the restrictions at section 67 of the 1995 Act.

**Transfer of obligations of Principal Company to another body**

If some other body corporate shall either:

- (i) enter into an agreement with the Management Trustees and with the Principal Company or its liquidator to perform the obligations of the Principal Company under the Trust Deed and the Rules; or
- (ii) become bound by virtue of or pursuant to any statutory provision or any order of the court to perform the said obligations;

then and in any such event the Principal Company shall be thereby released from all the said obligations and such other body corporate as aforesaid shall

be deemed to be substituted for the Principal Company as the person liable to perform the said obligations and the Trust Deed and the Rules shall thenceforth have effect as if such other body corporate had been a party to and had executed the Trust Deed in place of British Airways Plc.

20

### **Termination of liability**

- (a) The Principal Company may at any time (but without prejudice to its liability for the payment of any employees' contributions deducted pursuant to the provisions of Rule 6 of the Rules but not paid into the Fund and any Participating Employer's contribution established to be due and payable but not actually paid) terminate its liability to contribute to the Scheme by not less than six months' notice in writing to the Management Trustees.
- (b) A Participating Company may at any time (but without prejudice to its liability for the payment of any employees' contributions deducted pursuant to the provisions of Rule 6 of the Rules but not paid into the Fund and any Participating Employer's contribution established to be due and payable but not actually paid) terminate its liability to contribute to the Scheme by notice in writing to the Management Trustees.

**Events leading to determination of Scheme**

- (a) The Scheme shall be determined upon the happening of whichever of the following events shall first happen that is to say:
  - (i) the termination by the Principal Company under Clause 20(a) of its liability to contribute to the Scheme (unless the Management Trustees shall decide that the determination of the Scheme shall be deferred);
  - (ii) the liquidation or dissolution of the Principal Company in circumstances where Clause 19 does not apply (unless the Management Trustees shall decide that the determination of the Scheme shall be deferred);
  - (iii) a decision by the Management Trustees to determine the Scheme at any time after it would have been determined under either of sub-Clauses 21(a)(i) and (ii) in this sub-Clause 21(a) but for a decision by the Management Trustees that the determination thereof should be deferred; and
  - (iv) a decision by the Management Trustees to determine the Scheme on the grounds that it is in the best interests generally of the Members, Pensioners and other beneficiaries (contingent or otherwise).
- (b) Upon the Scheme being determined then (if not already terminated) the liability of each of the Participating Employers and Members to contribute to the Scheme shall terminate but without prejudice to the liability for the payment of any employees' contributions deducted pursuant to the provisions of Rule 6 of the Rules but not paid into the Fund and any Participating Employer's contributions established to be due and payable but not actually paid and the Fund shall be applied as provided in Clause 22.

## **Winding-up of Scheme**

This Clause 22 is subject to the provisions of section 73 of the 1995 Act.

### **Action on determination of Scheme**

- (a) On the determination of the Scheme the Management Trustees shall subject to:
  - (i) the payment of all costs charges and expenses incurred in giving effect to the provisions of this Clause or otherwise properly payable out of the Fund; and
  - (ii) the completion (so far as not already completed) of the application in accordance with the provisions of the Rules of any lump sums which became payable under such provisions on the deaths of Members and Pensioners prior to such determination;

wind up the Scheme by applying the Fund in the manner hereinafter in this Clause prescribed.

### **Application of Segregated Assets**

- (b) After effect has been given to the foregoing provisions of this Clause and subject to the provisions of sub-Clause 22(k) the Segregated Assets shall be applied so far as the same may be available in the provision for and in respect of each of the Members and Pensioners who have paid Voluntary Contributions (including Notional Voluntary Contributions and Employer AVCs) of such benefits as the Management Trustees shall determine to be appropriate having regard to the portion of the Segregated Assets which they determine to be attributable to Voluntary Contributions (including Notional Voluntary Contributions and Employer AVCs) paid by the Member or Pensioner as appropriate and to such arrangements as he shall have made with the Management Trustees and such wishes as he shall have expressed to the Management Trustees as to the benefits to be provided under the Scheme by his Voluntary Contributions (including Notional Voluntary Contributions and Employer AVCs) and such Members and Pensioners shall rank *pari passu* among themselves in relation to such benefits.

**Benefits (including GMPs and EPBs but excluding prospective increases) for (i) existing Pensioners in receipt of pensions (ii) Pensioners who have commuted their pensions (iii) Members and Pensioners who have attained Normal Retirement Age**

- (c) After effect has been given to the foregoing provisions of this Clause and subject to the provisions of sub-Clause 22(k) the Principal

Assets shall be applied so far as the same may be available in the payment of any limited revaluation premiums which become payable by the Management Trustees in consequence of the determination of the Scheme and the application of the succeeding provisions of this Clause in respect of any Members and Pensioners within the category described in sub-Clause 22(c)(iii) who had not reached pensionable age at the date of such determination and in the provision of the following benefits for and in respect of all of the following persons who shall rank *pari passu* among themselves in respect of such benefits that is to say:

- (i) for and in respect of each Pensioner or other person to whom or for whose benefit a pension was in payment under the Scheme immediately prior to its determination an immediate annuity being the Actuarial Equivalent of such pension (excluding any prospective increases thereon) and benefits contingent upon his death corresponding to and being the Actuarial Equivalent of any benefits contingent upon his death which were provided in respect of him under the Scheme immediately prior to its determination (excluding any prospective increases thereon); and
- (ii) in respect of each Pensioner to whom or for whose benefit a pension would have been in payment under the Scheme immediately prior to its determination but for surrender pursuant to the provisions of Rule 16(a) or 16(c) of the Rules and benefits contingent upon his death corresponding to and being the Actuarial Equivalent of any benefits contingent upon his death which were provided in respect of him under the Scheme immediately prior to its determination (excluding any prospective increases thereon); and
- (iii) for and in respect of each other Member and Pensioner who on determination of the Scheme had already attained Normal Retirement Age but to whom or for whose benefit a pension was not in payment under the Scheme immediately prior to its determination an immediate annuity being the Actuarial Equivalent of the immediate pension which would have become payable to him under the Scheme had he retired immediately prior to its determination (excluding any prospective increases thereon) and benefits corresponding to and being the Actuarial Equivalent of any other benefits (including benefits contingent upon his death after retirement) which (making the same assumption) would have been provided for or in respect of him under the Scheme immediately prior to its determination (excluding any prospective increases thereon);

PROVIDED THAT for the purposes of this sub-Clause 22(c) references therein to pensions and other benefits which were or would in certain circumstances have been in payment or provided under the Scheme immediately prior to its determination shall be deemed to exclude all pension and other benefits attributable to Voluntary Contributions (including Notional Voluntary Contributions and Employer AVCs).

**GMPs and EPBs for (i) Pensioners entitled to deferred pensions (ii) Employed Deferreds in Service prior to Normal Retirement Age**

(d) After effect has been given to the foregoing provisions of this Clause and subject to the provisions of sub-Clause 22(k) the Principal Assets shall be applied so far as the same may be available in the payment of any limited revaluation premiums which become payable by the Management Trustees in consequence of the determination of the Scheme and the application of the succeeding provisions of this Clause in respect of any Employed Deferreds within the category described in sub-Clause 22(d)(ii) and in the provision of the following benefits for and in respect of all of the following Employed Deferreds and Pensioners who shall rank *pari passu* among themselves in respect of such benefits that is to say:

- (i) for and in respect of each Pensioner who on determination of the Scheme had left Service but had not attained Normal Retirement Age and to whom or for whose benefit a pension was not in payment under the Scheme immediately prior to its determination; and
- (ii) for and in respect of each Employed Deferred who on determination of the Scheme was still in Service and had not attained Normal Retirement Age;

a deferred annuity for the Employed Deferred commencing at Normal Retirement Age equal in weekly rate to the aggregate of the weekly rate of any equivalent pension benefits within the meaning of sub-sections (6), (7) and (8) of section 13 of the 1993 Act appropriate to him under the Scheme at the date of its determination and the guaranteed minimum pension appropriate to him under the Scheme at the date of its determination and a contingent annuity for his widow or Surviving Civil Partner (if any) commencing on the date of his death equal in weekly rate to one-half of such guaranteed minimum pension.

**Benefits (other than GMPs and EPBs and prospective increases) for (i) Pensioners entitled to deferred pensions (ii) Employed Deferreds in Service prior to Normal Retirement Age**

(e) After effect has been given to the foregoing provisions of this Clause and subject to the provisions of sub-Clause 22(k) the Principal Assets shall be applied so far as the same may be available in the

provision of the following benefits for and in respect of each of the Employed Deferreds and Pensioners specified in sub-Clause 22(d) (who shall rank *pari passu* among themselves in relation to such benefits) that is to say:

- (i) for and in respect of each of the Pensioners specified in sub-Clause 22(d)(i) a deferred annuity commencing at Normal Retirement Age being the Actuarial Equivalent of the deferred pension commencing at Normal Retirement Age to which such Member was entitled under the Scheme immediately prior to its determination (excluding any prospective increases thereon) and benefits corresponding to and being the Actuarial Equivalent of any other benefits (including benefits contingent upon his death) which were provided for or in respect of him under the Scheme immediately prior to its determination (excluding any prospective increases thereon); and
- (ii) for and in respect of each of the Employed Deferreds specified in sub-Clause 22(d)(ii) a deferred annuity commencing at Normal Retirement Age being the Actuarial Equivalent of the deferred pension commencing at Normal Retirement Age to which such Employed Deferred would have been entitled under the Scheme immediately prior to its determination (ignoring any option or requirement to take a refund of contributions) if he had left Service immediately prior to its determination (excluding any prospective increases thereon) and (making the same assumption) benefits corresponding to and being the Actuarial Equivalent of any other benefits (including benefits contingent upon his death) which would have been provided for or in respect of him under the Scheme immediately prior to its determination (excluding any prospective increases thereon);

but only to the extent in any such case that such benefits are not included in any application made under the provisions of sub-Clause 22(d);

PROVIDED THAT for the purposes of this sub-Clause 22(e) references therein to deferred pensions and other benefits which were or would in certain circumstances have been provided under the Scheme immediately prior to its determination shall be deemed to exclude all pension and other benefits attributable to Voluntary Contributions (including Notional Voluntary Contributions and Employer AVCs).

**Prospective increases excluded from sub-Clauses 22(c) and (e)**

- (f) After effect has been given to the foregoing provisions of this Clause and subject to the provisions of sub-Clause 22(k) the Principal Assets shall be applied so far as the same may be available in the

provision in respect of each annuity provided under sub-Clauses 22(c) and (e) in the same order of priority as set out therein of an annuity equal to the difference between the amount of such annuity provided as aforesaid and the amount which would have been provided had the words “(excluding prospective increases thereon)” not been included in the said sub-Clauses 22(c) and (e).

#### **Part of any surplus returned to Participating Employers**

- (g) After effect has been given to the foregoing provisions of this Clause two-thirds of any balance of the Fund remaining unexpended in the hands of the Management Trustees shall be paid to the Participating Employers in such proportions as the Management Trustees (acting with the advice of the Actuary) shall consider to be appropriate.

#### **Discretionary additional benefits**

- (h) After effect has been given to the foregoing provisions of this Clause and subject to the provisions of sub-Clauses 22(i) and (k) the Principal Assets shall be applied so far as the same may be available in the provision of such additional annuities or other benefits as the Management Trustees think fit for all or any of the persons for whom annuities or other benefits have been provided under the foregoing provisions of this Clause or of Dependants of persons who are or have been Members. The Management Trustees shall provide such additional annuities or other benefits in such a manner that, subject to sub-Clause 22(i), the Management Trustees shall as far as is practicable exhaust the Principal Assets.
- (i) In providing such additional annuities or benefits the Management Trustees shall continue to comply with what were the requirements of the Commissioners of HM Revenue and Customs as to the maximum approvable benefits which the Scheme could have provided before 6 April 2006 as if those requirements still applied to the Scheme.
- (j) For the purposes of sub-Clause 22(h) above, no person shall be within the class eligible for the potential grant of additional annuities or other benefits under the Scheme arising from BAMPS membership. Potential entitlement to additional benefits shall arise solely in relation to membership of the FSS.
- (k) The following provisions shall apply in respect of each application made under the foregoing provisions of this Clause (or which but for the operation of any of the following provisions of this sub-Clause 22(k) would have fallen to be made under the foregoing provisions of this Clause):

### Transfer to other Registered Pension Schemes

- (i) the Management Trustees may apply an amount equal to the equivalent value of the interest in the Scheme (as determined by the Management Trustees having taken actuarial advice and in accordance with the foregoing provisions of this Clause) of any Member, Pensioner or other person (such Member, Pensioner or other person being hereinafter in this sub-Clause 22(k)(i) called a “**transferee**”) by transferring the same to any other Registered Pension Scheme upon the trusts thereof to the intent that where there is no requirement (as hereinafter described) to obtain the consent of the transferee concerned or the consent of the Member or Pensioner from whom his interest in the Scheme derives and such consent has not been obtained to such transfer such transferee shall be entitled to such rights in such Registered Pension Scheme as may be agreed between the Management Trustees and the trustees or other person or persons administering such Registered Pension Scheme (hereinafter in this Clause called “**the receiving administrator**”) as being at least equivalent to his interest in the Scheme as aforesaid and the receipt of the receiving administrator shall be a complete discharge to the Management Trustees in respect of all liability to and in respect of such transferee under the Scheme and they shall be under no liability to see to the application of the assets transferred;

#### PROVIDED THAT:

- (A) upon making any such transfer in respect of a Member or Pensioner the Secretary shall certify to the receiving administrator how much (if any) of the Fund so transferred represents (in the opinion of the Management Trustees) contributions made or deemed to have been made to the Scheme by such Member or Pensioner and any interest thereon and is therefore to be treated as member’s contributions in such Registered Pension Scheme; and
- (B) no transfer shall be made in respect of any person in accordance with the foregoing provisions of this sub-Clause 22(k) without his consent or the consent of the Member from whom his interest in the Scheme derives unless it is made to a Registered Pension Scheme to which the Participating Employer (or its successor in business) contributes or to a Registered Pension Scheme of which the Member becomes a member while continuing in the same employment or it relates to all or a specified group of Members of whom the Member is one; and

- (C) any liability to provide guaranteed minimum pensions for and in respect of a Member or a Pensioner pursuant to the provisions of the GMP Rule may if the Management Trustees so determine be excluded from any such transfer; and
- (D) no transfer shall be made in accordance with the foregoing provisions of this sub-Clause 22(k) of any liability to provide guaranteed minimum pensions for and in respect of a Member or a Pensioner pursuant to the provisions of the GMP Rule unless such transfer is permitted by the laws on contracting-out set out in the 1993 Act; and

#### **Securing benefits with Approved Insurance Companies**

- (ii) subject to the provisions of sub-Clause 22(k)(i) each annuity or other benefit to be provided pursuant to this Clause 22 shall be secured (in accordance where appropriate with arrangements approved by HM Revenue & Customs) by the purchase from an Approved Insurance Company of a non-assignable annuity or assurance contract or policy as appropriate; and

#### **Commutation of small pensions**

- (iii) if the value of a person's benefits is no higher than the maximum winding up lump sum which may be paid under paragraph 10 of Schedule 29 to the Finance Act, the Management Trustees may pay to such person in lieu of any other benefit to which he may be entitled under the Scheme a lump sum being the Actuarial Equivalent thereof and if the Management Trustees pay a lump sum to a Member or Pensioner pursuant to the foregoing provisions of this sub-Clause 22(k) any benefits contingent upon his death which would otherwise have been provided pursuant to this Clause shall not be provided and this fact shall be taken into account by the Management Trustees and the Actuary in determining the amount of the said lump sum paid to such Member or Pensioner;

PROVIDED THAT this option shall not be available to the Management Trustees in respect of any Member or Pensioner who has a guaranteed minimum in relation to the pension to be provided for him under the Scheme and in respect of whom the basis of revaluation described in sub-paragraph (C) of paragraph (f) of the GMP Rule applies unless on its determination he had attained pensionable age; and

### **Limitation of benefits**

- (iv) in purchasing annuity and other benefits pursuant to the foregoing provisions of this sub-Clause 22(k) the Management Trustees shall have regard in each case to the requirements of the Commissioners of HM Revenue and Customs as to the maximum approvable benefits which the Scheme could have provided before 6 April 2006 as if those requirements still applied to the Scheme.

### **Any surplus returned to Participating Employers**

- (l) Any balance of the Fund remaining unexpended in the hands of the Management Trustees after effect has been given to the foregoing provisions of this Clause 22 shall be paid to the Participating Employers in such proportions as the Management Trustees shall (acting with the advice of the Actuary) consider to be appropriate.

23

### **Withdrawal of Participating Company**

- (a) The participation in the Scheme of a Participating Company shall cease on the earliest of the following dates:
  - (i) the effective date of the termination by such Participating Company (pursuant to the provisions of Clause 20(b)) of its liability to contribute to the Scheme; and
  - (ii) the effective date of any determination by the Principal Company that the participation of such Participating Company in the Scheme should cease.
- (b) The Management Trustees shall at the date on which the participation of a Participating Company in the Scheme shall have ceased in accordance with the foregoing provisions of this Clause appropriate in respect of those persons who were at such date in any of the following categories namely:
  - (i) Members who were at such date Employees of such Participating Company and who did not immediately become Employees of another of the Participating Employers; and
  - (ii) Pensioners to whom or for whose benefit pensions were or (but for surrender pursuant to the provisions of Rule 16(a) or 16(c) of the Rules) would have been in payment under the Scheme at such date and who immediately prior to leaving Service were Employees of such Participating Company (or of its predecessor in business); and

- (iii) Pensioners who left Service prior to such date and to whom or for whose benefit pensions were not in payment under the Scheme at such date and who immediately prior to leaving Service were Employees of such Participating Company (or of its predecessor in business); and
- (iv) persons (other than Pensioners) to whom or for whose benefit pensions were in payment under the Scheme at such date and whose interest therein derives in each case from the membership of a Pensioner who immediately prior to ceasing to be in Service by death or otherwise was an Employee of such Participating Company (or of its predecessor in business); and
- (v) Employed Deferreds who were at such date Employees of such Participating Company and who did not immediately become Employees of another of the Participating Employers;

such part of the Principal Assets as is in the aggregate the Actuarial Equivalent of those of the interests in the Scheme of such persons which are not attributable to Voluntary Contributions (including Notional Voluntary Contributions and Employer AVCs) and such part of the Segregated Assets as is in the aggregate the Actuarial Equivalent of those of the interests in the Scheme of such persons which are attributable to Voluntary Contributions (including Notional Voluntary Contributions and Employer AVCs);

PROVIDED THAT if the Management Trustees with the agreement of the Principal Company shall so determine the appropriation made in respect of a Participating Company under this sub-Clause 23(b) shall be limited to an appropriation in respect of Members within sub-Clause 23(b)(i).

- (c) Those parts of the Principal Assets and the Segregated Assets which represent any appropriation (or adjusted appropriation) made pursuant to the provisions of sub-Clause 23(b) shall be applied in respect of the Members and Pensioners and other persons concerned in accordance (*mutatis mutandis*) with the provisions of Clause 22;

PROVIDED THAT if the Management Trustees with the agreement of the Principal Company shall so determine they shall in lieu of making all or any part of any application which would otherwise fall to be made in accordance (*mutatis mutandis*) with the provisions of Clause 22 in respect of any such Member Pensioner or other person provide for and in respect of him under the Scheme subject to the provisions thereof benefits corresponding to and being the Actuarial Equivalent of the benefits which would otherwise have been provided for and in respect of him under such application or as the case may be such part of such application.

**General indemnity**

- (a) None of the Management Trustees, no director of a Corporate Trustee, no Custodian Trustee, no body corporate which is wholly owned (directly or indirectly) by a Custodian Trustee, no director of any body corporate which is a Custodian Trustee or is wholly owned (directly or indirectly) by a Custodian Trustee, and no officer or employee appointed by the Principal Company or by the Management Trustees to perform any function in relation to the Scheme shall be liable for any breach of trust other than a breach of trust resulting from a deliberate act or omission which the person concerned knows is legally wrong or is reckless as to whether it is legally wrong or not.
- (b) Each of the Management Trustees, each of the directors of a Corporate Trustee, each Custodian Trustee, each of the directors of any body corporate which is a Custodian Trustee and each officer or employee appointed by the Principal Company or by the Management Trustees to perform any function in relation to the Scheme shall be indemnified at all times by the Principal Company against any claims made or actions raised against that person in connection with the exercise of any of his functions or duties in relation to the Scheme and not attributable to a deliberate act or omission by that person which that person knows is legally wrong or is reckless as to whether it is legally wrong or not.

**Contributions calculated and payable in sterling**

- (a) All contributions to the Scheme shall be calculated and payable in sterling.
- (b) For the purposes of the Scheme the sterling equivalent of any emoluments received in a currency other than sterling shall be calculated by the Management Trustees on such basis as they shall determine to be appropriate and equitable.

**Unclaimed benefits**

Notwithstanding any other provision of the Trust Deed or the Rules any lump sum benefit or any instalment of any pension benefit which is not claimed within six years after the date on which it became payable under the Scheme shall be forfeit unless the Management Trustees at their discretion decide otherwise.

**Management Trustees' interest**

Any director of any body corporate which is a Custodian Trustee of the Scheme, any director of a Corporate Trustee and any of the Management Trustees who is a beneficiary or a prospective beneficiary under the Scheme may exercise his powers and discretions and execute his duties as such director or as a Management Trustee notwithstanding that he is a beneficiary or a prospective beneficiary thereunder and no decision or exercise of a power or discretion by the Custodian Trustees or the Management Trustees shall be invalidated or questioned on the grounds that the directors of any such body corporate or any of them, the directors of a Corporate Trustee or any of them, or the Management Trustees or any of them had a direct or indirect personal interest in such decision or in the exercise of such power or discretion.

**Governing law**

The trusts of the Scheme and the rights of all parties thereunder shall be governed by the law of England.

**Headings**

The headings to this deed shall not affect the construction or interpretation thereof.

**RULES OF THE NEW AIRWAYS PENSION SCHEME**  
**PART 1**

The provisions of this Part 1 of the Rules apply to NAPS1(FSS) and to BAMPS, as referred to in Clause 2(c) of the Trust Deed. References in this Part 1 to FSS are references to NAPS1(FSS). The New Airways Pension Scheme (including NAPS1(FSS)) was closed to future accrual of benefits on the terms of a Supplemental Deed dated 14 March 2018 with effect on and from 1 April 2018 and all persons in FSS Contributory Service immediately before 1 April 2018 ceased to be in FSS Contributory Service on and from 1 April 2018.

## Definitions

In these Rules:

- (a) unless there is something inconsistent in the subject matter or the context, masculine pronouns shall include feminine pronouns and the singular shall include the plural and vice versa; and
- (b) any reference to an Act of Parliament (or to part of an Act of Parliament) shall be deemed to include a reference to any statutory modification or re-enactment of such Act (or such part) for the time being in force and any regulations made thereunder for the time being in force and any reference to any such regulations shall be deemed to include a reference to any variations of or additions to or substitutions for the same for the time being in force; and
- (c) words and expressions which have particular meanings ascribed to them in the 1993 Act (including without prejudice to the foregoing generality the expressions “**contracted-out employment**”, “**contracted-out scheme**”, “**contributions equivalent premium**”, “**guaranteed minimum pension**” and “**pensionable age**”) shall have the same meanings respectively and where appropriate reference to a particular provision in the 1993 Act shall be construed as a reference to the corresponding provision in the Pension Schemes (Northern Ireland) Act 1993; and
- (d) any reference to a “**week**” means a period of 7 consecutive days; and
- (e) any reference to a “**month**” means a period commencing at the beginning of any given day in any calendar month and ending at the end of the day next preceding the day corresponding to such given day (or, if there is no such corresponding day, at the end of the last day) in the next following calendar month; and
- (f) any reference to a “**year**” means any period of 12 consecutive months; and
- (g) the following expressions shall have the meanings hereinafter respectively ascribed to them:

**Actuarial Equivalent:** means such amount as the Actuary shall certify as being appropriate.

**Actuary:** means the Actuary from time to time appointed as the Actuary of the Scheme under Clause 11 of the Trust Deed.

**Additional Voluntary Contributor:** means a Member who is making or has made contributions to the AVC Scheme or who is having or who has had additional contributions paid on his or her behalf by the Participating Employer to the AVC Scheme under the Salary Sacrifice arrangement.

**Air Accident:** means an accident occurring to a Member while embarking on or disembarking from an aircraft in connection with a flight therein or while on board an aircraft during a flight between the time of embarkation and the time of disembarkation.

**Air Cabin Crew Employee:** means an employee of a Participating Employer who is employed under a contract of employment entered into within the United Kingdom to serve as air cabin crew either as a full-time employee or who for the purpose of the Scheme is designated by the Participating Employer as employed in Part Time Service.

**Approved Insurance Company:** means an “insurance company” within the meaning of section 275 of the Finance Act.

**APS:** means The Airways Pension Scheme established by a trust deed made 8 October 1948.

**AVC Account:** means an MPF Account, an SGF Account or such other account as may be maintained by the Management Trustees in the name of an Additional Voluntary Contributor for the purposes of the AVC Scheme.

**AVC Account Closing Date:** of an Additional Voluntary Contributor means the earliest of:

- (i) his Pension Commencement Date, or, in the case of an AVC Deferrer, the date as at which his Final Balance (or the residue thereof, as applicable) is finally applied in securing an annuity under Rule 36(e);
- (ii) the date of his death;
- (iii) in the event of a transfer being made of his interest in the Scheme under Rule 31, the date of the transfer; and
- (iv) in the event of a transfer of all of his Final Balance under Rule 36(f), the date of the transfer.

PROVIDED THAT where the Management Trustees propose to transfer part only of an Additional Voluntary Contributor’s Final Balance under Rule 36(f), the AVC Account Closing Date will be taken to be the date of that transfer for the purposes of calculating that part of the Final Balance and the amount of the transfer payment for such partial transfer.

**AVC Deferrer:** means a Member or Pensioner who has elected to have the application of all or part of his AVC Accounts deferred

beyond Pension Commencement Date in the manner described in Rule 36(e).

**AVC Rules:** means Rule 36 and 36A.

**AVC Scheme:** means the scheme embodied in the AVC Rules for the provision of certain additional benefits (as supplemented by such announcements, booklets or leaflets as may be approved by the Principal Company and issued for this purpose from time to time by or on behalf of the Management Trustees).

**AVC Scheme Year:** means a year commencing on 1st day of April.

**Average Qualifying Earnings:** in relation to a Member or Pensioner means the annual average of such Member's or Pensioner's Qualifying Earnings in the period of two years immediately preceding the date of termination of FSS Contributory Service which was contracted-out employment under the Scheme.

**BAMPS:** means the British Airways Money Purchase Section of the Scheme established with effect from 1 April 1993 by a supplemental trust deed dated 1 October 1993.

**BAMPS Account:** has the meaning given to it by Rule 47(a).

**BAMPS Accountholder:** means a Pensioner who has been a BAMPS Member and who is no longer in BAMPS Contributory Service but who retains entitlement to BAMPS benefit under the Fund by virtue of his BAMPS Contributory Service such benefits not being currently payable.

**BAMPS Contributions:** means collectively Employer's BAMPS Contributions and Member's BAMPS Contributions made in accordance with Rule 47(a) and Rule 6.

**BAMPS Contributory Service:** means in relation to any BAMPS Member, BAMPS Accountholder or Pensioner Service during his last or only period of continuous Service during which Member's BAMPS Contributions have been paid pursuant to Rule 6 (including for the avoidance of doubt, Notional Contributions) together with any period credited as BAMPS Contributory Service pursuant to the provisions of Rule 15(d)(vii), 30 and 47(b) (but excluding (except as hereinafter provided):

- (i) Service prior to the date of his admission to membership of the Scheme; and
- (ii) Service with any of the Participating Employers prior to the date on which it became one of the Participating Employers; and

- (iii) Service subsequent to admission to membership of the Scheme during which he was not a BAMPS Member (except as provided under Rule 47(b)).

**BAMPS Credit:** has the meaning given to it by Rule 47(a)(iii).

**BAMPS Member:** means a Member admitted or re-admitted to the Scheme by the Management Trustees for the provision of BAMPS benefits under the Rules and whose membership since such admission (or last re-admission) has not ceased under any provision of the Rules. A BAMPS Member shall not be in contracted-out employment in relation to the Scheme.

**BAMPS Pension:** means a pension paid by the Fund in respect of BAMPS benefits under Rule 9(e).

**Band Earnings:** means, in relation to an individual, the amount of earnings payable in respect of him or her by an Employer that exceeds the applicable Lower Earnings Limit but not the Upper Accrual Point (or the prescribed equivalents if the individual is paid otherwise than weekly).

For the purposes of this definition “applicable” has the meaning given by regulation 5(3) of the Occupational Pension Schemes (Power to Amend Schemes to Reflect Abolition of Contracting-out) Regulations 2015; and

“prescribed equivalents” has the meaning given by the Social Security Contributions & Benefits Act 1992.

**Cash Equivalent:** has the meaning given to it by the 1993 Act.

**Civil Partner:** means a person who is the civil partner, for the purposes of section 1 of the Civil Partnership Act 2004, of a Member or a Pensioner.

**Contracting-out Laws:** means the laws on contracting-out set out in the 1993 Act.

**Dependant:** means, except for the purposes of Rule 24, in relation to any person any other person who, in the opinion of the Management Trustees, is or shall have been dependent on such first-mentioned person for all or any of the ordinary necessities of life.

**Dependent Child:** means in relation to any deceased Member or Pensioner any child who:

- (a) has not attained the age of 16 years; or

- (b) has attained the age of 16 years but has not attained the age of 23 years and is undergoing full-time education or vocational training which is for the time being approved by the Management Trustees;
- (c) has attained the age of 16 years but has not attained the age of 23 years and is unable to earn his or her own living due to a serious and permanent illness or disability;

and who in any such case is:

- (i) a child born of or legitimated by a marriage entered into by the Member or Pensioner; or
- (ii) a child legally adopted by the Member or Pensioner; or
- (iii) a stepchild of the Member or Pensioner by virtue of a marriage entered into by the Member or Pensioner and subsisting at the date of his death; or
- (iv) a child to whom, in the opinion of the Management Trustees, the Member or Pensioner stood in loco parentis immediately prior to his death, or a child dependent, in the opinion of the Management Trustees, upon the Member or Pensioner; or
- (v) an illegitimate child of the Member or Pensioner (provided that the parentage of the Member or Pensioner can be shown to the reasonable satisfaction of the Management Trustees);

PROVIDED THAT a Dependent Child who ceases to satisfy the foregoing requirements for any reason shall thereupon cease to be a Dependent Child.

**EBF Account:** means the equity based fund established for the purpose of the AVC Scheme and administered as described in Rule 36.

**Employed Deferred:** a person who was in FSS Contributory Service immediately before 1 April 2018 and who remains in Service. Where a person ceases to be in Service they will cease to be an Employed Deferred and the relevant Participating Employer or Principal Company (as applicable) must notify the Management Trustees in accordance with arrangements to be agreed by the Management Trustees and the Principal Company of the date such person ceased to be in Service. The Management Trustees may rely on such a notification from the relevant Participating Employer or Principal Company (as applicable) and will have no liability to any person for acting in accordance with such a notification or a failure to act in the absence of a notification.

**Employee:** means an employee of any of the Participating Employers other than an employee whose employment is of a casual nature as determined by the Principal Company.

**Employer's BAMPS Contributions:** has the meaning given to it by Rule 47(a)(ii).

**Employment Income:** shall have the same meaning as Chapter II of Part II of Income Tax (Earnings and Pensions) Act 2003.

**Expense Charge:** means, in relation to any transaction, a charge of an amount determined from time to time by the Management Trustees as representing the reasonable dealing expenses relating to the transaction.

**“Ex-Spouse”:** means a person whose marriage to or civil partnership with the Member or Pensioner has been dissolved;

**Final Balance:** in relation to an AVC Account means an amount determined as at the AVC Account Closing Date applicable to an Additional Voluntary Contributor equal to:

- (i) in the case of an MPF Account, the amount determined under Rule 36(c)(viii);
- (ii) in the case of an SGF Account, the balance in the SGF Account;
- (iii) in the case of any other AVC Account, an amount determined in accordance with such method as the Management Trustees may from time to time have notified to the relevant Additional Voluntary Contributor as being applicable for this purpose.

**Finance Act:** means the Finance Act 2004;

**Flexible Retirement Benefits:** in relation to a Flexible Retirement Member means that part of his Scheme benefits that he elects to commence receiving on his Flexible Retirement Date.

**Flexible Retirement Date:** means the date on which a Flexible Retirement Member's Flexible Retirement Benefits commence payment under Rule 10A.

**Flexible Retirement Member:** means a Member who has elected, with the consent of his Participating Employer, under Rule 10A to commence payment of all or part of his Scheme benefits whilst remaining in employment with a Participating Employer.

**FSS:** means the final salary section of the Scheme.

**FSS Contributory Service:** means in relation to any FSS Member or FSS Pensioner Service during his last or only period of continuous Service during which contributions have been paid as an FSS Member pursuant to Rule 6(a) (including for the avoidance of doubt, Notional Contributions) together with any period credited as FSS Contributory Service pursuant to the provisions of Rule 15(d)(vii), Rule 30 and Rule 47(b) but excluding (except as hereinafter provided):

- (i) Service prior to the date of his admission to membership of the Schemes;
- (ii) Service with any of the Participating Employers prior to the date on which it became one of the Participating Employers;
- (iii) Service subsequent to admission to membership of the Scheme during which he was not an FSS Member (except as provided under Rule 47(b));

PROVIDED THAT in the case of an FSS Member whose occupational category changes from General Staff Employee to Pilot, Officer or Air Cabin Crew Employee or vice versa his FSS Contributory Service immediately prior to such change of occupational category shall be adjusted by such amount as the Actuary shall determine;

PROVIDED FURTHER THAT in relation to the Part Time Service of any FSS Member the calculation described in Rule 29(a)(ii) will apply (except for the purposes of the definition of Qualifying Service).

PROVIDED FURTHER THAT with effect on and from 1 April 2018:

- (i) no further FSS Contributory Service will accrue other than in accordance with a direction by the Principal Employer under Rule 15(b)(viii); and
- (ii) any person in FSS Contributory Service immediately before 1 April 2018 shall cease to be in FSS Contributory Service on and from that date in accordance with Rule 15(a)(i).

**FSS Member:** means a Member admitted or re-admitted to the Scheme by the Management Trustees for the provision of FSS benefits under the Rules and whose membership since such admission (or last re-admission) has not ceased under any provision of the Rules. An FSS Member shall be in contracted-out employment in relation to the Scheme. Other than for the purposes of Crystallised Members under Rule 6A, any person who was an FSS

Member immediately before 1 April 2018 shall cease to be an FSS Member on and from 1 April 2018.

**FSS Pensioner:** means a person who was an FSS Member, has ceased to be in FSS Contributory Service but who (or some other person by virtue of his membership) is entitled or prospectively entitled to any FSS benefit from the Scheme by virtue of his FSS Contributory Service.

**Full Time Service:** means in relation to any Employee Service in the employment of any Participating Employer on the basis of the standard working week which is appropriate to such Participating Employer's business and to the nature of the employment and which is stipulated in such Employee's conditions of employment or evidenced in a negotiated working agreement;

PROVIDED THAT Service shall not cease to be Full Time Service solely by reason of a temporary reduction in working hours resulting from:

- (i) short-time working or lay-off whether due to business conditions or industrial action; or
- (ii) temporary absence from active Service due to injury or illness or to any other cause.

**Fund:** means all monies from time to time held by or on account of the Management Trustees in pursuance of the Trust Deed and the Rules and the investments securities and other assets including any annuity or other policies for the time being representing the same.

**General Staff Employee:** means an employee of a Participating Employer (other than a Pilot, Officer or Air Cabin Crew Employee) who is employed under a contract of employment entered into within the United Kingdom either as a full-time employee or who for the purpose of the Scheme is designated by the Participating Employer as employed in Part Time Service.

**GMP Rule:** means Rule 39 of these Rules.

**Higher Rate Contributor:** means an FSS Member at any date who pays contributions (including Notional Contributions) to the Scheme (other than to the AVC Scheme) at any date at the same rate as is currently specified under Column A to the Table set out in Rule 6.

**Index:** means the All Items Index of Retail prices published by H.M. Government or such other index as may from time to time be determined for the purposes of the Rules by the Actuary after consultation with the Principal Company and the Management Trustees as representing the closest possible replacement.

**Lower Earnings Limit:** means the weekly rate in the case of a weekly rated Employee and the annual rate in the case of an annual rated Employee of the lower earnings limit for Class 1 contributions as described in the Social Security Contributions and Benefits Act 1992.

**Lower Rate Contributor:** means an FSS Member who at any date pays contributions (including Notional Contributions) to the Scheme (other than to the AVC Scheme) at the same rate as is currently specified under Column B to the Table set out in Rule 6.

**Management Trustees:** means the management trustee or management trustees of the Scheme from time to time appointed in accordance with Clause 6 or Clause 6A.

**Member:** means any person who has been admitted to membership of the Scheme pursuant to the provisions of Rule 2 (as it applied from time to time) and includes any such person so long as he is in Service;

PROVIDED THAT, except for the purposes of Rule 15 (leaving Service), a Member who ceases to be in the category described in Rule 2(a) (as it applied from time to time) or who ceases to be a contributing Member under Rule 25 but who (in either case) remains in Service shall be deemed to cease to be a Member and thereupon to become a Pensioner unless all liability for benefits in respect of him under the Scheme has been discharged under Rule 32 or any statutory provision with like effect, in which event he shall cease to be either a Member or a Pensioner.

PROVIDED FURTHER THAT, other than for the purposes of Crystallised Members under Rule 6A, any person who was a Member immediately before 1 April 2018 shall cease to be a Member on and from 1 April 2018.

**Member's BAMPS Contributions:** has the meaning given to it by Rule 6.

**Mid-market Value:** means the mid-market value of a unit in the MPF determined in accordance with Rule 36(c)(vii).

**MPF:** means the Mixed Portfolio Fund established for the purpose of the AVC Scheme and administered as described in Rule 36(c).

**MPF Account:** means an account in the name of an Additional Voluntary Contributor which is maintained by the Management Trustees for the purposes of the AVC Scheme and is invested in the MPF.

**Non-Notional Voluntary Contributions:** means Regular AVCs which are not Notional Voluntary Contributions or Employer AVCs.

**Normal Retirement Age:** has the meanings assigned to it in Rule 5.

**Notional Contributions:** means the contributions made by a Participating Employer which are notionally made by a Salary Sacrifice Member under Rule 6(d).

**Officer:** means an employee of a Participating Employer who is employed under a contract of employment entered into within the United Kingdom to serve as a navigating officer or an engineering officer and who is either a full-time employee or who for the purpose of the Scheme is designated by the Participating Employer as employed in Part Time Service.

**Part Time Service:** means in relation to any Employee Service other than Full Time Service in the employment of any Participating Employer on the basis of a contract of service entered into within the United Kingdom and which has been designated by the Principal Company for the purpose of the Scheme as a permanent part-time employment contract.

**Participating Company:** means any body (whether or not incorporated) which shall by deed have covenanted with the Management Trustees pursuant to the provisions of Clause 18 of the Trust Deed to observe such of the provisions of the Trust Deed and the Rules as may apply to it and to perform its obligations thereunder and shall for the time being be bound by such covenant.

**Participating Employer:** means in relation to any individual that one or more of the Participating Employers by which he is for the time being or was last employed.

**Participating Employers:** means the Principal Company and each Participating Company.

**Pay:** means subject to sub-paragraphs (i) to (v), remuneration (or in the case of a Salary Sacrifice Member, what would have been remuneration but for the Salary Sacrifice) designated by a Participating Employer as pay for the purposes of the Rules and does not include allowances, overtime, bonuses, commissions or any other payments unless specifically designated as pay for the purposes of the Rules;

- (i) a Participating Employer may, subject to the agreement of the Principal Company, designate different parts or different levels of remuneration, or a notional amount of remuneration, as Pay for the purposes of calculating benefits for different periods of Service;

- (ii) if as a result of any designation under paragraph (i) there is an increase or decrease in the Pay of a Member it shall apply in relation to Service after the date of the designation only;
- (iii) on or after 1 April 2007, the Pay of any Member shall not be increased except:
  - (a) subject to paragraph (iv), to the extent that any such increase does not exceed the increase in the Index from 1 August 2005 (or, in relation to the category in which a particular Member is employed, such later date, which shall not be later than 1 August 2006, as the Principal Company shall determine and notify to the Management Trustees, having regard to the effective date of a relevant negotiated pay award);
  - (b) to the extent that any such increase reflects an increase in remuneration that is attributable to individual performance, incremental increases or promotion and that is designated (in whole or in part) as Pay by a Participating Employer, with the agreement of the Principal Company; or
  - (c) in respect of Service on and from 1 April 2007, in relation to the designation of Pay in connection with the benefit changes made to the Scheme effective on and from 1 April 2007, as notified to the Management Trustees by the Principal Company;
- (iv) an increase to a Member's Pay made or awarded on or after 1 April 2007 and before 1 April 2008 (or such later date as may be agreed by the Management Trustees) may exceed the increase in the Index from 1 August 2005 (or other relevant date specified under paragraph (iii)(a)) but any excess shall be offset against subsequent increases in Pay (as notified by the Principal Company to the Management Trustees) so that the Member's Pay falls within the limit that paragraph (iii)(a) would have imposed by no later than 31 March 2009;
- (v) the Principal Company shall, at least annually, confirm to the Management Trustees in such form as shall be agreed that paragraph (iii) and, with effect from 1 April 2009, that paragraph (iv) have been complied with;

PROVIDED THAT for the purposes of calculating the Pay of a Member remunerated on an hourly basis, remuneration in respect of any hours of work in excess of the Participating Employer's standard working week for the time being in force for the category of employees concerned shall be ignored;

AND PROVIDED FURTHER THAT any reduction in or discontinuance of a Member's remuneration due to temporary absence from work shall be ignored for this purpose.

**Pay for Contribution Purposes:** has the meaning assigned to it in Rule 7.

**Pensionable Dependant:** means in relation to a deceased FSS Member or FSS Pensioner a person, other than a surviving spouse, Surviving Civil Partner or Dependent Child, who to the satisfaction of the Management Trustees was financially dependent upon the FSS Member or FSS Pensioner to a substantial extent at the date of the FSS Member's or FSS Pensioner's death, or who lived in a relationship with the FSS Member or FSS Pensioner which closely resembled marriage and who to the satisfaction of the Management Trustees was financially interdependent with the FSS Member or FSS Pensioner. In order to assist them in deciding whether or not a person qualifies as a Pensionable Dependant for the purposes of this definition, the Management Trustees may request such evidence of dependency or interdependency as they may consider necessary or appropriate.

**Pensioner:** means a person who:

- (i) was a Member and has ceased to be in Service or is an Employed Deferred, but who (or some other person by virtue of his membership) is entitled or prospectively entitled to any benefit from the Scheme; or
- (ii) has not been a Member but who has become entitled or prospectively entitled to any benefit from the Scheme by virtue of a transfer into the Scheme under Rule 30, and
- (iii) subject to such terms as the Management Trustees may determine under Rule 10A, in respect of his Flexible Retirement Benefits, includes a Flexible Retirement Member whose Flexible Retirement Date has occurred.

**Pension Commencement Date:** means the date upon which a pension payable under Rules 9, 14 or 15 commences to be payable.

**Pension Commencement Lump Sum:** has the same meaning as in Schedule 29 to the Finance Act.

**Pensions Increase Date:** means the effective date of application of Pensions Increase (Review) Orders issued in accordance with Section 59 of the 1975 Act.

**Pilot:** means an employee of a Participating Employer who is employed under a contract of employment entered into within the United Kingdom to serve as a pilot of aircraft and who is either a

full-time employee or who for the purpose of the Scheme is designated by the Participating Employer as employed in Part Time Service.

**Plan 60 Member:** means an FSS Member who has elected to pay additional contributions under Rule 6 and has a Normal Retirement Age of 60 or a Pensioner whose pension has not yet commenced who was such an FSS Member.

**Plan 65 Member:** means an FSS Member who has a Normal Retirement Age of 65 or a Pensioner whose pension has not yet commenced who was such an FSS Member.

**Principal Company:** means British Airways Plc or any other body corporate which, pursuant to the provisions of the Trust Deed, is for the time being deemed to be substituted therefor as the person liable to perform the obligations of British Airways Plc under the Trust Deed and the Rules.

**PTF:** has the meaning given at Rule 29(a)(i).

**Qualifying Earnings:** in relation to a period during which a Member or Pensioner has been in receipt of earnings from an Employer means PAYE earnings in excess of the qualifying earnings factor as defined in section 122(1) of the Social Security Contributions and Benefits Act 1992 applicable from time to time during that period but only to the extent that such earnings do not exceed:

- (i) in relation to any time during such period that falls before 6 April 2009, the Upper Earnings Limit applicable at each relevant time during that period; and
- (ii) in relation to any time during such period that falls on or after 6 April 2009, the Upper Accrual Point applicable at each relevant time during that period.

**Qualifying Service:** means in relation to any Member or Pensioner:

- (i) FSS Contributory Service (excluding any period credited as FSS Contributory Service pursuant to the provisions of Rule 15(d)(vii)); and
- (ii) BAMPS Contributory Service; and
- (iii) any other Service during the Member's or Pensioner's last or only period of continuous Service which was pensionable under any other Registered Pension Scheme of the Participating Employers or to which the Participating Employers or any of them have contributed, unless the

Scheme or any such other Registered Pension Scheme is regarded as a centralised scheme for the purposes of the preservation requirements of the 1993 Act; and

- (iv) if he has had more than one period of Service, Service during each period of Service (if any) of not less than 2 years' duration which preceded his last period of continuous Service and in respect of which he is entitled to a deferred pension from the Scheme (or was so entitled before any waiver pursuant to the provisions of Rule 15(d)(vii)); and
- (v) if he is a Member or Pensioner in respect of whom the Management Trustees have accepted a transfer of assets pursuant to the provisions of Rule 30, service during the period of pensionable employment to which such assets related;

PROVIDED THAT, if Service, FSS Contributory Service or BAMPS Contributory Service is interrupted by a break lasting not more than 1 month, the last or only period of Service, FSS Contributory Service or BAMPS Contributory Service prior to such break and the first or only period of Service, FSS Contributory Service or BAMPS Contributory Service after such break (but not the period of the break) shall for the purposes of this definition be treated as one continuous period of Service, FSS Contributory Service or BAMPS Contributory Service;

AND PROVIDED FURTHER THAT no period shall be counted more than once for the purposes of this definition;

AND PROVIDED FURTHER THAT service which would otherwise be Qualifying Service shall not be Qualifying Service solely by virtue of being service which was service with any Participating Employer prior to the date on which such Participating Employer first participated in any Registered Pension Scheme and which was pensionable thereunder.

**Recognised Transfer:** has the same meaning as in Section 169 of the Finance Act.

**Registered Pension Scheme:** means a pension scheme which is registered under Chapter 2 of Part 4 of the Finance Act.

**Regular AVC:** means a contribution or Notional Voluntary Contributions made to the AVC Scheme under Rule 36(b).

**Relevant Interest Rate:** on any date means the average rounded down to the nearest quarter per cent. ( $\frac{1}{4}\%$ ) of the three highest gross redemption yields obtainable from investing on such date in fixed interest securities issued by H.M. Government in the United

Kingdom having less than five years to maturity such yields being determined by reference to the middle prices as quoted in the Stock Exchange Official List for such date or in default of such Official List such other reliable source of information as the Management Trustees shall specify.

**Remuneration:** for the purposes of Rule 36 means an Additional Voluntary Contributor's total remuneration from the Participating Employers which is assessable to income tax as Employment Income in any year (apart from benefits in kind) or such other amount as the Management Trustees and the Principal Company agree.

**Retiring Pay:** means in relation to any FSS Member or FSS Pensioner the average of his Pay for Contribution Purposes during the best 2 years of the last 5 years of his FSS Contributory Service or during the actual period of his FSS Contributory Service if less than 2 years (save that, where the FSS Member or FSS Pensioner changed occupational category before 1 April 2007 and his FSS Contributory Service ends within 5 years after the date of the change, it will be the average of his Pay for Contribution Purposes in the best 2 years or, if less, the actual period, of his FSS Contributory Service in the occupational category in which he was last employed);

PROVIDED THAT where under paragraph (i) of the definition of Pay, a Participating Employer has designated different parts or different levels of remuneration or a notional amount as Pay for the purposes of calculating benefits for different periods of Service, Retiring Pay shall be calculated separately in relation to each of the different periods of Service.

PROVIDED FURTHER THAT where, under Rules 9(b), 9(c), 15(b)(ii) or 15(b)(iii), any part of a pension attributable to a period of Service before 1 April 2007 is to be adjusted by reference to the Actuarial Equivalent of the amount that would have been payable on a date earlier than or the same as the Member's Normal Retirement Age, for the purposes of the adjustment Retiring Pay shall be what the Member's Retiring Pay was at the date by reference to which the adjustment is made.

PROVIDED FURTHER THAT in relation to the Part Time Service of any FSS Member or FSS Pensioner his Pay for Contribution Purposes in respect of such Part Time Service shall be divided by the PTF appropriate to such Part Time Service.

PROVIDED FURTHER THAT an Employed Deferred's Retiring Pay may be such greater amount as directed by the Principal Employer in accordance with Rule 15(b)(ix).

**Rules:** means these Rules together with all variations of, additions to and substitutions for the same for the time being in force.

**Salary Sacrifice:** means an arrangement by which a Member agrees to give up (sacrifice) part of his taxable pay (and as a consequence become a Salary Sacrifice Member) in exchange for a non-cash benefit from a Participating Employer in the form of an additional contribution to the Scheme for the benefit of the Member which corresponds to the amount of taxable pay sacrificed by the Member.

From 1 October 2011 a Salary Sacrifice Member may agree to give up part of his taxable pay in exchange for a non-cash benefit from a Participating Employer in the form of additional contributions to the AVC Scheme for the benefit of the Member equal to the amount of taxable pay sacrificed by the Member, subject to the Member remaining from 1 October 2011 a Salary Sacrifice Member in relation to contributions due under Rule 6(a) (except where the Member ceased contributions in accordance with Rule 6A).

**Salary Sacrifice Member:** means a Member who has become a Salary Sacrifice Member under Rule 3(a) and has not ceased to be a Salary Sacrifice Member under Rules 3(b) or 3(c).

**Scheme:** means the New Airways Pension Scheme described in a definitive trust deed dated the 16 March 1984 and made between British Airways Plc the Management Trustees therein described and Airways Pension Fund Trustees Limited.

**Scheme Pays Notice:** means a valid notice served on the Management Trustees by a Member or Pensioner in accordance with section 237B of the Finance Act.

**Scheme Anniversary Date:** means 1 April.

**Scheme Year:** means a year commencing on a Scheme Anniversary Date and ending on the day immediately preceding the next following Scheme Anniversary Date.

**Secretary:** means the secretary for the time being of the Scheme appointed pursuant to the provisions of the Trust Deed.

**Serious Ill-Health:** means ill-health of such seriousness that the person concerned is, in the opinion of a registered medical practitioner, unlikely to live for more than one year.

**Serious Ill-Health Lump Sum:** has the meaning given by paragraph 4 of Schedule 29 to the Finance Act.

**Service:** means service with any of the Participating Employers as an Employee.

**SGF Account:** means an account in the name of an Additional Voluntary Contributor which is maintained by the Management Trustees for the purposes of the AVC Scheme and is credited with interest as described in Rule 36(c)(ii)-(iv). (An SGF Account is so called because it is invested in a fund whose value is determined by reference to the gross redemption yields of short-dated gilt-edged stocks.)

**Starting Date:** means 1 April 1984.

**State Pension Age:** means, in relation to an individual, the age at which his or her state pension becomes payable, as prescribed by Tables 2 to 4 in Schedule 4 to the 1995 Act, as amended from time to time.

**Surviving Civil Partner:** means a person who was the civil partner, for the purposes of section 1 of the Civil Partnership Act 2004, of a Member or a Pensioner immediately before the death of such Member or Pensioner.

**Transfer Credit:** has the meaning given to it by Rule 47(b)(iii).

**Transitional Arrangements:** the additional benefits that the Principal Employer stated would be provided in respect of persons in FSS Contributory Service immediately before 1 April 2018 as set out in the document titled “Plan4Pensions NAPS outcome booklet” that the Principal Employer circulated to such persons after closure of the consultation in respect of the Principal Employer’s proposal to close the Scheme to further accrual of benefit on and from 1 April 2018 attached at Appendix 2, and in the form at Appendix 1 to the Supplemental Deed dated 14 March 2018.

**Transitional Arrangement Transfer Fund:** means the fund established for the purpose of the AVC Scheme and Rule 36A.

**Trust Deed:** means the trust deed to which these Rules are attached, as amended from time to time.

**Upper Accrual Point:** in relation to the period during which a Member or Pensioner has been in receipt of earnings from an Employer means the amount specified by section 122 of the Social Security Contributions and Benefits Act 1992, as may be amended from time to time, as the upper accrual point applicable from time to time in relation to that period.

**Upper Earnings Limit:** in relation to a period during which a Member or Pensioner has been in receipt of earnings from an Employer means the amount specified by regulations made by virtue of section 5(1) of the Social Security Contributions and Benefits Act

1992 as the upper earnings limit for Class 1 contributions applicable from time to time in relation to that period.

**1975 Act:** means the Social Security Pensions Act 1975.

**1993 Act:** means the Pension Schemes Act 1993.

**1995 Act:** means the Pensions Act 1995.

**1999 Act:** means the Welfare Reform and Pensions Act 1999.

The headings to the Rules shall not affect the construction or interpretation thereof.

**1A Same sex spouses**

Any reference in these Rules to “spouse” includes a same sex spouse, any reference to “marriage” includes same sex marriage and any reference to “husband”, “wife”, “widow” or “widower” will be read accordingly.

2                    **Admission to membership**

On and after 1 April 2018, no person is eligible to become a member of the Scheme.

3                    **Salary Sacrifice**

- (a)     A Member will become a Salary Sacrifice Member if the relevant Participating Employer so notifies the Management Trustees, with effect from the effective date of that notification.
- (b)     A Member will cease to be a Salary Sacrifice Member if the relevant Participating Employer so notifies the Management Trustees.
- (c)     A Member will cease to be a Salary Sacrifice Member on ceasing to be in FSS Contributory Service or BAMPS Contributory Service (as applicable).

4                    **Production of information**

- (a)     Members and Pensioners are required to furnish such particulars relevant to their membership (including evidence of age, state of health and marital status) as may from time to time be required by the Management Trustees. If any Member or Pensioner fails to furnish any such particulars when required to do so or if any evidence of health furnished by the Member or Pensioner is unsatisfactory to the Management Trustees they may (subject to the preservation requirements of the 1993 Act) modify the benefits provided or to be provided in respect of such Member or Pensioner under the Scheme in such manner as they consider to be appropriate, but not so that such benefits would fail to meet the requirements of sections 13 and 17 of the 1993 Act as to the minimum pensions which the Scheme must provide for and in respect of such member.
- (b)     Payment of all benefits under the Scheme shall be subject in each case to the production to the Management Trustees of such information and evidence as they may require in respect of the person or persons on whose survival or death payment of the benefit depends.

## Normal Retirement Age

A Member is a Plan 65 Member and has a Normal Retirement Age of 65 unless he:

- (i) is a General Staff Employee who ceased to be a Member (or crystallised rights under Rule 6A) before 1 April 2007, in which case (subject to (ii) below) it is his 60th birthday;
- (ii) is a General Staff Employee and male who ceased to be a Member before 1 December 1989, in which case it is his 63rd birthday;
- (iii) is a Pilot, Officer or Air Cabin Crew Employee who ceased to be a Member (or crystallised rights under Rule 6A) before 1 April 2007, in which case it is his 55th birthday;
- (iv) is an FSS Member who, after 31 March 2007, has elected to pay additional contributions under Rule 6, in which case he is a Plan 60 Member and has a Normal Retirement Age of 60; or
- (v) is a BAMPS General Staff Member, in which case it is his 60th birthday, or a BAMPS Pilot, Officer or Air Cabin Crew Member, in which case, it is his 55th birthday.

## Contributions

Notwithstanding any other provisions of this Rule 6, no Member contributions or Notional Contributions may be paid on or after 1 April 2018 other than contributions payable in respect of the period before 1 April 2018.

- (a) Subject to Rule 6(d), each Member, other than a Member who has elected to cease payment of contributions to the Scheme in accordance with Rule 6A(i), must contribute to the Fund each week or each month as the case may be at the appropriate rate of:
  - (i) the Member's Pay for Contribution Purposes until (subject to Rule 6A below) the date on which membership ceases; and
  - (ii) with effect from 6 April 2016 for all Members save for those employed by Dunwoody Airline Services Limited ("**Dunwoody**") and with effect from 1 July 2016 in respect of the Members employed by Dunwoody, the Member's Band Earnings until (subject to Clause 6A below) the earlier of the date on which membership ceases and the first of the month in which the Member reaches State Pension Age.

The appropriate rate is determined by reference to the Table below according to whether the Member is a Higher Rate Contributor, a Lower Rate Contributor or a BAMPS Member. For a BAMPS

Member the actual rate of contributions will be as specified by the Member on joining BAMPS or at such other rate as the Member may elect with effect from the first day of any calendar month (or the first Monday of any calendar month if the Member is paid on a weekly basis), subject to giving one complete calendar month's written notice to the Management Trustees.

PROVIDED THAT in relation to the period 1 October 2010 to 30 September 2011, Member contributions may be at such other rate as the Principal Company may notify to the Management Trustees.

| Category of Member | Column A: Higher Rate Contributor: Pay for Contribution Purposes                                                         | Column B: Lower Rate Contributor: Pay for Contribution Purposes | Column C: Band Earnings |
|--------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------|
| Plan 65 Member     | 5.25%                                                                                                                    | 3.75%                                                           | 3.1%                    |
| Plan 60 Member     | 8.5%                                                                                                                     | 7%                                                              |                         |
| BAMPS Members      | Any percentage which is a multiple of 0.5% subject to a minimum of 2% and a maximum determined by reference to Rule 8(c) |                                                                 |                         |

- (b) Unless the Management Trustees determine that this option should no longer apply in relation to the Scheme, an FSS Member may elect with effect on and after 1 April 2007, or such other date (at least once in any two year period) as may be specified by the Management Trustees, to pay the extra contributions required to become a Plan 60 Member.
- (c) An election under Rule 6(b) is irrevocable and may not be made after the Member has reached the age of 60.

PROVIDED THAT an election under Rule 6(b) may be revoked with effect from 1 October 2010 on such terms as the Principal Company may notify to the Management Trustees.

- (d) Each Salary Sacrifice Member will not be liable to contribute to the Fund under Rule 6(a). In respect of each Salary Sacrifice Member the relevant Participating Employer will contribute to the Fund an amount which, but for the Salary Sacrifice, the Member would have been liable to contribute under Rule 6(a) together, in the case of a BAMPS Member, with any additional credit determined from time to time by the Participating Employer. For the purposes of the Trust Deed and these Rules, unless expressly stated otherwise, references to contributions by a Member shall be deemed to include

contributions made by the Participating Employer under this Rule 6(d). These contributions will be Notional Contributions.

- (e) Each Participating Employer must collect Members' contributions by deduction from salary or otherwise and pay them to the Fund in accordance with such arrangements as may have been agreed with the Management Trustees.
- (f) Subject to the provisions of the Trust Deed each of the Participating Employers shall pay to the Fund:
  - (i) any Notional Contributions payable under Rule 6(d); and
  - (ii) such contributions as shall be advised from time to time by the Actuary.

PROVIDED THAT if the Management Trustees on the written request of a Participating Employer admit a person to membership of FSS with effect from a date earlier than the date of that person's commencement of employment with the Participating Employer there shall be paid to the Fund by the Participating Employer such sum or sums if any as may be advised by the Actuary to be necessary to secure the additional benefit accruing to the FSS Member from such arrangement.

- (g) Any person who becomes an FSS Member on or after 1 December 1994 will be a Higher Rate Contributor unless that person has notified the Management Trustees that they wish to be a Lower Rate Contributor. Such notification must be in such form, and must be received by the Management Trustees within such period, as the Management Trustees may prescribe. If such notification is given, the person will be treated as a Lower Rate Contributor with effect on and from the date of becoming an FSS Member, and the Management Trustees may make such adjustments to the past or future contributions of the Member as they may consider appropriate with a view to ensuring that the person contributes only such amounts as are required from a Lower Rate Contributor.
- (h) A Higher Rate Contributor may elect to become a Lower Rate Contributor and vice versa, but other than as provided in Rule 6(g), no such election can have retrospective effect. The following provisions apply to such an election:
  - (i) the election must be in such written form, and will only take effect from the 1st of a month subject to such period of notice as the Management Trustees may from time to time prescribe;
  - (ii) no election may be made during a period when the relevant FSS Member is not paying contributions to the Fund pursuant to Rule 6(a);

- (iii) in the case of a Lower Rate Contributor, in respect of any election (other than an election made before 2 January 1995 or an election made after an interruption in Service) the Management Trustees may require such person to undergo a medical examination by a doctor nominated by them before any election to become a Higher Rate Contributor is accepted. If the result of the examination is not satisfactory to the Management Trustees, they may refuse to accept the election; and
- (iv) once a former Higher Rate Contributor has become a Lower Rate Contributor by exercising the right of election, the Lower Rate Contributor may elect to become a Higher Rate Contributor again only once in respect of the same continuous period of Service.

## 6A

### Crystallised Members

- (a) This Rule applies to FSS Members who on or after 1 December 1989 and before 1 April 2018 elect by written notice to the Secretary to cease payment of contributions to the Scheme on one occasion on or after reaching Normal Retirement Age (“**Crystallised Members**”). Such an election is irrevocable and the Member may not resume payment of contributions to the Scheme once notice has been given.
- (b) The notice under Rule 6A(a) above will take effect from the date selected by the Member (but this cannot be earlier than the day after receipt of the notice by the Secretary, or later than 31 March 2018).
- (c) Where the election is made before 1 August 1999, the Crystallised Member’s pension will be calculated as at the date of termination of contributions (“**the basic pension**”) and will be actuarially increased until it comes into payment. Any adjustment of a Crystallised Member’s pension under Rule 17(c) will be calculated by reference to the basic pension only, disregarding any actuarial increase under this Rule 6A(c).
- (d) Where the election is made on or after 1 August 1999 and before 1 April 2007, when the Crystallised Member’s pension comes into payment it will be made up of two components. The first component will be the pension entitlement as at the date of termination of contributions (“**the basic pension**”). The second component (“**the crystallisation uplift**”) will represent an actuarial increase to the basic pension to take account of its deferment during the period from the date of termination of contributions until the earlier of the date leaving Service and the date of actual commencement, the relevant actuarial factors governing the calculation of the increase being those applicable at the date of election under Rule 6A(a) (unless different factors are adopted for subsequent elections which would result in improved terms if applied in the case of the relevant Crystallised

Member, and the Management Trustees decide to apply such new factors in such a case). At the date of commencement, the Crystallised Member may choose whether the crystallisation uplift will be eligible or ineligible for increase under Rule 17(c) when in payment. If the Crystallised Member has expressed no choice when the pension first comes into payment, the crystallisation uplift will be so eligible, and in any event the choice will not be available in relation to that proportion (if any) of the crystallisation uplift which is attributable to any part of the basic pension which relates to FSS Contributory Service after 1 April 1997 (any such part being automatically eligible for increase under Rule 17 when in payment in order to comply with the indexation requirements of section 51 of the 1995 Act). Subject as aforesaid, the actuarial determination of the crystallisation uplift shall have regard to the extent to which that component will be eligible for increase when in payment under Rule 17(c).

- (e) Where the election is made on or after 1 April 2007, subject to 6A(f), the Crystallised Member's pension will be calculated as at the date of termination of contributions and will be actuarially increased to take account of its deferment during the period from the date of termination of contributions until the earlier of the date leaving Service and the date of actual commencement of the pension.
- (f) Where a Plan 60 Member makes the election on or after 1 April 2007, and before the age of 65, any part of the Crystallised Member's pension attributable to Service as a Plan 65 Member will be increased in the same way as a deferred pension under Rule 15(b)(i) as if the Crystallised Member's Normal Retirement Age were 65. During any period of deferment from the date he reaches age 65, that part of the Crystallised Member's pension will be actuarially increased under 6A(e).
- (g) The actuarial factors governing the calculation of the increase where the election is made on or after 1 April 2007 shall be such that the amount of pension on its commencement is the Actuarial Equivalent of the value of the pension calculated as at the date of the termination of contributions.
- (h) In the event that a Crystallised Member to whom Rule 6A(d) applies dies before his pension comes into payment, any surviving spouse, Surviving Civil Partner, Pensionable Dependant or Dependent Child who is entitled to a pension or allowance in respect of the deceased Crystallised Member may choose whether that part of the pension or allowance which is attributable to the crystallisation uplift will be eligible for increase under Rule 17(c) when in payment. This choice will not be available in relation to that proportion (if any) of the crystallisation uplift which is attributable to any part of the Crystallised Member's pension by reference to which the surviving FSS beneficiary's pension or allowance is calculated which is

attributable to any part of the basic pension which relates to Contributory Service after 1 April 1997 (any such part being automatically eligible for increase under Rule 17(c) when in payment in order to comply with the requirements of section 51 of the 1995 Act). The choice must be exercised (if at all) within four weeks of the date on which the relevant beneficiary is notified of the initial entitlement. If no choice is made, the whole of the pension or allowance attributable to the crystallisation uplift will be eligible for increase under Rule 17(c) when in payment. If the beneficiary is aged under 16 or is otherwise under an incapacity (as determined by the Management Trustees) by reason of physical or mental infirmity, the Management Trustees may accept the choice of any adult whom they reasonably believe to be competent to make the choice in the interests of the beneficiary.

- (i) A Member who ceases payment of contributions under this Rule will not be treated as a Member who has opted-out of membership under Rule 25.

7

#### **Pay for contribution purposes**

- (a) Subject to Rule 29 (Part Time Service), Pay for Contribution Purposes shall be the Member's Pay in any pay period less the weekly or annual equivalent, as appropriate, of 1½ times the Lower Earnings Limit in force on the first day of such pay period;

PROVIDED THAT if such pay period commences on a Scheme Anniversary Date the Lower Earnings Limit shall be deemed to be that coming into force on the next following 6 April;

PROVIDED FURTHER THAT upon an increase in the Lower Earnings Limit taking effect a Member's Pay for Contribution Purposes shall not be reduced below the amount appropriate immediately prior to such increase.

- (b) With the concurrence of the Member, the Participating Employer may at its discretion in any case where circumstances appear to warrant fix the amount of such Member's Pay for Contribution Purposes at a figure differing from the amount calculated in accordance with the provisions of Rule 7(a).
- (c) Subject to the agreement of the Participating Employer any Member who is temporarily absent from active Service shall be deemed to remain a Member up to (but not including) 1 April 2018:
  - (i) if this absence is due to injury or illness, for any period; or
  - (ii) if his absence is due to any other cause, for a period not exceeding 3 years or for such longer period as the Management Trustees with the agreement of the

Participating Employer may determine in any particular case;

PROVIDED THAT before 1 April 2018 he continues to satisfy the other eligibility requirements in Rule 2 as in force from time to time.

- (d) If an FSS Member is absent from work his Participating Employer shall unless the FSS Member during such absence is in receipt of full pay maintain the FSS Member's contributions up to (but not including) 1 April 2018 under Rule 6 (including Notional Contributions) up to (but not including) 1 April 2018 with the exception of a FSS Member who is on unpaid additional maternity leave, unpaid adoption leave or unpaid shared parental leave, but recovery in whole or in part of the Participating Employer's and the FSS Member's contributions for such period may be effected by the Participating Employer by deduction from the FSS Member's pay or otherwise at the Participating Employer's discretion having regard to individual circumstances.

If a BAMPS Member is absent from work his Participating Employer may with the Principal Company's consent (except where the BAMPS Member during such absence is in receipt of full pay) maintain the Member's BAMPS Contributions (including Notional Contributions) under Rule 6 with the exception of a female BAMPS member who is on unpaid maternity leave but recovery in whole or in part of the Participating Employer's and the Member's BAMPS Contributions for such period may be effected by deduction from the BAMPS Member's pay or otherwise at the Participating Employer's discretion having regard to the individual circumstances.

A Participating Employer's contributions so repaid by an FSS Member or a BAMPS Member shall not become an FSS Member's contributions or a Member's BAMPS Contributions for any purposes of the Scheme.

- (e) If a Member joins HM Forces or undertakes any other national or emergency services is otherwise absent from work (such service with the Forces or other service or absence unless compulsory to be with the consent of the Participating Employer) the Member's Pay for Contribution Purposes throughout the period of such service or absence shall be the same as the time of his joining the Forces or commencing such other service or absence unless some other rate is agreed between the Participating Employer and the Member.

## 8 Statutory Requirements

- (a) Subject to Rule 8(b), regardless of anything to the contrary in the provisions of the Scheme, no payments shall be made to any Member, Pensioner or other beneficiary or to any Participating Employer under the Scheme unless such payments are authorised payments, within the meaning given by the Finance Act.

- (b) Rule 8(a) shall not apply if and to the extent that the Management Trustees so determine. In that case, the Registered Pension Schemes (Unauthorised Payments by Existing Schemes) Regulations 2006 will apply.
- (c) The total contributions (including Voluntary Contributions and Notional Voluntary Contributions under Rule 36) paid to the Scheme by a Member in relation to any tax year starting on and after 6 April 2010 shall not exceed 50% of his Pay or such greater amount as the Principal Company may notify to the Management Trustees.

## Retirement at or after Normal Retirement Age

Save for Crystallised Members, this Rule 9 applies to retirements before 1 April 2018.

### FSS

- (a) Subject to Rule 19, an FSS Member who retires from Service at or after Normal Retirement Age is entitled to a yearly pension commencing on the date of such retirement and payable for life equal to the appropriate fraction of his Retiring Pay at the date of retirement determined by reference to the following Table:

**TABLE**

| <b>Fraction of Retiring Pay for each year of FSS Contributory Service as</b>                                            |                          |                                             |
|-------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------|
|                                                                                                                         | <b>(1) General Staff</b> | <b>(2) Pilot, Officer or Air Cabin Crew</b> |
| FSS Members who left Service before 1 December 1989                                                                     | 1/60th                   | 1/56th                                      |
| FSS Members who left Service on or after 1 December 1989 in relation to Service before 1 April 2007                     | 1/56th                   | 1/52nd                                      |
| FSS Members who left Service on or after 1 April 2007 in relation to Service between 1 April 2007 and 30 September 2010 | 1/60th                   | 1/60th                                      |
| FSS Members who left Service on or after 1 October 2010 in relation to Service on or after 1 October 2010               | 1/75th                   | 1/75th                                      |

Additional completed months and odd days will count proportionately;

PROVIDED THAT in the case of a Pilot, an Officer or an Air Cabin Crew Employee who became a Member before 1 June 1998 and who remains in the employment of a Participating Employer as a General Staff Employee he may elect before 1 April 2007 to postpone receipt of such pension (or the balance remaining payable after any surrender of pension for the purposes of Rule 11) in which event the Actuarial Equivalent of the amount thereof will be payable commencing from the date selected by the FSS Member not later than the date of the FSS Member's leaving the employment of his last Participating Employer.

- (b) Where on 31 March 2007 the Member's Normal Retirement Age was earlier than or the same as that which applies on his retirement from Service and he was younger than that age, any part of a pension that is attributable to any period of Service before 1 April 2007 shall be adjusted so that, when it comes into payment, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at such Normal Retirement Age.
- (c) Where on 31 March 2007 the Member's Normal Retirement Age was earlier than or the same as that which applies on his retirement from Service and he was at least that age, any part of a pension that is attributable to the period of Service before 1 April 2007 shall be adjusted so that, when it comes into payment, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at 31 March 2007.
- (d) In relation to a Plan 60 Member who retires from Service before the age of 65, any part of a pension that is attributable to the period of Service as a Plan 65 Member shall be adjusted so as to be the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at 65.

### **BAMPS**

- (e) A BAMPS Member who retires from Service at any time on or after Normal Retirement Age and who so consents by written notice given to the Secretary to the Management Trustees at least three months (or such shorter period as the Management Trustees may accept) before his Normal Retirement Age or later date of leaving Service shall be entitled to a pension payable out of the Fund ("**a BAMPS Pension**") containing such additional options below as may be agreed between the BAMPS Member and the Management Trustees.

The additional options which may be agreed are:

- (i) (subject to Rule 8) a contingent pension for one or more adult Dependants and/or Dependent Children commencing on or after the death of the BAMPS Member and payable for such Dependants' life or, in the case of a Dependent Child, for as long as the Dependent Child fulfils the eligibility conditions denoted by that term;
- (ii) on the death of the BAMPS Member within five years of the commencement of his BAMPS Pension, a lump sum benefit equal to the instalments of his monthly BAMPS Pension payable at the date of his death in respect of the balance of the period ending five years after the commencement of his BAMPS Pension (ignoring future increases under Rule 17(c) and any adjustments made under Rule 18).

The amount of the BAMPS Pension and of any option selected shall be determined by the Actuary to the intent that the aggregate value of the BAMPS Pension and any option selected will be equal to the value of the BAMPS Account attributable to the relevant BAMPS Member;

PROVIDED THAT for the purposes of Clause 22 of the Trust Deed, where this Rule 9(e) is applicable in order to determine the deferred pension of a BAMPS Accountholder, such deferred pension will be of such amount as may be secured by the Management Trustees through the purchase from an Approved Insurance Company of a non-assignable annuity or assurance contract or policy under Clause 22(k)(iii) of the Trust Deed containing the provisions which would apply if options (i) and (ii) above were selected.

- (f) A BAMPS Member may request by written notice given to the Secretary to the Management Trustees in such form as they shall prescribe at least three months (or such shorter period as the Management Trustees may accept) before his Normal Retirement Age or later date of leaving Service that instead of the Management Trustees securing a BAMPS Pension under Rule 9(e), the Management Trustees apply a sum equal to his BAMPS Account in the purchase of a policy or policies from an Approved Insurance Company. Such policy shall be purchased in the name of the BAMPS Member to secure benefits for and in respect of the BAMPS Member so as to discharge all liability for benefits and in respect of him under the Scheme. The purchase of such policy shall be subject to the following terms:
  - (i) the Management Trustees shall not be obliged to obtain the consent of any person who may be entitled to claim benefits through the BAMPS Member;
  - (ii) where the BAMPS Member has any entitlement under the Scheme in respect of FSS Contributory Service as an FSS

Member, any benefit to be secured which relates to accrued rights to a guaranteed minimum pension must be on the basis that the terms and conditions of the policy shall comply with the requirements of the 1993 Act.

- (g) Where a BAMPS Member fails to give his consent under Rule 9(e) or make a request under Rule 9(f) a sum equal to his BAMPS Account may be applied by the Management Trustees in securing a BAMPS Pension so as to provide an immediate pension payable for the life of the BAMPS Member containing such additional options as the Management Trustees think fit.

#### **Sale: FSS and BAMPS Members**

- (h) Where before 1 April 2018 a Member has attained Normal Retirement Age and on a particular date (“**the Termination Date**”) either his Participating Employer (“**the Original Employer**”) ceases to be a Participating Company under Clause 23 of the Trust Deed or he ceases to be employed by a Participating Company on transfer to a new employer (“**the Purchaser**”) as result of the sale of all or part of the business of a Participating Company, the Member can (unless his Scheme benefits are transferred under Clauses 22 or 23 of the Trust Deed or under Rule 31 as appropriate) choose immediate payment of his pension from the Scheme or postpone his pension in which case he will be treated as if he were a deferred pensioner and Rule 15(d)(iv) will be applied to him subject to the following special conditions:
  - (i) the agreement of the Management Trustees to postponement will not be required;
  - (ii) the requirement for the Pensioner to give notices to the Management Trustees is waived;
  - (iii) unless the Management Trustees agree otherwise, the pension can only be postponed for as long as the Pensioner remains in gainful employment either with the Original Employer or with the Purchaser (or with any employer who has acquired or who has been acquired by or who has taken over the whole or part of the business of, or the whole or part of whose business has been taken over by, the Original Employer or the Purchaser); and
  - (iv) the pension payable on eventual retirement shall be:
    - (a) in the case of an FSS Pensioner, the Actuarial Equivalent of the immediate pension to which the Member would have been entitled on the Termination Date;

- (b) in the case of a BAMPS Accountholder, such pension as may be secured under Rule 9(e);

(less any amount allocated for the purposes of Rule 16 (or in the case of an FSS Pensioner Rule 11)).

10

### **Special provisions applicable where staying in Service after Normal Retirement Age**

- (a) Notwithstanding any other provisions of the Rules which may be inconsistent with this Rule 10(a), the following options shall be available from 1 January 2003 where an FSS Member, an FSS Pensioner or a BAMPS Accountholder remains in Service after Normal Retirement Age (any such person being referred to in this Rule 10 as a “Late Stayer”):

- (i) **Transfers**

A transfer under Rule 31 shall be available on request in respect of a Late Stayer whose benefits under the Scheme have not yet come into payment and who so elects having opted-out of the Scheme under Rule 25(d).

- (ii) **Commencement of benefits without leaving Service**

If a Late Stayer so elects having opted-out of the Scheme under Rule 25(d), his or her benefits under the Scheme may commence in payment from such date on or after Normal Retirement Age as the Late Stayer may arrange with the Management Trustees notwithstanding that he or she is remaining in Service.

- (iii) **Elections**

All elections under this Rule 10(a) must be made in writing to the Management Trustees and shall be subject to such period of notice (expiring no later than the date on which his Service terminates) as the Management Trustees may from time to time prescribe for this purpose. To be effective an election under Rule 10(a)(i) above must be accompanied by such information about the transfer and be in such form as the Management Trustees may require in order to enable them to effect the transfer.

- (iv) **Restrictions**

As soon as a Late Stayer ceases to qualify as such by ceasing to be in Service, his or her benefits shall immediately come into payment unless either:

- (a) the Management Trustees are in the process of effecting a transfer in accordance with a request validly made under Rule 10(a)(i) above; or
- (b) the Late Stayer elects to defer his or her benefits under Rule 10(c).

### **Previous Normal Retirement Age**

- (b) Notwithstanding any other provisions of the Rules which may be inconsistent with this Rule 10(b), if an FSS Member or an FSS Pensioner who on 31 March 2007 had an earlier Normal Retirement Age than that which applies on or after 1 April 2007 so elects, having opted out of the Scheme under Rule 25(d), his or her benefits under the Scheme may commence in payment from such date on or after that earlier Normal Retirement Age as the FSS Member or FSS Pensioner may arrange with the Management Trustees even though he or she is remaining in Service.
- (c)
  - (i) A Late Stayer who leaves Service may with the agreement of the Management Trustees elect to defer payment of his or her benefits until such date as he or she may agree with the Management Trustees (which in the case of a Late Stayer who was a FSS Member shall not be later than the date of the Late Stayer's 75<sup>th</sup> birthday).
  - (ii) The benefits of a Late Stayer who defers payment of his or her benefits under Rule 10(c)(i) above and who was a FSS Member shall be calculated as if Rule 9 applied but related to his Retiring Pay at, and FSS Contributory Service completed to, the date of leaving Service (or, in the case of such a Late Stayer who has previously ceased payment of contributions (including Notional Contributions) under Rule 6A, to the date of leaving FSS Contributory Service and then actuarially increased in accordance with that Rule). They will then be adjusted so that, when the pension comes into payment, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at the date of leaving Service.
  - (iii) The benefits of a Late Stayer who defers payment of his or her benefits under Rule 10(c)(i) above and who was a BAMPS Accountholder shall be such amount as his BAMPS Account shall secure under Rule 9(e).
  - (iv) A transfer under Rule 31 shall be available on request in respect of a Late Stayer who elects to defer his benefits under this Rule 10(c) and whose benefits under the Scheme have not yet come into payment.

- (v) Where a Late Stayer who was a FSS Member and who has previously ceased payment of contributions (including Notional Contributions) before 1 April 2007 under Rule 6A leaves Service and wishes to defer payment of his or her benefits under this Rule 10(c), he may choose at the date of commencement of payment of pension whether the crystallisation uplift calculated in accordance with Rule 6A(d) will be eligible or ineligible for increases under Rule 17(c) when in payment. If the FSS member expresses no such choice, the crystallisation uplift will be so eligible, and in any event the choice will not be available in relation to that proportion (if any) of the crystallisation uplift which is attributable to any part of the basic pension which relates to FSS Contributory Service after 1 April 1997 (any such part being automatically eligible for increase under Rule 17 when in payment in order to comply with the indexation requirements of section 51 of the 1995 Act).

#### 10A **Flexible Retirement**

An Employed Deferred who has reached the age of 55 may, with the consent of his Participating Employer, elect to draw some or all of his Scheme benefits (which may include benefits from the AVC Scheme) while remaining in employment with a Participating Employer, subject to such terms and conditions as the Management Trustees, with the agreement of the Principal Company, may from time to time determine. This may include terms and conditions for transfers out.

#### 10B **Uncrystallised funds pension lump sum option**

The Management Trustees may, on such terms as they determine, exchange all or part of a Member, Pensioner or other person's pension entitlement under the Scheme for a lump sum where the lump sum would be an uncrystallised funds pension lump sum under paragraph 4A of Schedule 29 to the Finance Act.

Where part, but not all, of a Member, Pensioner or other person's pension entitlement under the Scheme is exchanged for an uncrystallised funds pension lump sum under this Rule 10B, his remaining entitlement under the Scheme will be applied in accordance with these Rules.

#### 11 **Optional Dependants' pensions: FSS**

- (a) At any time before the commencement date of his pension, an FSS Member or an FSS Pensioner may notify the Secretary of his intention to make provision for a pension to commence on the date of his death for his surviving spouse, Surviving Civil Partner or any other Dependand named by him and approved by the Management Trustees, such pension to be payable during the remainder of the

lifetime of such spouse or named Dependant or Surviving Civil Partner;

PROVIDED THAT the Management Trustees may at their discretion prescribe either generally or in a particular case that the proposed provision shall only be permitted after a medical examination of the FSS Member or FSS Pensioner by a doctor nominated by the Management Trustees;

AND PROVIDED FURTHER THAT if this option is exercised in respect of a Dependant who is a minor, or who is not a minor but is undergoing full-time education or vocational training, the contingent pension thereby provided shall be applied by the Management Trustees for the benefit of such Dependant in such manner as they shall at their discretion think fit and shall not be payable after the later of the date on which he attains his majority and the date on which he ceases to undergo full-time education or vocational training unless he is then, in the opinion of the Management Trustees, wholly incapacitated and incapable of earning his own living.

- (b) To provide the pension for the spouse or named Dependant or Surviving Civil Partner the FSS Member or FSS Pensioner shall surrender such part of his pension as he desires and the amount of pension payable to the spouse or named Dependant or Surviving Civil Partner shall be the Actuarial Equivalent of the amount of pension so surrendered by the FSS Member or FSS Pensioner;

PROVIDED THAT he may not surrender so much as would result in the pension payable to the spouse or named Dependant or Surviving Civil Partner being greater after taking into account any pension payable under Rule 12 than the amount of the pension remaining to be paid to the FSS Member or FSS Pensioner before any commutation of pension under the provisions of Rule 16;

AND PROVIDED FURTHER THAT exercise of this option shall be subject to such restriction as the Management Trustees determine to be appropriate to ensure that the pension remaining payable to the FSS Member or FSS Pensioner shall not be less in weekly rate than the weekly rate of the guaranteed minimum pension appropriate to him under the GMP Rule at the later of the date of commencement of his pension and the date of his attainment of pensionable age.

- (c) Any notification given under this Rule shall be revoked:
  - (i) if the FSS Member leaves Service or otherwise ceases to be in FSS Contributory Service and becomes entitled to and receives a refund of his own contributions in accordance with Rule 15; or

- (ii) if the FSS Member or FSS Pensioner or named Dependant dies before the commencement date of the pension of the FSS Member or FSS Pensioner.
- (d) An FSS Member or an FSS Pensioner may cancel a notification under this Rule by notice to the Secretary at any time before the commencement date of his pension or, subject to the aforementioned limitations and conditions, may amend such a notification by notice to the Secretary at any time before commencement date of his pension.

If an FSS Pensioner's named Dependant dies after the FSS Pensioner's pension has commenced, the FSS Pensioner may nominate another Dependant, who must be approved by the Management Trustees for this purpose, to receive a pension on his death in place of the original nominee. The amount of the new Dependant's contingent pension will be payable for life and its amount will be determined in accordance with criteria specified by the Actuary as being the equivalent of the amount surrendered having regard in particular to the age of the dependant. A nomination may not otherwise be cancelled or amended.

- (e) The receipt of the surviving parent or person standing in loco parentis to a named Dependant who is a minor shall be a sufficient discharge to the Management Trustees for any payment made under Rule 11(a).

12

## **Adult Survivors' pensions: FSS**

### **(a) Qualification for spouse's pension**

The surviving spouse of an FSS Member or FSS Pensioner who in either case is or has been a Higher Rate Contributor will receive a yearly pension payable for life from the date of the FSS Member's or FSS Pensioner's death. No pension entitlement will be payable for the surviving spouse of an FSS Member, FSS Pensioner or BAMPS Member who has never been a Higher Rate Contributor unless Rule 9(e)(i) applies (and the current or former BAMPS Member dies in circumstances giving rise to a pension for the surviving spouse under that Rule) or Rule 37 or the GMP Rule applies (if the FSS Member, FSS Pensioner or BAMPS Member has been in contracted-out employment by reference to the Scheme).

### **(b) Calculation of spouse's pension: Higher Rate Contributors only**

The yearly amount of the spouse's pension under Rule 12(a) will be determined by reference to the following table according to the category in which the death occurs:

**TABLE**

| Category | Category description                                                          | Spouse's pension to be two-thirds of the following relevant pension (but see Notes 1 & 3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A        | FSS Member who dies before Normal Retirement Age and before 1 April 2018      | <p>The deferred yearly pension to which the FSS Member would have been entitled at the date of death if, for the purposes of Rule 15(b)(i), the period of FSS Contributory Service by reference to which the deferred pension would have been calculated (other than when applicable for the determination of Retiring Pay) was the aggregate of:</p> <p>(1) the last or only period of FSS Contributory Service but (subject to Note 2) disregarding any period(s) during which the FSS Member was a Lower Rate Contributor; and</p> <p>(2) one-half of the potential Service between the date of the FSS Member's death and the FSS Member's Normal Retirement Age (at the date of death).</p> |
| B        | FSS Member who dies on or after Normal Retirement Age and before 1 April 2018 | <p>The yearly pension to which the FSS Member would have been entitled had the FSS Member retired on the day before the date of death if (subject to Note 2) any period of Service as a Lower Rate Contributor was disregarded for the purposes of the calculation to be made under Rule 9(a) (other than where applicable for the</p>                                                                                                                                                                                                                                                                                                                                                           |

| Category | Category description | Spouse's pension to be two-thirds of the following relevant pension (but see Notes 1 & 3)                                                                                                                                                                                   |
|----------|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          |                      | determination of Retiring Pay).                                                                                                                                                                                                                                             |
| C        | FSS Pensioner        | The immediate or deferred pension to which the FSS Pensioner would have been entitled if (subject to Note 2) FSS Contributory Service (other than where applicable for the determination of Retiring Pay) disregarded any period(s) of Service as a Lower Rate Contributor. |

**Notes:**

- 1 When calculating the relevant pension, any adjustment to the FSS Member's or FSS Pensioner's pension made under Rule 11, 14(k)(ii), 15(a)(v), 15(d)(iii), 16, 18 and 35 (unless the adjustment in this case was implemented on terms that it would not be so disregarded) or the GMP Rule are to be disregarded.
- 2 For the purpose of calculating any pension payable to a surviving spouse on the death of a female FSS Member or female FSS Pensioner who:
  - (i) was an FSS Member on 1 December 1989; and
  - (ii) became a Higher Rate Contributor by election effective on 1 December 1987 or 1 April 1990 (or, if she was then on maternity leave, on such later date at which her election became effective following her return to normal FSS Contributory Service);

the relevant FSS Contributory Service also includes one-half of any period of Service as a Lower Rate Contributor before 1 December 1987 which formed part of the last or only period of FSS Contributory Service.
- 3 If the surviving spouse was at the date of the death of the FSS Member or the FSS Pensioner more than ten years younger than the FSS Member or FSS Pensioner, the amount of the surviving spouse's pension will be reduced by 1.25 per cent for each complete year by which the difference in age exceeds ten years.

**(c) Multiple spouses' pensions**

- (i) In respect of any pension that would otherwise come into payment on the death of an FSS Member or FSS Pensioner

before 15 August 1990:

(A) no surviving spouse will be entitled to receive pensions in respect of more than one deceased FSS Member or FSS Pensioner under this Rule unless the Management Trustees decide otherwise; and

(B) if, other than for this provision, a surviving spouse would be entitled to receive more than one such pension, the surviving spouse will be entitled to receive whichever pension is greater.

(ii) In respect of any death of an FSS Member or FSS Pensioner on or after 15 August 1990, any pension payable to a surviving spouse under this Rule will remain payable, even if the surviving spouse is already in receipt of a pension in respect of a deceased FSS Member or FSS Pensioner.

(iii) If at the date of death a FSS Member or FSS Pensioner was lawfully married to two or more persons, the surviving spouse's pension payable under this Rule will be paid in such manner as the Management Trustees in their absolute discretion determine.

(d) **Contributions guarantee**

If on the cessation of all pensions payable in respect of an FSS Member or FSS Pensioner under this Rule 12 the total amount of:

(i) pension payments to any surviving spouse or Pensionable Dependents under this Rule;

(ii) all FSS pension and lump sum payments to the relevant FSS Member or FSS Pensioner under the Rules; and

(iii) the value of any pension payable under Rule 11

is less than the aggregate of:

(iv) the amount of the contributions the FSS Member or FSS Pensioner has paid to the Scheme as a Higher Rate Contributor pursuant to Rule 6 (including Notional Contributions); and

(v) interest on (iv) calculated in accordance with Rule 22 to the Scheme Anniversary Date which is coincident with or next precedes the date on which the FSS Member or FSS Pensioner dies or the date on which (in the case of an FSS Pensioner) the FSS pension commenced whichever is the earlier,

then the difference between the two sums will be paid to the legal personal representative of the surviving spouse (if applicable) or otherwise to the legal personal representative of the Pensionable Dependant (or, if more than one, of the last Pensionable Dependant to die).

**(e) Pensions for other adult survivors**

If an FSS Member or FSS Pensioner who in either case has been a Higher Rate Contributor dies without leaving a surviving spouse but leaving a Pensionable Dependant, a pension will be payable to such Pensionable Dependant. The pension will be equal to the pension which would otherwise have been payable under Rule 12(b) above had the FSS Member or FSS Pensioner left a surviving spouse and will be payable for life. Notes 1 and 2 to the Table in Rule 12(b) will apply in the calculation of the amount of the pension, and Note 3 will apply having regard to the age of the relevant Pensionable Dependant. If there is more than one such Pensionable Dependant the Management Trustees may allocate the pension between them in such shares as they may decide (with any adjustment by reference to Note 3 to the Table taking effect in relation to the pension so allocated to each Pensionable Dependant separately), or they may decide that a pension will be payable to only one such Pensionable Dependant. If payment is made to two or more Pensionable Dependents, when a Pensionable Dependant dies the Management Trustees may re-allocate that pension to another Pensionable Dependant, but they shall not be obliged to do so. For the purposes of this Rule 12(e) the Management Trustees may invite Higher Rate Contributors to notify them of any individuals whom the Higher Rate Contributors would wish to be considered as potential Pensionable Dependents on death.

**(f) Surviving Civil Partner**

Except in the ninth line of Rule 12(c), this Rule 12 shall apply in respect of a Surviving Civil Partner as if the words “Surviving Civil Partner” were substituted for the words “surviving spouse” and “spouse” and all related terms shall be construed accordingly.

**Dependent Child's Allowance: FSS****(a) Qualification for Dependent Child's allowance**

On the death of an FSS Member or FSS Pensioner, an allowance will become payable in respect of any Dependent Children of the FSS Member or FSS Pensioner. Where the relevant Dependent Child giving rise to the payment of the allowance is born after the date of death of the FSS Member or FSS Pensioner, the allowance will become payable from the date of the Dependent Child's birth. The Dependent Child's allowance will be payable for so long as a person qualifies as a Dependent Child.

**(b) Calculation of Dependent Child's allowance**

The yearly amount of the Dependent Child's allowance will be the appropriate percentage (determined by reference to the table set out below according to the number of Dependent Children there are at any time) of the following pension, disregarding any adjustments made to such pension under Rules 11, 14(k)(ii) or (iii), 15(a)(v), 15(d)(iii), 16, 18, 35 (unless the adjustment in this case was implemented on terms that it would not be so disregarded) or the GMP Rule:

- (i) in the case of the death of an FSS Pensioner: the yearly pension or deferred pension to which the FSS Pensioner was entitled at the date of death;
- (ii) in the case of the death of an FSS Member who dies before Normal Retirement Age and before 1 April 2018: the yearly deferred pension to which the FSS Member would have been entitled had he completed in addition to his FSS Contributory Service one-half of the potential service between the date of death and Normal Retirement Age at the date of death.

**TABLE**

| Number of<br>Dependent<br>Children at any<br>time | Percentage of pension under (i) or<br>(ii) above     |                                                                                                                                                                                                                    |
|---------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                   | (1)<br>all cases except<br>those under<br>Column (2) | (2)<br>for so long as no<br>pension is payable<br>to a surviving<br>spouse, Surviving<br>Civil Partner or<br>Pensionable<br>Dependant under<br>Rule 12: Higher<br>Rate Contributor<br>only (but see note<br>below) |
| 1                                                 | 16.66%                                               | 50%                                                                                                                                                                                                                |
| 2 or more                                         | 33.33%                                               | 100%                                                                                                                                                                                                               |

**Note**

- 1 If an FSS Member or FSS Pensioner has at any time been a Lower Rate Contributor, the pension to which the percentage in Column (2) is to be applied will be calculated disregarding the period of FSS Contributory Service as a Lower Rate Contributor (other than where applicable for the determination of Retiring Pay).
- 2 For the purpose of calculating any allowance payable in respect of Dependent Children on the death of a female FSS Member or female FSS Pensioner who:

- (i) was an FSS Member on 1 December 1989; and
- (ii) became a Higher Rate Contributor by election effective on 1 December 1987 or 1 April 1990 (or, if she was then on maternity leave, on such later date at which her election became effective following her return to normal FSS Contributory Service);

the relevant FSS Contributory Service also includes one-half of any period of Service as a Lower Rate Contributor before 1 December 1987 which formed part of the last or only period of FSS Contributory Service.

(c) **Two or more Dependent Children**

Where an FSS Member or FSS Pensioner who dies after 2 September 1998 leaves more than one Dependent Child, the Management Trustees may divide the allowance payable in respect of the Dependent Children in such manner as they may at any time consider appropriate.

(d) **Receipts**

The receipt of the surviving parent or person standing in loco parentis to a Dependent Child will be a sufficient discharge to the Management Trustees for any payment made in respect of such Dependent Child under this Rule 13.

14

**Ill health pension**

**General**

- (a) If the Principal Company notifies the Management Trustees that before 1 April 2018 a Member's employment with a Participating Employer has been terminated before Normal Retirement Age by that Employer on the grounds of Medical Incapacity, the Member is entitled to an immediate yearly pension commencing on the date he ceased to be employed.
- (b) Except where a Pilot or an Officer and a Participating Employer have agreed that this Rule 14(b) shall not apply, if before 1 April 2018 a Pilot or an Officer who has not reached Normal Retirement Date:
- (i) no longer holds an appropriate licence;
  - (ii) has lost that licence for medical reasons; and
  - (iii) in the opinion of the Principal Company's medical adviser will not recover for the foreseeable future;

his contract of employment will be terminated by the Participating Employer on the grounds of Medical Incapacity and the Principal Company will notify the Management Trustees accordingly.

- (c) If before 1 April 2018 a Member's employment with a Participating Employer has ceased before Normal Retirement Age, the Member may within three months of the date of cessation of his employment, make an application to the Principal Company for an immediate yearly pension on the grounds of Medical Incapacity.
- (d) If the Principal Company grants such an application, it will notify the Management Trustees accordingly.

- (e) For the purposes of Rules 14(a) to (d) Medical Incapacity means incapacity:
  - (i) from which the individual is unlikely to recover for the foreseeable future;
  - (ii) which prevents the individual from carrying out his normal duties even after reasonable adjustment; and
  - (iii) which prevents the individual from carrying out appropriate alternative employment where this is offered by a Participating Employer.
- (f) For the avoidance of doubt, Rule 14(e)(iii) shall not apply in relation to any Pilot or Officer or if appropriate alternative employment is not offered by a Participating Employer.
- (g) For the purposes of Rule 14(e)(iii) appropriate alternative employment means employment which in the opinion of the Principal Company is suitable and reasonable employment taking the Member's skill and current salary levels into account.
- (h) No pension may be paid on the grounds of Medical Incapacity to any person who is below age 55 unless and until the ill-health condition set out in Schedule 28 to the Finance Act is met.

#### **FSS**

- (i) An FSS Member's pension payable under Rule 14(a) shall be equal to:
  - (i) if he has completed not less than five years' FSS Contributory Service or if his infirmity is the result of an Air Accident sustained in the course of his duties with the Participating Employer, the yearly pension he would have been entitled to receive had he retired at Normal Retirement Age with the same period of FSS Contributory Service as he has in fact completed plus, subject to Rule 29 (Part Time Service), one-half of the potential Service between the date of ill health retirement and Normal Retirement Age calculated on the assumption that his Retiring Pay at Normal Retirement Age was the same amount as his Retiring Pay at the date on which he in fact ceased to be employed by his last Participating Employer; and
  - (ii) if he has completed less than five years' FSS Contributory Service the Actuarial Equivalent of the deferred pension to which he would have become entitled under Rule 15 if he had left other than of his own free will or through fraud or misconduct;

PROVIDED THAT this option shall not be available in any case in which the Management Trustees determine that the pension payable to the FSS Pensioner at the date of his attainment of pensionable age would be, or might be, less in weekly rate than the weekly rate of the guaranteed minimum pension appropriate to him under the GMP Rule at that date.

### **BAMPS**

- (j) A BAMPS Member's pension payable under Rule 14(a) shall be of such amount as may be secured by application of his BAMPS Account under Rule 9(e).

### **Payment conditions**

- (k) While any person who is in receipt of a pension by virtue of Rule 14(i)(i) or Rule 14(j) is under Normal Retirement Age:
  - (i) the Management Trustees may at any time require him to furnish such evidence as they shall deem satisfactory of his continued incapacity and if he shall not furnish such evidence they may vary, suspend or revoke his pension;
  - (ii) if he recovers sufficiently to be able to earn an income the Management Trustees may from time to time vary, suspend or revoke his pension as they think the circumstances justify;

PROVIDED THAT such pension shall not be reduced below an amount which when added to the income being earned and the amount of any pension commuted under Rule 16 would result in a sum less than his Pay immediately before retirement on ill health pension;

- (iii) if he recovers and is re-engaged by a Participating Employer his pension and any annuity payable under Rule 36 shall cease and his entitlements under the Scheme shall be reduced as the Actuary may determine so as to take account of any lump sum paid under Rule 16. The Management Trustees may, having taken advice from the Actuary, make such arrangements in relation to any annuity payable from the Fund under Rule 36 as they consider just and reasonable.
- (l) Rules 14(l) to (q) apply in respect of any Member whose ill health pension commenced on or after 1 August 2005 and while any such Member in receipt of a pension by virtue of Rule 14(i)(i) or Rule 14(j) is under Normal Retirement Age.
- (m) The Management Trustees may at any time require the Member to provide such evidence as they consider satisfactory of his continuing Medical Incapacity.

- (n) If the Member is unable to provide such evidence or he recovers sufficiently to be able to earn an income, the Management Trustees may vary, suspend or revoke his pension as they think fit.
- (o) Unless the Management Trustees determine otherwise, the Member's pension shall not be reduced below an amount which, when added to the income being earned and any pension commuted under Rule 16, would result in a sum less than his Pay immediately before retirement on an ill health pension.
- (p) For the purposes of Rules 14(l) to (o):
  - (i) Medical Incapacity means incapacity:
    - (A) from which the individual is unlikely to recover for the foreseeable future; and
    - (B) which prevents the individual from earning an income;
  - (ii) Pay means the pay received by the Member immediately before his ill health pension commenced but increased to take account of such matters as the Management Trustees think appropriate.
- (q) If a Member is re-employed by a Participating Employer:
  - (i) his pension and any annuity payable under Rule 36 shall cease;
  - (ii) The Management Trustees may, having taken advice from the Actuary, make such arrangements in relation to any annuity payable from the Fund under Rule 36 as they consider just and reasonable; and
  - (iii) his entitlements under the Scheme will be reduced as the Actuary may determine so as to take account of any lump sum paid under Rule 16.

### **Payment from Normal Retirement Age**

- (r) Except in cases falling within Rule 14(k)(iii) if a person's pension has been varied, suspended or revoked as aforesaid he shall on attaining Normal Retirement Age be entitled either to a continuation of the ill health pension, or to a pension calculated according to Rule 15 (reduced however to the extent determined by the Actuary to take account of any lump sum paid under Rule 16), whichever is the greater, whether his incapacity continues or not and whether or not he is earning an income.

- (s) In respect of a Member whose ill health pension commenced on or after 1 August 2005, except in cases falling within Rule 14(q):
  - (i) if a person's pension has been varied or suspended as mentioned, he will on attaining Normal Retirement Age be entitled to a continuation of the pension payable under this Rule 14 or to a pension calculated according to Rule 15 (reduced however to the extent determined by the Actuary to take account of any lump sum paid under Rule 16), whichever is the greater, whether or not he continues to have a Medical Incapacity within the meaning given by Rule 14(p) and whether or not he is earning an income;
  - (ii) if a person's pension has been revoked as mentioned he shall on attaining Normal Retirement Age be entitled to a pension calculated according to Rule 15 (reduced however to the extent determined by the Actuary to take account of any lump sum paid under Rule 16).

15

## **Leaving Service**

### **General**

- (a)
  - (i) Any person in FSS Contributory Service immediately before 1 April 2018 will cease to be in FSS Contributory Service with effect on and from 1 April 2018.
  - (ii) Subject to Rules 15(b)(i) and (v), any FSS Member who leaves FSS Contributory Service before Normal Retirement Age otherwise than by death and without becoming entitled to an immediate pension under Rule 14, shall be entitled to a deferred pension.
  - (iii) A BAMPS Member whose BAMPS Contributory Service terminates before Normal Retirement Age otherwise than by death and without becoming entitled to an immediate pension under Rule 14, having completed at least two years Qualifying Service or where the Management Trustees have received a transfer payment from a personal pension scheme shall be entitled to a deferred pension and shall thereupon become a BAMPS Accountholder.
  - (iv) Any deferred pension payable under Rules 15(a)(ii) and (iii) above shall commence at Normal Retirement Age (if he is then living) and be payable to him until his death.
  - (v) Where an FSS Pensioner who is entitled to a deferred pension under Rules 15(a)(ii) or (iii) above becomes incapacitated before the date on which the deferred pension could otherwise come into payment, he may elect to have the deferred pension

put into payment immediately at a rate which is the Actuarial Equivalent of the deferred pension which would have commenced at Normal Retirement Age. For the purposes of this Rule 15(a)(v), an individual will be regarded as incapacitated if he is suffering from physical or mental deterioration which is sufficiently serious to prevent him from following his normal employment or which seriously impairs his earning capacity. The decision of the Management Trustees as to whether he is so incapacitated will be final;

PROVIDED THAT this option shall not be available in any case in which the Management Trustees determine that the pension payable to the Member at the date of his attainment of pensionable age would be or might be less in weekly rate than the weekly rate of any guaranteed minimum pension appropriate to the Member under the GMP Rule at that date except that the Management Trustees may agree to the payment to the Member of an immediate pension equal to:

- (A) until pensionable age, a pension which is the Actuarial Equivalent of the deferred pension after deducting the Actuarial Equivalent of the guaranteed minimum pension; and
- (B) from pensionable age, no less than the guaranteed minimum pension;

subject to the amount of the pension under (A) not being less than such amount as the Management Trustees prescribe from time to time for this purpose. The term “pensionable age” in this Rule 15(a)(v) shall have the same meaning as in the GMP Rule.

#### **FSS**

- (b) (i) Subject to Rules 15(b)(viii) and (ix), an FSS Member entitled to benefit under Rule 15(a)(ii) shall be entitled to a deferred pension calculated as if Rule 9 applied but related to his Retiring Pay at, and FSS Contributory Service completed to, the date of ceasing to be an FSS Member. The deferred pension payable shall be increased in respect of each complete year between such date and Normal Retirement Age (or any earlier date on which he may exercise his options under Rules 31 or 32) by whichever is the lesser of:
  - (1) 5 per cent.; and
  - (2) the percentage which would apply if the rates of increase specified in the Pensions Increase (Review) Orders made in exercise of the power conferred by

section 59 of the 1975 Act were applicable thereto. Where Pensions Increase (Review) Orders cease to be made and no other orders be made in lieu thereof the reference thereto shall be replaced by a reference to the Index.

Any such increase made shall be compounded annually.

- (ii) In relation to an FSS Member who, on 31 March 2007, had an earlier Normal Retirement Age than that which applies on his leaving FSS Contributory Service, any part of a deferred pension that is attributable to the period of Service before 1 April 2007 shall:
  - (1) in respect of each complete year between the date of ceasing to be an FSS Member and the earlier Normal Retirement Age, be increased on the basis set out in Rule 15(b)(i); and
  - (2) in respect of the period of deferment after the earlier Normal Retirement Age, be adjusted so that, when it comes into payment at Normal Retirement Age, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at the earlier Normal Retirement Age;
- (iia) In relation to a Plan 65 Member who leaves FSS Contributory Service before age 60, any part of a deferred pension that is attributable to any period of Service when the Member was a Plan 60 Member shall be increased on the basis set out in Rule 15(b)(i) in respect of each complete year between the date of ceasing to be an FSS Member and age 60. That part of the deferred pension that is attributable to any period of Service when the Member was a Plan 60 Member will then be adjusted so that, when it comes into payment at Normal Retirement Age, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at age 60.
- (iib) In relation to a Plan 65 Member who leaves FSS Contributory Service at or after age 60, any part of a deferred pension that is attributable to any period of Service when the Member was a Plan 60 Member shall be adjusted so that, when it comes into payment at Normal Retirement Age, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at the date the Member left FSS Contributory Service.
- (iii) In relation to a Plan 60 Member, in respect of each complete year between the date of ceasing to be an FSS Member and

age 65, any part of a deferred pension that is attributable to any period of Service when the Member was a Plan 65 Member shall be increased on the basis set out in Rule 15(b)(i) as if the Member's Normal Retirement Age were 65. It will then be adjusted so that, when it comes into payment at Normal Retirement Age, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at age 65.

- (iv) Subject to Rule 15(b)(vi), where an FSS Member leaves FSS Contributory Service before completion of two years of Qualifying Service where the Management Trustees have not received a transfer payment in respect of him from a personal pension scheme and he is leaving of his own free will or leaving through fraud or misconduct, the amount of such deferred pension shall be the minimum required in accordance with the GMP Rule and he shall be paid a refund of the contributions (including Notional Voluntary Contributions and Employer AVCs but not Notional Contributions) he has paid to the Scheme pursuant to Rule 6, together with interest thereon calculated to the date of his leaving Service in accordance with Rule 22 less any tax for which the Management Trustees are liable as a consequence of the refund.
- (v) Subject to the GMP Rule and Rule 15(b)(vi), where an FSS Member entitled to benefit under Rule 15(a)(ii) leaves FSS Contributory Service before completion of two years of Qualifying Service where the Management Trustees have not received a transfer payment in respect of him from a personal pension scheme and he is leaving other than of his own free will or other than through fraud or misconduct, he shall have the option to take in lieu of such deferred yearly pension a refund of the contributions (but not Notional Contributions) he has paid to the Scheme pursuant to Rule 6, together with interest thereon calculated to the date of his leaving Service in accordance with Rule 22 less any tax for which the Management Trustees are liable as a consequence of the refund.
- (vi) This Rule 15(b)(vi) applies where an FSS Member leaves FSS Contributory Service having completed three months but not two years of Qualifying Service and where the Management Trustees have not received a transfer payment in respect of him from a personal pension scheme. Where this Rule 15(b)(vi) applies, the FSS Member may within a reasonable period (as determined by the Management Trustees) of leaving FSS Contributory Service request that, instead of benefits being payable in respect of him as set out

in Rules 15(b)(iv) and (v), the Management Trustees will discharge all liability for benefits in respect of him by:

- (1) making a Recognised Transfer in respect of those benefits (on the terms of Rule 31); or
- (2) transferring an amount in respect of those benefits (on the terms of Rule 32).

The Management Trustees will comply with any such request which is made within the period determined by them.

- (vii) Where an FSS Member does not exercise the option under Rules 15(b)(v) above and Rule 15(b)(vi) above does not apply, such deferred pension shall not in any circumstances be smaller than the Actuarial Equivalent of (when added to any benefits contingently payable under the Rules on the FSS Member's death after leaving Service) the contributions he has paid to the Scheme pursuant to Rule 6 (including Notional Contributions).
- (viii) Where an Employed Deferred satisfies the criteria set out in the Transitional Arrangements, the Principal Company will direct the Management Trustees in writing that an Employed Deferred's FSS Contributory Service shall be increased by an amount specified in that direction. The Management Trustees have no obligation to increase FSS Contributory Service unless directed by the Principal Company. The Management Trustees may rely on a direction from the Principal Company and will have no liability to any person for acting in accordance with such a direction or a failure to act in the absence of a direction.
- (ix) Where an Employed Deferred satisfies the criteria set out in the Transitional Arrangements, the Principal Company will direct the Management Trustees in writing that an Employed Deferred's Retiring Pay shall be increased by an amount specified in that direction. The pension payable under paragraph (b)(i) will be increased accordingly. The Management Trustees have no obligation to increase Retiring Pay unless directed by the Principal Company. The Management Trustees may rely on a direction from the Principal Company and will have no liability to any person for acting in accordance with such a direction or a failure to act in the absence of a direction.

#### **BAMPS**

- (c) (i) A BAMPS Accountholder entitled to benefit under paragraph (a)(iii) shall be entitled to a deferred pension of

such amount as his BAMPS Account shall secure under Rule 9(e) at Normal Retirement Age. The BAMPS Account shall be closed for the purpose of accepting further BAMPS Contributions but shall however be increased by BAMPS Credit on each Scheme Anniversary Date between the date of cessation of BAMPS Contributory Service and his Normal Retirement Age or the date he enters into receipt of his deferred pension where he postpones payment under paragraph 15(d)(iv) (or any earlier date on which he may exercise his options under Rules 15(d)(iii), 31 or 32).

- (ii) Subject to paragraph (iii), a BAMPS Member whose BAMPS Contributory Service terminates before his Normal Retirement Age having completed less than two years' Qualifying Service and where the Management Trustees have not received a transfer payment from a personal pension scheme, shall be paid a refund of his Member's BAMPS Contributions (but not Notional Contributions) (together with any Member's contributions forming part of a Transfer Credit awarded in respect of him under Rule 47(b)(iii) less any tax for which the Management Trustees are liable as a consequence of the refund. Any Member's BAMPS Contributions refunded by virtue of this Rule 15(c)(ii) shall be increased by the amount of any BAMPS Credit attributable to such contributions under Rule 47(a).
- (iii) Where a BAMPS Member's BAMPS Contributory Service terminates before his Normal Retirement Age having completed three months but not two years of Qualifying Service and where the Management Trustees have not received a transfer payment in respect of him from a personal pension scheme, he may within a reasonable period (as determined by the Management Trustees) of leaving BAMPS Contributory Service request that, instead of benefits being payable in respect of him as set out in Rule 15(c)(ii), the Management Trustees will discharge all liability for benefits in respect of him by making a Recognised Transfer in respect of those benefits (on the terms of Rule 31) or by transferring an amount in respect of those benefits (on the terms of Rule 32). The Management Trustees will comply with any such request which is made within the period determined by them.

### **Options**

- (d) (i) An FSS Pensioner or a BAMPS Accountholder entitled to benefit under Rule 15(a) may exercise their right under the 1993 Act to require the Management Trustees to use his Cash Equivalent:

- (1) in making a Recognised Transfer; or
  - (2) in purchasing a policy from an Approved Insurance Company chosen by him in accordance with Rule 32.
- (ii) An FSS Member, an FSS Pensioner (where entitlement to a deferred pension has already arisen but has not come into payment, subject to any special arrangements which may at any time apply in relation to any benefits under the AVC Scheme), or a BAMPS Accountholder entitled in any such case to benefit under Rule 15(a) and who is not exercising his statutory right described by Rule 15(d)(i) above, may:
  - (1) elect with the consent of the Management Trustees to have a Recognised Transfer paid under Rule 31; or
  - (2) request the Management Trustees to purchase a policy from an Approved Insurance Company in accordance with Rule 32, but disregarding the words “at any time before Normal Retirement Age” in that Rule.
- (iii) Subject to the agreement of the Management Trustees, an FSS Member, FSS Pensioner or BAMPS Accountholder may advance payment of the deferred pension to which he is entitled under Rule 15(a), in which event an immediate pension shall be payable commencing from the date selected by the FSS Member, FSS Pensioner or BAMPS Accountholder being not earlier than the age 55.

PROVIDED THAT the agreement of the Management Trustees is not required if:

- (a) before 1 April 2007 the FSS Member or FSS Pensioner had an earlier Normal Retirement Age than that which applied on the date on which he ceased to contribute to the Scheme under Rule 15(a)(i), and
- (b) the Member has reached that earlier Normal Retirement Age.

An FSS Member or FSS Pensioner shall be entitled to the Actuarial Equivalent of the pension that would have been payable under Rule 15(b)(i), having taken account of its early payment.

PROVIDED THAT, in relation to a Plan 65 Member who advances payment of his pension, any part of a deferred pension that is attributable to any period of Service when the Member was a Plan 60 Member will be increased on the basis

set out in Rule 15(b)(i) in respect of each complete year between ceasing to be an FSS Member and age 60. That part of the deferred pension that is attributable to any period of Service when the Member was a Plan 60 Member will then be adjusted so that, when it comes to payment, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been payable at the later of age 60 and the date the Member left FSS Contributory Service.

If at such date the FSS Member has completed not less than twenty years' FSS Contributory Service and such date is not more than five years before such FSS Member's Normal Retirement Age such immediate pension may, if the Participating Employer so requests, be equal to the deferred pension to which he would otherwise have become entitled under Rule 15(b)(i) (subject to the payment to the Fund of such sum or sums if any as may be advised by the Actuary to be necessary).

This option shall not be available in any case in which the Management Trustees determine that the pension payable to the FSS Member at the date of his attainment of pensionable age would be or might be less in weekly rate than the weekly rate of the guaranteed minimum pension appropriate to the FSS Member under the GMP Rule at that date except that the Management Trustees may agree to the payment to the FSS Member of an immediate pension equal to:

- (1) until pensionable age a pension which is the Actuarial Equivalent of the deferred pension after deducting the Actuarial Equivalent of the guaranteed minimum pension; and
- (2) from pensionable age no less than the guaranteed minimum pension.

subject to the amount of the pension under (1) not being less than such amount as the Management Trustees prescribe from time to time for this purpose.

A BAMPS Accountholder shall have his BAMPS Account applied to secure a pension in accordance with Rule 9(e).

- (iv) Subject to the agreement of the Management Trustees, any FSS Pensioner or BAMPS Accountholder who became entitled to a deferred pension under Rule 15(a) may, if he has given not less than one month's notice in writing to the Management Trustees before Normal Retirement Age, have the commencement of such pension deferred until a later date

(which, in the case of a FSS Pensioner, must be no later than such FSS Pensioner's 75<sup>th</sup> birthday).

If an FSS Pensioner so defers commencement of his pension the amount payable shall be the Actuarial Equivalent of such deferred pension taking account of the period of deferment beyond Normal Retirement Age.

PROVIDED THAT, in relation to a Plan 60 Member who defers commencement of his pension, any part of a deferred pension that is attributable to any period of Service when the Member was a Plan 65 Member will be increased on the basis set out in Rule 15(b)(i) in respect of each complete year between ceasing to be an FSS Member and age 65. It will then be adjusted so that, when it comes into payment, it is the Actuarial Equivalent of the amount that would have been payable if that part of the pension had been paid at age 65.

A BAMPS Accountholder shall have his BAMPS Account applied to secure a pension in accordance with Rule 9(e).

- (v) The FSS Pensioner or BAMPS Accountholder shall upon request submit evidence satisfactory to the Management Trustees of the continuation of circumstances which entitle him to postpone receipt of his deferred pension to permit continued postponement.
- (vi) In the event of the FSS Pensioner's death on or after Normal Retirement Age and before commencement of such pension under Rule 15(d)(iv) above the provisions of Rule 12 shall (notwithstanding anything therein to the contrary) be applied in respect of him as if payment of his pension under the Scheme had commenced on the day immediately preceding the date of his death.

In the event of a BAMPS Accountholder's death on or after Normal Retirement Age and without having his BAMPS Account applied under Rule 9(e), the provisions of Rule 21(c)(ii) shall apply.

- (vii) If any FSS Pensioner or BAMPS Accountholder entitled to benefit under Rule 15(a) in respect of a previous period of Service re-enters Service and his deferred pension has not come into payment and he has not exercised the options under Rules 15(d)(i)-(iii) above, the Management Trustees may, if so requested by the Participating Employer and subject to the Member waiving all rights to such deferred pension and to any ancillary benefits in respect of such previous period of Service, credit him (if an FSS Pensioner) in respect of his latest period of Service up to but not

including 1 April 2018 with such additional period of FSS Contributory Service or (in the case of an FSS Pensioner or BAMPS Accountholder) grant him such other benefits or make such other arrangements regarding his entitlements as (acting with the advice of the Actuary) they shall consider to be appropriate.

For the purpose of Rule 12 all additional years of FSS Contributory Service credited under this paragraph (d)(vii) will be treated as years during which the Member was a Higher Rate Contributor if he is a Higher Rate Contributor at the date at which the credit is granted and as years during which he was a Lower Rate Contributor if he was a Lower Rate Contributor at the date at which the credit is granted.

- (viii) Where a Pensioner is entitled to a deferred pension under Rules 15(a)(ii) and (iii) the Management Trustees may (subject to his agreement) arrange to provide benefits for and in respect of such Pensioner in substitution for the benefits provided for and in respect of him under the Scheme by purchasing a non-assignable annuity or assurance contract or policy in his name from an Approved Insurance Company (such contract or policy to include such options as may be agreed with the Approved Insurance Company concerned) and in such event the Pensioner shall cease to be a Pensioner and to have any rights or interests under the Scheme.

16

### **Optional lump sum in lieu of pension**

- (a) If he has given prior notice in writing to the Management Trustees and subject to their consent, a Member or Pensioner may surrender all or part of his pension under the Scheme at its commencement date for a lump sum payment of such amount as, subject to Rule 16(b), the Management Trustees may at their discretion allow:

PROVIDED THAT the basis of calculating the amount of pension to be surrendered for any such lump sum payment shall be the Actuarial Equivalent thereof and shall be notified to the Member or Pensioner;

AND PROVIDED FURTHER THAT exercise of this option shall be subject to such restriction as the Management Trustees determine to be appropriate to ensure that the pension remaining payable to the FSS Member or FSS Pensioner shall not be less in weekly rate at the later of the date of surrender and the date of his attainment of pensionable age than the weekly rate of the guaranteed minimum pension appropriate to him under the GMP Rule at the later of such dates.

- (b) The lump sum shall not exceed the Member's or Pensioner's maximum Pension Commencement Lump Sum.

- (bb) The Management Trustees may at their discretion choose not to recover any element of a lump sum under Rule 16(a) that is overpaid or paid in error, but only to the extent that the overpayment or payment in error is an authorised member payment for the purposes of the Finance Act.
- (c) A Member or Pensioner who retires through Serious Ill-Health may, if he has given prior notice in writing to the Management Trustees and subject to their consent, and the conditions set out in paragraph 4(1) of Schedule 29 to the Finance Act apply, convert on a basis which is the Actuarial Equivalent all of his pension under the Scheme into a Serious Ill-Health Lump Sum.

PROVIDED THAT exercise of this option shall be subject to such restriction as the Management Trustees determine to be appropriate to ensure that there shall, to the extent permitted by law, remain payable to or in respect of the FSS Member or FSS Pensioner any associated pension payable on his death.

- (d) The Management Trustees may exchange all or part of a Member, Pensioner or other person's pension entitlement under the Scheme for a lump sum, before the exercise of any option under Rule 11 or this Rule 16, where the lump sum would be:
  - (i) a trivial commutation lump sum under paragraphs 7 to 9 of Schedule 29 to the Finance Act; or
  - (ii) a lump sum payment under Regulation 11 or 12 of the Registered Pension Schemes (Authorised Payments) Regulations 2009/1171; or
  - (iii) a trivial commutation lump sum death benefit under paragraph 20 of Schedule 29 to the Finance Act.

The Management Trustees will use the Actuarial Equivalent of the Member, Pensioner or other person's pension entitlement to calculate the lump sum payable.

PROVIDED THAT, on the payment of any such lump sum, any benefits contingently payable under the Scheme on the death of the Member, Pensioner or other person shall cease to be payable and any such cesser shall be taken into account by the Management Trustees and the Actuary in determining the amount of such lump sum payment;

AND PROVIDED FURTHER THAT, where an FSS Member or FSS Pensioner has a guaranteed minimum in relation to the pension to be provided for him under the Scheme in accordance with the

provisions of the GMP Rule, in respect of which the basis of revaluation described in sub-paragraph (C) of paragraph (f) of the GMP Rule applies, no lump sum may be paid under this Rule 16(d) unless and until he attains pensionable age for the purposes of the GMP Rule.

## Payment of pensions and allowances

- (a) Pensions and allowances becoming payable under the Scheme shall normally be payable by equal monthly instalments in arrear, the first on the last day of the month next following the commencement date of the pension or allowance and the last being that due immediately after the event upon the occurrence of which it ceases to be payable;

PROVIDED THAT the Management Trustees may if they think fit pay pensions and allowances (whether in advance or in arrear) at such other intervals (being not less frequent than yearly).

- (b) The Management Trustees may make such arrangements as they consider appropriate for the payment of benefits under the Scheme. Pensions, benefits and allowances shall be payable in sterling (United Kingdom currency) unless the Management Trustees otherwise decide.

- (c) Subject to proviso (v) to Rule 30 and to Rules 44(i) and 46, each pension and allowance becoming payable under the Scheme to or in respect of any Member or Pensioner shall be increased at each Pensions Increase Date on or after its commencement by a yearly amount equal to whichever is the lesser of:

- (i) 5 per cent.; and
- (ii) the percentage which would apply if the rates of increase specified in the Pensions Increase (Review) Orders made in exercise of the power conferred by section 59 of the 1975 Act were applicable thereto;

of the yearly amount of such pension or allowance immediately prior to such Pensions Increase Date;

PROVIDED THAT if the first Pensions Increase Date after the commencement of the first pension becoming payable under the Scheme by virtue of the membership of any Member or Pensioner falls less than one year after such commencement then the increase at such Pensions Increase Date shall be proportionately reduced having regard to the amount by which the period concerned falls short of a year;

AND PROVIDED FURTHER THAT:

- (i) for the purpose of determining the amount of any such increase in the pension payable to any FSS Member or FSS Pensioner, the yearly pension payable to him under the Scheme shall be deemed to have been reduced with effect from the later of the date of its commencement and the date of his attainment of pensionable age by an amount equal to

52 times the weekly rate of the guaranteed minimum pension appropriate to him under the GMP Rule at the later of such dates;

- (ii) for the purpose of determining the amount of any such increase in the pension payable to the surviving spouse or Surviving Civil Partner of an FSS Member or FSS Pensioner under Rule 12, the yearly pension payable to the surviving spouse or Surviving Civil Partner under the Scheme will be deemed to have been reduced from the date of its commencement by an amount equal to 52 times the weekly rate of the guaranteed minimum pension appropriate to the surviving spouse or Surviving Civil Partner under the GMP Rule at such date; and
- (iii) subject to the requirements of section 51 of the 1995 Act, any adjustment under the provisions of this Rule shall not apply in respect of the period from the date of cessation of contributions until the date of commencement of payment to pensions deferred under the provisions of Rule 6A or, when the relevant pension or allowance is in payment, to any actuarial increase under Rule 6A(c); nor shall such adjustment apply (subject to section 51 as aforesaid) to any crystallisation uplift as described in Rule 6A(d) (or to any part of a pension or allowance attributable to any such actuarial increase or crystallisation uplift), where in any such case an election to that effect has been duly made in accordance with the provisions of Rules 6A(d) or (h) as applicable;

AND PROVIDED FURTHER THAT should such Pensions Increase (Review) Orders cease to be made and no other orders be made in lieu thereof the reference thereto shall be replaced by a reference to the Index.

**Pre-State Pensionable Age retirement variable option**

If a Member or Pensioner becomes entitled to a pension commencing before pensionable age under Rule 9 or 15 he may, subject to the consent of the Management Trustees, elect at any date before such pension commences and before 3 October 2007 that his pension under these Rules shall be increased before pensionable age and reduced thereafter in accordance with arrangements approved by the Actuary with a view to providing him with a more stable aggregate retirement pension from the Scheme and from the general State social security scheme.

This option shall not be available in respect of a deferred pension which has come into payment under Rule 15(a)(v) before the earliest date from which the Pensioner could advance payment of his pension as specified in Rule 15(d)(iii) and subject as therein provided.

**Change in occupational category: FSS**

This Rule is relevant only to Service before 1 April 2007. Where before 1 April 2018 an FSS Member is employed by a Participating Employer at different times as a General Staff Employee, a Pilot, an Officer or an Air Cabin Crew Employee without a break in Service his pension and surviving spouse's or Surviving Civil Partner's pension and Dependent Child's allowance shall be calculated in accordance with the Rules applicable to the occupational category in which the FSS Member is employed immediately before 1 April 2018. For this purpose the FSS Contributory Service in any earlier occupational category will be taken into account by crediting the FSS Member with such additional notional period of FSS Contributory Service in his final category as the Actuary may determine to be appropriate. For the purposes of calculating any surviving spouse's or Surviving Civil Partner's pension under Rule 12, the FSS Contributory Service so credited will be taken into account in the proportion which the period of actual FSS Contributory Service as a Higher Rate Contributor in the earlier occupational category bears to the total period of such FSS Contributory Service. There shall be deemed to be a break in Service if the FSS Member takes an immediate pension or elects to take a deferred pension or a transfer payment in respect of Service in the occupational category from which he is transferring. The foregoing arrangements shall not be available in the case of a Pilot, an Officer or an Air Cabin Crew Employee who became a Member on or after 1 June 1998 and who switches his category of employment at or after Normal Retirement Age. In the case of such Members, pension benefits will be determined separately in respect of the new category and the former category. For the avoidance of doubt, an FSS Member will not be treated as having elected to take a deferred pension if immediately before 1 April 2018 they were in FSS Contributory Service until such time after 1 April 2018 they leave Service without taking an immediate pension.

**Broken Service**

For the avoidance of doubt, for the purpose of this Rule 20, no periods of Service on and from 1 April 2018 will be taken into account and each person shall cease to be a Member on and from 1 April 2018.

- (a) Except as otherwise provided in Rule 20(b) and (c) below and Rule 15(d)(vii) and in the definition of Qualifying Service separate periods of a Member's Service shall (unless the Management Trustees with the consent of the Participating Employer otherwise determine) be treated separately under the Rules for all purposes of the Rules.
- (b) If the Service of a Member is broken by a period of absence from work which is ordinary maternity leave, ordinary adoption leave or statutory paternity leave, or any longer period during which the Member receives pay from the Participating Employer and which is a period of maternity leave, adoption leave, paternity leave, shared parental leave or parental leave, the Member will continue to be a Member during that period.
- (c) If the Service of a Member is broken by a period of unpaid additional maternity leave, unpaid adoption leave, unpaid paternity leave, unpaid shared parental leave or unpaid parental leave, the Member will not be a Member during that period except for such purposes (if any) and on such terms as the Management Trustees at the request of the Participating Employer shall determine, but if the Member resumes Service at the end of that period the two periods of membership will be treated as continuous.

**Lump sum benefit on death of Member or Pensioner****Manner of payment**

- (a) The death benefit payable under this Rule 21 shall be paid or applied as permitted by Rule 24 in such manner as the Management Trustees in their absolute discretion think fit.

**FSS**

- (b) Subject to the provisions of Rule 21(b)(iii) below, lump sum death benefits will be payable as follows:
  - (i) This Rule 21(b)(i) only applies on the death of a FSS Member before 1 April 2018. On the death of an FSS Member, a lump sum will be payable equal to three times the annualised amount of the FSS Member's Pay immediately prior to the date of death. If a pension does not become payable in respect of the FSS Member under Rule 12, a further lump sum will be payable of an amount equal to the

aggregate of the contributions the FSS Member had paid (including, for the avoidance of doubt, Notional Contributions) under the FSS pursuant to Rule 6 together with interest thereon calculated in accordance with Rule 22 to the date of death. If a pension does become payable in respect of the FSS Member under Rule 12 but the Member has been a Lower Rate Contributor, a further lump sum will similarly be payable, but calculated only by reference to contributions (including Notional Contributions) as a Lower Rate Contributor.

(ii) On the death of an FSS Pensioner in circumstances where no pension becomes payable under Rule 12 and:

(A) the aggregate of the contributions the FSS Pensioner had paid (including, for the avoidance of doubt, Notional Contributions) under the FSS pursuant to Rule 6 together with interest thereon calculated in accordance with Rule 22 to the date on which the FSS Pensioner last ceased to be employed by a Participating Employer (or to the date of his death if his pension had not yet come into payment) exceeds;

(B) the aggregate of any pension paid and any lump sum payments made to the FSS Pensioner under the Rules;

a lump sum will be payable equal to the difference between items (A) and (B);

(iii) If on the death of an FSS Pensioner a pension does become payable under Rule 12 but the FSS Pensioner has been a Lower Rate Contributor, a lump sum will similarly be potentially payable, but calculated by reference only to contributions (including Notional Contributions) as a Lower Rate Contributor (and disregarding the pension payments under Rule 12 for the purposes of (B)).

## **BAMPS**

(c) (i) Where a BAMPS Member dies before any benefits become payable under Rule 9(e), there shall be payable out of the Fund a lump sum equal to the aggregate of:

(1) three times the BAMPS Member's annual rate of Pay immediately before his death; and

(2) his BAMPS Account as at the date of death increased in accordance with Rule 47(a)(v);

- (ii) Where a BAMPS Accountholder dies before Normal Retirement Age or, on or after Normal Retirement Age where the provisions of Rule 15(d)(iv) apply, the Management Trustees shall pay a lump sum equal to the value of his BAMPS Account at the date of his death.
- (iii) If a Pensioner dies in receipt of a BAMPS Pension payment of any death benefit shall depend upon the terms of the BAMPS Pension provided under Rule 9(e).

22      **Interest on refunds of FSS Members' and FSS Pensioners' contributions**

- (a) When the contributions an FSS Member or FSS Pensioner has paid to the Scheme pursuant to Rule 6 are refunded or part refunded in accordance with Rule 15 or 21 compound interest at the rate of 3.5% per annum shall be added on each Scheme Anniversary Date and also on the date of leaving Service death or cessation of employment (as the case may be).
- (b) No interest shall be payable in respect of any contributions repaid under Rule 22(a) on or after 6 April 2006 except to the extent permitted as an authorised payment under the Finance Act.

23      **Notices to the Secretary**

Notices to the Secretary shall be in writing signed by the Member or Pensioner and shall be in such form as the Management Trustees may from time to time prescribe. Any such notice if sent by post shall be deemed to have reached the Secretary 3 days after the date on which it was posted.

24      **Application of lump sum death benefit**

- (a) Any lump sum benefit becoming payable under Rule 21 may within a period of 24 months after the Management Trustees knew (or, if earlier, could reasonably be expected to have known) of the death of the Member or Pensioner be paid or applied by the Management Trustees to or for the benefit of any one or more of a class consisting of:
  - (i) the Member's or Pensioner's children, grandchildren, parents and grandparents, the descendants of any such persons and the spouses, former spouses, Surviving Civil Partners or former Civil Partners of any such persons or descendants;
  - (ii) a widow or widower or former spouse of the Member or Pensioner, the children, grandchildren, parents and grandparents of that widow, widower or former spouse, the descendants of any such persons and the spouses, former

spouses, Surviving Civil Partners or former Civil Partners of any such persons or descendants;

- (iii) any individual who is or was, in the opinion of the Management Trustees, at the date of the Member's or Pensioner's death either financially dependent on the Member or Pensioner or financially interdependent with the Member or Pensioner;
  - (iv) any individual or individuals, charity, society or club nominated by the Member or Pensioner by notice in writing addressed to or received by the Management Trustees during the Member's or Pensioner's lifetime;
  - (v) the Member's or Pensioner's legal personal representatives; and
  - (vi) a Surviving Civil Partner or former Civil Partner of the Member or Pensioner, the children, grandchildren, parents and grandparents of that Surviving Civil Partner or former Civil Partner, the descendants of any such persons and the spouses, former spouses, Surviving Civil Partners or former Civil Partners of any such persons or descendants.
- (b) Any part of such lump sum benefit which remains unpaid or unapplied under Rule 24(a) 24 months after the Management Trustees knew (or, if earlier, could reasonably be expected to have known) of the death of the Member or Pensioner shall be paid to the Member's or Pensioner's legal personal representatives except that, if such payment would result in the Crown, the Duchy of Lancaster, the Duke of Cornwall or any other state or governmental agency becoming entitled to that part of the lump sum benefit, it shall cease to be payable as a benefit and shall remain part of the Fund.
- (c) Any notice under Rule 24(a)(iv) above shall be in writing in a form prescribed by the Management Trustees.
- (d) The Management Trustees shall have power to delegate such of their powers duties and discretions under this Rule as they may think fit from time to time to any person or persons or body or persons and such delegation shall be subject to any conditions consistent with this Rule which the Management Trustees may think fit to impose.
- (e) Any nomination made by a Member or Pensioner in force on 31 March 1987 shall no longer be binding on the Management Trustees.

### Opting out

This Rule 25 applies to Members who ceased to be a Member under this Rule before 1 April 2018.

- (a) A Member may elect before Normal Retirement Age, while remaining in Service, that he will cease to be a Member. On making this election, he will cease to pay contributions to the Scheme and will be entitled to benefits under Rule 15 as if he had left Service (except that unless the Principal Company otherwise agrees Rule 15(d)(iii) will not apply to him while he remains in Service).
- (b) A Member who wishes to exercise the option under Rule 25(a) must give the Management Trustees at least one month's notice in writing. The option shall then take effect at the start of the calendar month next following the month in which the notice expires.
- (c) A Member who has opted-out of membership under Rule 25(a) (or a member of APS who has exercised the corresponding option in APS) may apply to be admitted or re-admitted as a Member of the Scheme where permitted by the provisions of Rule 2 in force from time to time;

#### PROVIDED THAT:

- (i) a person only has one opportunity to be admitted or re-admitted as a Member of the Scheme under this Rule 25(c);
- (ii) the Management Trustees may require any person seeking admission or re-admission under this Rule 25(c) to undergo a medical examination by a doctor nominated by them and, if the result of the examination is not satisfactory to the Management Trustees, they may refuse to admit or re-admit that person to membership of the Scheme or may admit him to special membership subject to such special terms as they may consider appropriate;
- (iii) where the person seeking admission or re-admission has less than five years' Service, the Participating Employer may direct that he shall not be admitted or re-admitted to membership of the Scheme;
- (iv) where the application is made at any time on or after 1 April 2007, the person may only be admitted or re-admitted with the agreement of the Principal Company; and
- (v) no person may apply to be admitted or re-admitted as a Member of the Scheme under this Rule 25(c) on or after 1 April 2018.

- (d) In order to become eligible to elect for a transfer to be made or for payment of benefits to commence on or after Normal Retirement Age in the circumstances described in Rules 10(a)(i) and (ii), a Member who remains in Service after Normal Retirement Age may elect, while remaining in Service, to cease to be a Member, subject to the following terms and conditions:
- (i) The notice requirement for such an election shall be as described in Rule 10(a)(ii) (unless the Management Trustees in any particular case permit a shorter period of notice for the purposes of effecting the opt-out), with the date of cessation of membership for all the purposes of the Scheme (including the provision of death benefits under Rule 21(b) and Rule 21(c)(i)) being the date of expiry of the relevant notice period, and the calculation of the benefits applicable being as described in Rules 25(d)(ii) to (iv) below.
  - (ii) Where such a Member, being an FSS Member, has already ceased payment of contributions (including Notional Contributions) under Rule 6 or Rule 6A, the benefits to which the transfer relates (where Rule 10(a)(i) applies) or the benefits which will come into payment (where Rule 10(a)(ii) applies) will be determined by reference to Rule 6A(d), so that in the case of a transfer its value shall be determined by the Management Trustees having taken actuarial advice by reference to the value of the benefits which would have come into payment under that Rule at the relevant date selected by the Management Trustees for calculation of the transfer value.
  - (iii) Where such a Member, being an FSS Member, has not already ceased payment of contributions (including Notional Contributions) under Rule 6, the benefits to which the transfer relates, or the benefits which will come into payment, will be determined as if the Member had retired from Service as described in Rule 10 on the date of expiry of the relevant notice of election under Rule 10(a)(iii), so that the benefits which will come into payment (where the Member so elects) will be the equivalent value of the benefits that would otherwise have come into payment, as determined by the Management Trustees having taken actuarial advice, at the date of expiry of the notice of election under Rule 10(a)(iii), and so that in the case of a transfer its value shall be determined by the Actuary by reference to the value of the benefits which would otherwise have come into payment (if the Member had so elected) at the relevant date selected by the Management Trustees for calculation of the transfer value.
  - (iv) Where such a Member is a BAMPS Member, the benefits

which come into payment (where the Member so elects) will be such benefits as may be determined in accordance with Rule 9(e), and the transfer value (where the Member so elects) will be calculated by reference to the value of the BAMPs Account attributable to the BAMPs Member at the relevant date selected by the Management Trustees for calculation of the transfer value.

- (v) Rule 25(c) shall apply to such a Member as if the election to opt-out of membership had been made under Rule 25(a).

26

### **Requirements of Approved Insurance Companies**

The Member or Pensioner shall comply with the reasonable requirements of any Approved Insurance Company with whom the Management Trustees maintain or affect policies.

27

### **Meetings of members**

- (a) Subject to Rules 27(ba) and (bb), a meeting (which may be held either in person or, at the discretion of the Management Trustees, if they consider it suitable, by remote meeting technology) of the Employed Deferreds may be convened or a postal ballot taken by the Management Trustees and shall be convened or taken by them on requisition in writing (including by any electronic method of communication such as e-mail, e-mail attachment or fax) by a Participating Employer or by any 50 Employed Deferreds.
- (b) Subject to paragraphs Rules 27(ba) and (bb), a meeting (which may be held either in person or, at the discretion of the Management Trustees, if they consider it suitable, by remote meeting technology) of the Employed Deferreds and Pensioners may be convened or a postal ballot taken by the Management Trustees and shall be convened or taken by them on requisition in writing (including by any electronic method of communication such as e-mail, e-mail attachment or fax) by a Participating Employer or by any 100 Pensioners and Employed Deferreds.
- (ba) The Management Trustees may decline to convene a meeting or take a postal ballot where they consider in their absolute discretion that the requisition is not reasonable in the circumstances.
- (bb) For the purposes of this Rule no more than one meeting of the Employed Deferreds will be permitted in any given 12 month period.
- (c) Not less than 35 clear days' notice of the time and place of a meeting to be convened pursuant to Rules 27(a) or (b) or of a postal ballot to be taken pursuant to Rules 27 (a) or (b) and of the general nature of the business to be dealt with shall be given to the persons entitled to vote at such meeting or in such ballot by serving the same on them,

such service to be effected, in the case of Employed Deferreds, through the Principal Company's usual communication channels and so that all notices so communicated shall be deemed to be served on the day following such posting;

PROVIDED THAT:

- (i) the persons entitled to receive notice of a meeting or a postal ballot and to vote shall, in the case of a meeting to be convened or ballot to be taken pursuant to Rule 27(a), be Employed Deferreds and, in the case of a meeting to be convened or ballot to be taken pursuant to Rule 27(b), be Employed Deferreds and Pensioners. An Employed Deferred may appoint any other Employed Deferred, and a Pensioner may appoint any other Pensioner, as proxy to vote for him in which case on a poll the Employed Deferred or Pensioner so appointed shall have one vote for himself and one vote for every Employed Deferred or Pensioner for whom he acts as proxy;
- (ii) subject as aforesaid the Management Trustees may prescribe the procedure to be adopted as to the service of notices and in connection with any such meeting or postal or written ballot including power to make provision for the chairmanship of meetings and for the form and method of voting by proxy and for the taking of a poll and for delivery and counting of postal ballot papers outside the United Kingdom and the acceptance of cabled results of such count and so that the accidental omission to serve by posting or otherwise a notice of meeting or of a resolution for determination by postal or written ballot or the non-receipt thereof by an Employed Deferred or Pensioner shall not affect the validity of the proceedings in accordance with which the voting is taken. The accidental inclusion or omission of an Employed Deferred's or a Pensioner's name in the voting list in a ballot shall not invalidate the ballot; and
- (iii) a minute signed by the Chairman of any meeting or a memorandum signed by the persons appointed to count the ballot papers as to the result of any postal ballot shall unless the contrary is proved be accepted as sufficient evidence that the meeting was duly convened and held and of the result of the meeting or of the result of the ballot as the case may be and the Participating Employers and the Management Trustees and others acting thereon in good faith shall be protected.
- (d) A meeting of such of the Employed Deferreds as are in one of the occupational categories referred to in Clause 6(a) of the Trust Deed or a postal ballot of such Employed Deferreds may be taken subject to and in accordance with the provisions of Rules 27(a) and (c) *mutatis mutandis*.
- (e) For the purposes of this Rule the term "Pensioners" shall mean any person who is in receipt of a pension from the Scheme other than

any person whose entitlement under the Scheme is to benefit in respect of equivalent pension benefits as referred to in section 13(6) of the 1993 Act.

28

### **Deduction of tax**

Subject to Rule 28(b):

- (a) In every case where the Management Trustees are liable to account to the Commissioners of HM Revenue and Customs for income tax, the lifetime allowance charge or any other tax in respect of any amounts paid to any Member, Pensioner, BAMPS Accountholder or other person pursuant to these Rules the amount of such tax shall be recoverable by the Management Trustees from such Member, Pensioner, BAMPS Accountholder or from such other person either by way of deduction from the payment to the Member, Pensioner, BAMPS Accountholder or such other person or in such other way as the Management Trustees deem appropriate.
- (b) In every case where the Management Trustees are liable to account to the Commissioners of HM Revenue and Customs for the annual allowance charge under the Finance Act having received a Scheme Pays Notice in respect of a Member, or Pensioner, or if the Management Trustees in their discretion otherwise agree to a Member's or Pensioner's request to meet all or part of his annual allowance charge from his benefits under the Scheme, the Management Trustees shall have power to reduce the benefits payable or prospectively payable to or in respect of such Member or Pensioner accordingly, in such manner as the Management Trustees deem appropriate. This may also apply to the benefits payable under the Scheme on the Member's or Pensioner's death.

### Special conditions for Part Time Service and Employees in irregular Service

(a) Subject to the provisions of the GMP Rule but otherwise notwithstanding any other provision of the Rules, the following special provisions shall apply in respect of any FSS Member who has been in Part Time Service for any period or periods during his last or only period of Service up to (but not including) 1 April 2018 for the purposes of calculating the pension benefits appropriate to and in respect of him under the Scheme and for such purposes only:

(i) for the purposes of this Rule 29, “**PTF**” (denoting part time factor) means in relation to any week or month as the case may require of Part Time Service the fraction:

$$\frac{A}{B}$$

where:

A = the number of hours of service contracted to be worked by the employee for such week or month (as the case may be); and

B = the number of hours of service contracted to be worked for the same week or month (as the case may be) by a full-time employee in the same occupational category and grade of employment;

(ii) when making any calculation which takes account of a period of FSS Contributory Service which is Part Time Service, FSS Contributory Service will first be converted into a full-time equivalent by multiplying the length of the period of Part Time Service by the PTF appropriate to such period (but this shall not apply for the purposes of calculating Qualifying Service);

(iii) in calculating his Pay for Contribution Purposes in respect of any period of Part Time Service, the normal deduction of 1½ times the Lower Earnings Limit as referred to in Rule 7(a) will be reduced by multiplying the normal deduction by the relevant PTF;

(iv) it shall be assumed that the Member’s basic contractual hours of work per week would have remained the same as they were on the date of death until Normal Retirement Age for the purpose of calculating any spouse’s, Surviving Civil Partner’s or Pensionable Dependant’s pension or Dependent Child’s allowance payable on death in Service under Rules 12(b) and 13(b) and any ill-health pension payable under Rule 14, and references in those Rules to “potential years of

Service” will be replaced by “potential years of FSS Contributory Service”;

- (v) the Principal Company and the Management Trustees shall together have power to determine any matter relating to Part Time Service which is not provided for in this Rule 29 and to determine, resolve or remove any doubt, inconsistency or anomaly arising out of this Rule or arising generally out of the inclusion of part-time employees in the Scheme.
- (b) Where an Employee is employed in a category of employment for which specific provision is not otherwise made under the Rules, the Principal Company may notify the Management Trustees in writing that benefits provision is to be made under the Scheme for or in respect of all or any such Employees on such terms and subject to such conditions as the Principal Company may specify, but subject always to the payment to the Fund of such sum or sums (whether by way of additional contributions under Rule 6(f) or otherwise) as may be advised by the Actuary to be necessary.

### Transfers-in

The Management Trustees may in respect of any Member, or in respect of any other person formerly employed by a company which at the date of the transfer is a subsidiary of the Principal Company, (“**the Transferees**”) accept a transfer or assignment of cash or assets which is a Recognised Transfer.

If the Management Trustees accept such a transfer then, subject to its receipt, they must confer on the Transferee such benefits or additional benefits under the Scheme as the Management Trustees consider having regard to the advice of the Actuary to be reasonable which in the case of a Member may take the form of additional years of FSS Contributory Service and will in no circumstances be of lower value than the Actuarial Equivalent of the Member’s Cash Equivalent in the transferring scheme

#### PROVIDED THAT:

- (i) the assets so transferred to the Scheme shall be deemed to be the Member’s contributions to the Scheme to the extent (and only to the extent) that they are certified by the trustees or administrators of the transferring scheme as representing contributions made by the Transferees and any interest thereon;
- (ii) the Transferee shall not have the option to receive in lieu of any part thereof a refund of any portion of the assets so transferred to the Scheme which is deemed to be a Member’s contributions thereto except where the Member is entitled to a refund of his contributions under either Rule 15 or Rule 25 (although where the transfer is from a personal pension scheme or a free-standing AVC scheme, the Member shall not be entitled to a refund of contributions on leaving Service under Rule 15);
- (iii) any benefits so conferred may be on terms that if the Transferee is admitted to FSS and had a guaranteed minimum in relation to the pension to be provided for him under the transferring scheme a pension equal in weekly rate to such guaranteed minimum shall be included in the guaranteed minimum pension appropriate to the Transferee under the GMP Rule and the provisions of the GMP Rule shall accordingly apply to that part of the benefits so conferred;
- (iv) the provisions of Rule 17(c) will only apply to any benefits granted under this Rule 30 if the Management Trustees notify the relevant Transferee when conferring such benefits that increases will be granted on the benefits when in payment in accordance with the general increases granted

under Rule 17(c) to other pensions or allowances becoming payable under the Scheme;

- (v) where the transfer is from a buy-out policy, it must relate to a Member who has given his written consent to the transfer;
- (vi) the Management Trustees shall, for the purposes of Rules 14(i)(i) and (ii) and Rule 15(d)(iii), determine how much (if any) of the service from which the assets so transferred derive shall constitute FSS Contributory Service; and
- (vii) for the purposes of Rule 12 all additional years of FSS Contributory Service conferred under this Rule 30 will be treated as years during which the Transferee was a Higher Rate Contributor if he was a Higher Rate Contributor at the date of transfer, and as years during which he was a Lower Rate Contributor if he was a Lower Rate Contributor at the date of transfer.

31

## **Transfers-out**

### **Transfers-out of all benefits**

The Management Trustees may, subject to the terms of this Rule 31, discharge all liability for benefits in respect of a former Member by making a Recognised Transfer of such part of the Fund as is the equivalent value of such liability, as determined by the Management Trustees having taken actuarial advice. The receipt of the person or persons administering the receiving arrangement (“**the Receiving Administrator**”) shall be a complete discharge for the Management Trustees in respect of all such liability and they shall be under no liability to see to the application of the assets so transferred.

The former Member’s consent shall be required to any such transfer unless (a) the receiving arrangement relates to employment with a Participating Employer or (b) the transfer relates to all or a specified group of former Members of whom the former Member is one and either the transfer results from a financial transaction between the former Member’s old and new employers or the receiving arrangement is a scheme of an employer connected with the former Member’s old employer for the purposes of sections 35 and 36 of the 1993 Act.

The former Member may be required to give his consent in such form as the Management Trustees may prescribe. Where there is no requirement to obtain the former Member’s agreement and such consent has not been obtained to such transfer, the transfer shall only be made on the basis that the former Member becomes entitled to such rights in the receiving arrangement as may be agreed between the Management Trustees and the Receiving Administrator to be at least equal in value to the rights transferred.

If a former BAMPS Member so elects, the Management Trustees may, subject to the terms of this Rule 31, make a Recognised Transfer of the value of his BAMPS Account (whether or not he also has other benefits in the Scheme).

### **Partial transfers-out**

If any Member, Pensioner or other person makes an application to the Management Trustees to make a transfer of a portion of their benefits, the Management Trustees may, subject to the terms of this Rule 31 and in accordance with the Partial Transfers Operating Rules, make a Recognised Transfer to a receiving arrangement chosen by the Member, Pensioner or other person of such part of the Fund that the Management Trustees may determine, provided that the Management Trustees are satisfied, having taken actuarial advice, that this amount is at least equal to the value of the benefits that would otherwise have been provided under the Scheme for the Member, Pensioner or other person in respect of the amount so transferred. The receipt of the Receiving Administrator shall be a complete discharge for the Management Trustees in respect of the liability to provide the benefits transferred and they shall be under no liability to see to the application of the assets so transferred.

### **Statutory right to transfer**

If a Member, Pensioner or other person who has acquired a right to take a cash equivalent makes an application to the Management Trustees in accordance with section 95 of the 1993 Act, the Management Trustees shall, subject to the terms of this Rule 31, make a Recognised Transfer of such part of the Fund as is the equivalent value of such cash equivalent (whether or not the Member, Pensioner or other person also has other benefits in the Scheme). The receipt of the Receiving Administrator shall be a complete discharge for the Management Trustees in respect of the liability transferred and they shall be under no liability to see the application of the assets so transferred.

### **General**

Upon making a transfer under this Rule 31 the Secretary shall certify to the Receiving Administrator how much of the funds so transferred represents (in the opinion of the Management Trustees) contributions made or deemed to have been made to the Scheme by the Member and any interest thereon and is therefore to be treated as member's contributions in such receiving arrangement.

Notwithstanding the earlier provisions of this Rule 31:

- (a) any liability to provide guaranteed minimum pensions for and in respect of a Member pursuant to the GMP Rule or, in relation to any Service on or after 6 April 1997, any liability to provide contracted out benefits, may be excluded from any such transfer if the

Management Trustees so determine (so that a Member's guaranteed minimum pension or contracted out benefits will continue to be payable under the Scheme unless the liability is discharged by the payment of a state scheme premium or transferred under paragraph (b) below);

- (b) any transfer made under this Rule 31 of any liability to provide a guaranteed minimum pension or, in relation to any Service on or after 6 April 1997, any liability to provide contracted out benefits for and in respect of a Member must be permitted under the Contracting-out (Transfer and Transfer Payment) Regulations 1996;
- (c) regulations 65 and 66 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 may apply to a transfer under this Rule of a guaranteed minimum pension for and in respect of an FSS Member.

Where such a transfer is being made in respect of an FSS Member to a scheme in which the Principal Company is the principal employer, the transfer payment may be increased to such amount as the Management Trustees determine to be appropriate. It must not however exceed an amount (determined by the Actuary) which bears the same proportion to the value of the Fund as the Actuarial Equivalent of the liability for the FSS Member's benefits under the Scheme (disregarding the fact that he is ceasing to be a Member) bears to the Actuarial Equivalent of the liabilities for the benefits of all FSS Members and FSS Pensioners under the Scheme.

**Buy-outs**

Where a Member ceases to be a Member, at any time before Normal Retirement Age he may request the Management Trustees to discharge all liability for benefits in respect of him under the Scheme by transferring such part of the Fund as is the Actuarial Equivalent of such liability to an Approved Insurance Company as the premium for a policy or policies securing benefits for and in respect of the Member;

**PROVIDED THAT:**

- (1) the Member may be required to make his request in such form as the Management Trustees may prescribe; and
- (2) the Management Trustees shall not be obliged to obtain the consent of any person who may be entitled to claim benefits through the Member; and
- (3) if any benefit to be secured by the policy is a guaranteed minimum pension for and in respect of a Member pursuant to the GMP Rule, the benefits payable under the policy and its terms and conditions shall comply with the requirements of the 1993 Act.

Any such policy may contain provisions permitting the exercise of an open-market option when the policy matures or the surrender of the policy at any time to enable the surrender value to be transferred directly to a scheme where that would be permitted as an authorised payment under the Finance Act.

**Availability of copies of Trust Deed and Rules**

Each Member or Pensioner shall be entitled upon request to receive one copy of the annual report and accounts and balance sheet of the Fund, the Auditors' report thereon and the Actuary's valuation report. Each Member or Pensioner shall also be entitled upon request to receive one copy of the Trust Deed and the Rules and of all amendments thereto. Additional copies shall be made available on such terms as the Management Trustees decide.

**Amendments and additions to Rules**

These Rules may be amended or added to in accordance with the provisions of the Trust Deed.

**Discretionary benefits**

The Principal Company may by notice in writing to the Management Trustees specify that there shall be provided under the Scheme:

- (i) increased or additional benefits to or in respect of any Member, Pensioner or category of Member or Pensioner; and
- (ii) benefits on different terms and conditions from usual for or in respect of any Member, Pensioner or category of Member or Pensioner; and
- (iii) benefits under the Scheme in respect of any Employee or former Employee or category thereof (other than Members and Pensioners); and
- (iv) an additional amount to be credited to a BAMPS Member's or BAMPS Accountholder's BAMPS Account;

and the Management Trustees shall thereupon provide the same accordingly (subject to the payment to the Fund of such sum or sums if any as may be advised by the Actuary to be necessary).

**Additional voluntary contributions****(a) Membership**

A Member may elect to contribute to the AVC Scheme by:

- (i) completing and delivering to the Secretary an application in a form prescribed by the Management Trustees from time to time; or
- (ii) by making an application in such other manner as the Management Trustees may in their absolute discretion accept.

The application will take effect on a date determined by the Management Trustees.

**(b) Contributions**

- (i) Subject to Rule 8, an Additional Voluntary Contributor shall contribute to the AVC Scheme by way of Regular AVCs such percentage of his Remuneration or such regular monthly sum (as the case may be) as he shall have designated in his form of application under Rule 36(a) of this Rule;

PROVIDED THAT where he has designated that a regular monthly sum, or a single lump sum under Rule 36(b)(iii), should be apportioned between more than one AVC Account and in any month the whole sum is not deducted from his

salary, such part of that sum as is deducted shall first be applied in whole or part payment of his designated contributions to any applicable SGF Account, secondly to any applicable MPF Account, and then to any other applicable AVC Accounts in such order of priority (or equally) as the Management Trustees may from time to time determine.

- (ii) In respect of each Salary Sacrifice Member, if they have so chosen, the relevant Participating Employer will contribute to the AVC Scheme an amount which, but for the Salary Sacrifice, the Member has elected to contribute under Rule 36(a) as a Regular AVC.

For the avoidance of doubt, a Member may concurrently pay Non-Notional Voluntary Contributions and Notional Voluntary Contributions.

- (iii) Where a Participating Employer pays a Regular AVC to the AVC Scheme on behalf of a Salary Sacrifice Member, as described in Rule 36(b)(ii), the Participating Employer shall also pay Employer AVCs into the AVC Scheme on behalf of the Member.
- (iv) Subject to Rule 8, an Additional Voluntary Contributor may at any time, after giving notice to the Secretary, elect to alter the percentage of his Remuneration or the regular monthly sum designated as his Regular AVCs or the proportion in which his Regular AVCs are allocated between his AVC Accounts (if more than one) from any first day of the month after he gives such notice but a reduction in his Regular AVCs must either be to zero or to not less than 0.5%, in the case of a percentage payment, or £2, in the case of a regular monthly sum.

All Non-Notional Voluntary Contributions in respect of a Salary Sacrifice Member shall be converted to Notional Voluntary Contributions on 1 October 2013 unless the Management Trustees have been informed otherwise by the Member in writing. Where Non-Notional Voluntary Contributions are converted to Notional Voluntary Contributions in respect of a Salary Sacrifice Member on 1 October 2013, the above notice requirement shall not apply.

Where Regular AVC contributions are to be converted to Notional Voluntary Contributions or Notional Voluntary Contributions converted to Regular AVC contributions in respect of a Salary Sacrifice Member from 1 October 2011, the above notice requirement shall not apply. For the purposes of the introduction of Notional Voluntary

Contributions at 1 October 2011 all Salary Sacrifice Member Regular AVC contributions shall be converted to Notional Voluntary Contributions unless the Management Trustees have been informed otherwise by the Member in writing.

- (v) Subject to Rule 8, any Additional Voluntary Contributor may at any time make a lump sum payment to the AVC Scheme (for the avoidance of doubt, Notional Voluntary Contributions may not be paid in this way). Such a lump sum may be payable by a deduction from salary or the Additional Voluntary Contributor may pay it by cash or cheque to the Secretary and if appropriate he shall specify how the payment should be apportioned between his AVC Accounts. Where a cheque is not met, the lump sum payment will be treated as not having been made.
- (vi) No contributions shall be made to the AVC Scheme by a person after leaving the service of a Participating Employer or being treated as having done so under Rule 25.
- (vii) On and from 1 April 2018, no contributions shall be made to the AVC Scheme other than where a transfer-in is made pursuant to Rule 36A.

(c) **AVC Accounts**

- (i) Upon a Member becoming an Additional Voluntary Contributor, the Management Trustees will open one or more AVC Accounts for him according to the choice which the Member made in his form of application under Rule 36(a) or, if the Management Trustees in their absolute discretion decide, such default AVC Account as the Management Trustees may prescribe from time to time. Any AVC Account open on 30 September 1986 shall be an SGF Account. After that date the Member may have one or more AVC Accounts according to the choice which the Member made in his form of application under Rule 36(a). The dates and amounts of contributions made by him under the AVC Scheme will be recorded in the appropriate AVC Account.

Any investment choice will apply equally to all contributions made to the AVC Scheme by or on behalf of the Additional Voluntary Contributor.

- (ii) (A) At the end of each AVC Scheme Year, each SGF Account shall be credited with interest at a rate equal to the average of the Relevant Interest Rates on the first business day of every calendar month of the said AVC Scheme Year upon the balance (if any) in such SGF Account at the commencement of the AVC

Scheme Year and proportionately (taking account of the complete months only) on the contributions recorded in such SGF Account during such AVC Scheme Year.

- (B) Where during an AVC Scheme Year part of an SGF Account has been switched to another AVC Account, at the end of the said AVC Scheme Year the SGF Account shall be credited with interest as provided in (A) above except that for this purpose only it shall be presumed that the day on which the switch was made was the AVC Account Closing Date and that the balance remaining in the SGF Account immediately after the switch was a single contribution made on the first day of the calendar month immediately before the switch occurred.
- (iii)
  - (A) Upon the AVC Account Closing Date of a person with an SGF Account, that SGF Account shall be credited with interest at a rate equal to the average of the Relevant Interest Rates on the first business day of every complete calendar month between the end of the preceding AVC Scheme Year and the AVC Account Closing Date upon the balance (if any) in such SGF Account at the commencement of the current AVC Scheme Year and proportionately on the contributions recorded in such SGF Account during such AVC Scheme Year.
  - (B) Where during the AVC Scheme Year in which the AVC Account Closing Date falls part of an SGF Account has been switched to another AVC Account, at the AVC Account Closing Date the SGF Account shall be credited with interest as provided in (A) above except that for this purpose only it shall be presumed that the day on which the switch was made was the AVC Account Closing Date and that the balance remaining in the SGF Account immediately after the switch was a single contribution made on the first day of the calendar month immediately before the switch occurred.
- (iv) Except as otherwise provided in Rules 36(c)(ii)(B) and (iii)(B), the amount of interest to be credited under Rules 36(c)(ii) and (iii) upon any contribution or balance shall be determined by assuming that:
  - (A) such contribution is made on the last day of the month in which it is received;

- (B) an AVC Account Closing Date falls on the first day of the month in which it actually falls; and
  - (C) such interest accrues at the rate of one-twelfth of the applicable yearly rate of interest for each whole month elapsed.
- (v) Where a Member has elected that all or part of his contributions to the AVC Scheme should be invested in an MPF Account, the amount of contributions paid into his MPF Account in each calendar month, less an Expense Charge, shall be applied on the first day of the next month in the allocation to his MPF Account of a number of units in the MPF calculated by dividing the amount available for allocation by the Mid-market Value on that day. Any reference in this Rule to a “**number of units**” shall include whole units and parts of a unit, if appropriate.
  - (vi) On 1 October 1986, the Mid-market Value of units in the MPF shall be £10 for each unit.
  - (vii) On the last day of October 1986 and of each subsequent calendar month, the Management Trustees shall recalculate the Mid-market Value of such units by dividing the assets of the MPF (valued in such manner as the Management Trustees shall consider appropriate) by the number of units in the MPF then in issue. The Mid-market Value so determined will govern any such allocation or cancellation taking place on any subsequent day prior to the day on which the next calculation of a Mid-market Value is made.
  - (viii) On the AVC Account Closing Date of a person with an MPF Account, that MPF Account will be closed and his Final Balance will be equal to the aggregate of:
    - (1) the amount obtained by multiplying the number of units allocated to his MPF Account by the Mid-market Value on the last day of the calendar month preceding the AVC Account Closing Date;
 

LESS
    - (2) an Expense Charge;
 

PLUS
    - (3) any contributions made by him to the MPF Account during the month in which the AVC Account Closing Date occurs.

- (ix) Subject as provided below, a Member may switch all or part of an AVC Account to another AVC Account (whether or not such other AVC Account has previously been opened for him) by delivering written notice to the Secretary. Any switch of part of an AVC Account shall be subject to such terms for determining the part which may be switched as the Management Trustees may from time to time determine. The switch will take effect from the 1st day of the calendar month which occurs after he has delivered the notice to the Secretary unless the period between the date of such delivery and such 1st day of the calendar month is less than the minimum notice period prescribed from time to time for this purpose by the Management Trustees, in which case the notice will take effect from the 1st day of the second calendar month which occurs after the date of such delivery. A person who is no longer a Member may switch between AVC Accounts established before 17 February 1998 (such facility to include later-established AVC Accounts at the Management Trustees' discretion) in the same way as a Member, but neither Members nor former Members may switch to an AVC Account with an external savings institution (as determined by the Management Trustees).
- (x) Where a person is switching from an MPF Account to another AVC Account, an amount equal to the total of:
- (1) the amount obtained by multiplying the Mid-market Value on the appropriate last day of a calendar month by the number of units in the MPF allocated to the MPF Account or such lesser number of units as he has chosen to switch;
- LESS
- (2) an Expense Charge;
- PLUS
- (3) if he is switching the whole MPF Account, any contributions made by him to the MPF Account during that calendar month;

shall be credited to the other AVC Account. Where the switch is to a new SGF Account, that total amount shall be treated as a single contribution to that SGF Account made on the last day of that calendar month. Where the switch is to an existing SGF Account, Rule 36(c)(ii) shall apply as if the day on which the switch was made was the AVC Account Closing Date and the balance in the SGF Account

immediately after the switch (including the total amount credited to the SGF Account in the switch) was a single contribution made on the first day of the calendar month immediately before the switch occurred. Where the switch is to any other AVC Account, the arrangements governing the terms of the switch will be as from time to time set out in the supplementary announcements, booklets or leaflets governing the operation of the relevant AVC Accounts.

- (xi) Where a person is switching from an SGF Account to an MPF Account, an amount equal to the balance in his SGF Account calculated as if the appropriate first day of a calendar month was his AVC Account Closing Date, or such lesser amount as he has chosen to switch, less an Expense Charge, shall be applied under Rule 36(c)(v) as if it was a contribution made on that last day of the preceding calendar month to an MPF Account opened for him (or if appropriate to his existing MPF Account). Where the switch is to any other AVC Account, the arrangements governing the terms of the switch will be as from time to time set out in the supplementary announcements, booklets or leaflets governing the operation of the relevant AVC Accounts.
- (xii) An Additional Voluntary Contributor with an AVC Account which was open on 30 September 1986 had the option, exercisable by notice in writing received by the Secretary before 6 September 1986 and in a form prescribed by the Management Trustees, to elect that his AVC Account should be switched from an SGF Account to an MPF Account with effect from 1 October 1986. Where such option was exercised, an amount equal to the balance in his SGF Account calculated as if 30 September 1986 was his AVC Account Closing Date, less an Expense Charge, shall be treated as having been applied on 1 October 1986 in the allocation to his AVC Account of a number of units in the MPF calculated by dividing the amount available for allocation by the Mid-market Value on 1 October 1986.

(d) **Benefits**

- (i) Before the Pension Commencement Date the Management Trustees may make arrangements with the Additional Voluntary Contributor for quotations to be obtained from one or more Approved Insurance Companies for the purchase by application of his AVC Account of an annuity payable for the remainder of the life of the Additional Voluntary Contributor and maintaining such options as may be available. Subject to the consent of the Principal Company, a similar quotation shall be made available to the Additional

Voluntary Contributor in respect of the payment of such an annuity out of the Fund.

- (ii) If an Additional Voluntary Contributor (not being an Additional Voluntary Contributor who has given notice under Rule 36(d)(iii)(B)) shall prior to his Pension Commencement Date and within the period stated in the relevant quotation for its acceptance give notice to the Secretary containing an acceptance of a quotation supplied to him under Rule 36(d)(i) (which acceptance shall not thereafter be revocable) the Management Trustees shall apply such Additional Voluntary Contributor's Final Balance (appropriately reduced if the Additional Voluntary Contributor shall have elected under Rule 36(d)(iii)(A)) in purchasing from the relevant Approved Insurance Company or in providing from the Fund (as the case may be) such annuity commencing on his Pension Commencement Date for the life of the Additional Voluntary Contributor as is determined from the relevant quotation and the acceptance thereof.
- (iii) An Additional Voluntary Contributor may also:
  - (A) in the notice under Rule 36(d)(ii) elect to commute to a lump sum a part (of any amount, subject to the overall limit in Rule 16(b)) of the annuity to which he would otherwise have been entitled under Rule 36(d)(ii); or
  - (B) if he shall not have given notice under Rule 36(d)(ii) elect by notice to the Secretary given within three months prior to his Pension Commencement Date to commute to a lump sum the whole (or such lesser part as is equal to the overall limit in Rule 16(b)) of the annuity to which if he had given notice under Rule 36(d)(ii) (but had not elected under Rule 36(d)(iii)(A)) he would have been entitled;

PROVIDED THAT any such election shall be revoked by the death of the Additional Voluntary Contributor before the date on which his pension would otherwise have commenced. The said lump sum shall be paid to the Additional Voluntary Contributor on his Pension Commencement Date and Rule 36(d)(ii) (where applicable) shall be read and applied as if his Final Balance were reduced by the amount of such lump sum.

In relation to a Member who first became an Additional Voluntary Contributor on or after 8 April 1987, this Rule 36(d)(iii) shall, subject to the consent of the Principal Company, apply to any additional benefits secured by

Voluntary Contributions including any Notional Voluntary Contributions and Employer AVCs which are paid by such a Member on or after the date of this Deed.

- (iv) In the case of an Additional Voluntary Contributor whose Pension Commencement Date has passed without notice having been given under Rule 36(d)(ii), and without any request for deferral of application of his Final Balance having been made under paragraph (e), the Management Trustees shall apply his Final Balance or such part thereof (if any) as remains after commutation under Rule 36(d)(iii)(B) in purchasing from such Approved Insurance Company as the Management Trustees may nominate or if the Management Trustees with the Principal Company's consent so determine in providing from the Fund an annuity increasing at 5% compound each year commencing on the Pension Commencement Date for the life of such Additional Voluntary Contributor.
- (v) If the Additional Voluntary Contributor dies before his Pension Commencement Date the Final Balance of such Additional Voluntary Contributor shall be paid out as death benefit or additional death benefit as permitted by Rule 24 in such manner as the Management Trustees in their absolute discretion think fit. If a former Additional Voluntary Contributor dies after his Pension Commencement Date payment of any death benefit under the AVC Scheme shall depend entirely on the terms of the relevant annuity payable under Rules 36(d)(ii) or (iv).
- (vi) Any benefit by way of annuity provided by an Approved Insurance Company under this Rule 36(d) shall be secured by a bond or policy issued by such Approved Insurance Company to the Additional Voluntary Contributor and upon the due issue of any such bond or policy all liability of the Management Trustees to or in respect of such Contributor under the AVC Scheme shall cease. Benefit by way of annuity provided by the Fund under this Rule shall be subject to the provisions of Rule 17(a).
- (vii) Where an Additional Voluntary Contributor's contributions are repaid to him pursuant to Rule 15 his Final Balance shall be paid to him less tax for which the Management Trustees are liable and which they are entitled to deduct therefrom.
- (viii) Any annuity payable under Rule 36(d) from the Fund shall be subject to the provisions of Rule 14.

(e) **Deferral of annuity purchase**

- (i) Notwithstanding Rule 36(d), an Additional Voluntary Contributor may by notice to the Secretary prior to the Pension Commencement Date elect either:
  - (A) to have the application of what would have been the whole of his Final Balance (had his Pension Commencement Date been his AVC Account Closing Date), or
  - (B) where he first became an Additional Voluntary Contributor before 8 April 1987 or, subject to the consent of the Principal Company, where he first became an Additional Voluntary Contributor on or after 8 April 1987, to have part of what would have been his Final Balance as aforesaid commuted to provide a lump sum (of any amount subject to the overall maximum in Rule 16(b)) payable at his Pension Commencement Date, and to have the application of the Final Balance (appropriately reduced by that part of it paid as a lump sum) deferred, thereby becoming an AVC Deferrer.
- (ii) Where the AVC Deferrer elects to defer the securing of an annuity in terms of Rule 36(e)(i)(A), the amounts credited to his AVC Accounts at Pension Commencement Date shall remain in such accounts. Where the AVC Deferrer elects to defer the securing of an annuity in terms of Rule 36(e)(i)(B), the amounts credited to his AVC Accounts at Pension Commencement Date shall be retained in or (as the case may be) switched to an EBF Account (whether an existing one or an EBF Account specially opened for this purpose). In either case, however, the AVC Deferrer may at any time after the expiry of one month from the Pension Commencement Date switch all or part of his AVC Accounts to one or more other AVC Accounts in accordance with Rule 36(c).
- (iii) If an AVC Deferrer dies after the Pension Commencement Date but before application of the Final Balance in securing an annuity, this Rule 36(e)(iii) shall apply. If the AVC Deferrer left a surviving spouse or Surviving Civil Partner, he or she may elect to receive an annuity (or an additional annuity) by application of the Final Balance. In the absence of such election, the Management Trustees may apply the Final Balance in securing such benefits for any surviving spouse or Surviving Civil Partner or Dependants as they may consider appropriate subject to which they shall pay the Final Balance (or the residue thereof after such application of part

of the Final Balance) to the deceased AVC Deferrer's personal representatives.

- (iv) Subject to Rule 36(e)(iii), for the purposes of finally applying the Final Balance, the provisions of Rule 36(d)(i) shall operate again, but by reference to the intended date of commencement of the annuity to be secured by application of the Final Balance ("the Annuity Start Date"), instead of by reference to the original Pension Commencement Date and subject to the AVC Deferrer being required to give such notice of the Annuity Start Date as the Management Trustees shall determine from time to time.
- (v) An AVC Deferrer may, before the Annuity Start Date, by notice to the Management Trustees elect to transfer his Final Balance or where he has elected to defer securing his benefit under Rule 36(e)(i)(B), the remainder of his Final Balance, to any other Registered Pension Scheme.
- (vi) The Management Trustees may discharge all their liability in respect of the Final Balance, or the remainder of the Final Balance, by transferring the Final Balance, or the remainder of the Final Balance, to the Registered Pension Scheme specified by the AVC Deferrer. The receipt of the person or persons who administer the Registered Pension Scheme shall be a complete discharge for the Management Trustees in respect of all such liability.

(f) **Independent transfer of an AVC Account**

The Management Trustees may, upon receiving a written request from an Additional Voluntary Contributor in such form as the Management Trustees shall prescribe, transfer an amount equal to all or part of the Additional Voluntary Contributor's Final Balance, without his FSS benefits or his BAMPS benefits, to any other Registered Pension Scheme.

The receipt of the person or persons who administer the Registered Pension Scheme to which the transfer payment is made shall be a complete discharge for the Management Trustees for their liability in respect of the Final Balance (or that part of the Final Balance) transferred.

(fa) **Pension advice allowance payments**

The Management Trustees may at their discretion agree to a request from a member with an AVC Account (or AVC Accounts) to pay from his AVC Account (or AVC Accounts) a pension advice allowance payment which meets the conditions for an authorised member payment set out in regulation 21 of the Registered Pension

Schemes (Authorised Payments) Regulations 2009. An equivalent amount will be deducted from the member's AVC Account (or AVC Accounts).

(g) **General**

Except where inconsistent therewith the AVC Rules shall be construed as one with the Rules.

- (h) For the purpose of Rules 36 (d), (e) and (f), any reference to an Additional Voluntary Contributor shall be deemed to include a Pensioner with an AVC Account that has not otherwise been applied in full in accordance with this Rule 36.

**36A Transfers-in to AVC Accounts**

- (a) Where an Employed Deferred's pension under Rule 15 comes into payment on or before 31 March 2023 (or, if the circumstances set out in the Transition Arrangements arise, such longer period as set out in the Transition Arrangements, or such longer period as the Principal Company and Management Trustees otherwise agree in writing), and that Employed Deferred satisfies the criteria set out in the Transition Arrangements, the Principal Company may direct the Management Trustees in writing to accept a transfer payment in respect of that Employed Deferred, subject to the other provisions of this Rule 36A.
- (b) The Management Trustees must not accept a transfer payment under this Rule 36A unless directed to do so by the Principal Company and the conditions in Rule 36A(c) are satisfied.
- (c) A transfer payment under Rule 36A(a):
- (i) can only be in respect of money purchase benefits (as defined at section 181 of the 1993 Act) from the transferring scheme;
  - (ii) must be a Recognised Transfer;
  - (iii) can only be made if the Employed Deferred has completed and delivered to the Secretary an application in such form as the Management Trustees may prescribe from time to time; and
  - (iv) will be allocated to such AVC Account in the name of the Employed Deferred that the Management Trustees in their absolute discretion may decide or to such other AVC Account as the Management Trustees may agree with the Principal Employer.

- (d) The Management Trustees may in their absolute discretion make changes to the AVC Accounts available from time to time (including investment options available) for the purposes of this Rule 36A.
- (e) The Management Trustees may rely on a determination or direction from the Principal Company and will have no liability to any person for acting in accordance with such a direction or a failure to act in the absence of a direction.
- (f) Notwithstanding any other provision of Rule 36 or this Rule 36A the Management Trustees may in their absolute discretion open or maintain an AVC Account for an Employed Deferred to give effect to this Rule 36A.

37

**Reference scheme requirements: FSS**

- (a) The Rules are deemed to include any mandatory provision that the Contracting-out Laws require to be incorporated in respect of benefits held within the Scheme which were accrued during a Member's or Pensioner's contracted-out employment in the period after 5 April 1997 up to and including 5 April 2016, and any optional provision that must under the Contracting-out Laws be incorporated in the Rules in order for the Trustees' administration of such benefits to comply with the Contracting-out Laws. This Rule shall override any other provisions of the Rules, but only to the extent (if any) to which such provisions are inconsistent with the provisions of this Rule.
- (aa) In respect of:
  - (i) any period of FSS Contributory Service after 5 April 1997 and before 1 October 2010, any pension provided under this Rule may be offset against any other pension payable to the same person under other provisions of the Rules which is attributable to that period; and
  - (ii) any period of FSS Contributory Service on or after 1 October 2010, any pension provided under this Rule may be offset against any other pension payable to the same person under other provisions of the Rules which is attributable to that period;

except (in either case) to the extent that such pension is attributable to payment of contributions including any Notional Voluntary Contributions and Employer AVCs to the AVC Scheme or to the exercise of an FSS Member's or FSS Pensioner's option under Rule 11 to provide for a pension for his or her surviving spouse or Surviving Civil Partner.

- (ab) no pension payable under this Rule shall affect the entitlements of Dependent Children or of any other persons to benefits under the Scheme other than the widows or widowers referred to below.
- (b) The provisions of this Rule shall apply to the widow or widower of an FSS Member or FSS Pensioner but only where there has been a period of FSS Contributory Service after 5 April 1997 during which either:
  - (i) contributions pursuant to Rule 6 were paid at less than the rate applicable for the provision of a survivor's pension so as to exclude the accrual of pension benefit in respect of the person's prospective widow or widower in relation to the period during which such contributions were paid at the lower rate; or
  - (ii) if (i) above does not apply, the FSS Contributory Service was completed as an Air Cabin Crew Employee in the FSS subsection known as NAPS 1.
- (c) Unless the Principal Company and the Management Trustees agree otherwise either generally or in any particular case, no such widows' or widowers' pensions shall be payable under this Rule in the circumstances prescribed by regulation 26 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 (or by any other statutory provision) as being circumstances in which widows' or widowers' pensions need not be payable for the purposes of satisfying the requirements for a reference scheme.
- (d) The widow or widower of a Member to whom this Rule applies shall be entitled to a pension of an annual rate equal to 1/180th of that Member's Average Qualifying Earnings multiplied by the number of years of FSS Contributory Service (additional completed months and odd days counting proportionately) which is contracted-out employment under the Scheme for the purposes of the 1993 Act completed after 5 April 1997;

PROVIDED THAT the period to be taken into account for this purpose shall be restricted so that the pension so calculated will not exceed one-quarter of such Average Qualifying Earnings and, in the case of a Member falling within Rule 37(b)(ii) above, shall only include the period of FSS Contributory Service in the description of membership mentioned in that paragraph.

- (e) The widow or widower of a Pensioner to whom this Rule applies shall be entitled to a pension calculated as in Rule 37(d) above and subject to the same proviso, but increased on a basis at least as favourable as a basis under which increases would be effected both in accordance with the requirements of Chapter II of Part IV of the 1993 Act in respect of any period during which the Pensioner's

pension was deferred, and also in line with any increases granted to the Pensioner's pension under Rule 17(c) in respect of the period between the date of commencement of the Pensioner's pension and the date of the Pensioner's death.

- (f) Any pension under this Rule shall be payable from the date of the death of the Member or (as the case may be) the Pensioner and for the avoidance of doubt shall be subject to increase from time to time in accordance with the provisions of Rule 17(c).
- (g) This Rule 37 shall apply in respect of a Surviving Civil Partner as if the words "Surviving Civil Partner" were substituted, on each occasion, for the words "widow or widower" and all related terms shall be construed accordingly.

38

#### **Reference scheme requirements: FSS - additional**

- (a) This Rule applies in respect of benefits held within the Scheme which were accrued during a Member's or Pensioner's contracted-out employment in relation to the period after 5 April 2007. For so long as the Rule does apply, it shall override any other provisions of the Rules, with the exception of Rule 37, but only to the extent (if any) to which such provisions are inconsistent with the provisions of this Rule.
- (b) Where this Rule applies, the benefits under the Scheme for certain Members whose employment is contracted-out by reference to the Scheme shall be modified as set out in a letter ("**the Modification Letter**") from the Principal Company to the Management Trustees.
- (c) The modifications shall be such as are required to enable the Scheme to satisfy the Contracting-out Laws and shall not have effect unless and until they have been certified as such by the Actuary.
- (d) Subject to Rule 38(f), any changes made to the modifications in the Modification Letter shall not have effect unless the Actuary has certified that those changes do not prevent the Scheme from satisfying the requirements of section 12A of the 1993 Act.
- (e) If the Actuary considers that any changes to the Modification Letter will have a material impact on the funding of the Scheme, he shall notify the Management Trustees and the Principal Company of any revisions to the Schedule of Contributions that he considers are necessary as a result of those changes.
- (f) If any changes are made to the Modification Letter as a result of any amendment of, or revisions to, any of the contracting-out legislation, those changes shall not have effect unless the Actuary has notified the Management Trustees that they satisfy the contracting-out legislation in its revised form.

**Guaranteed Minimum Pensions: FSS**

- (a) The provisions of this Rule shall apply if any employment becomes a contracted-out employment by reference to the Scheme and shall override any other provisions of the Rules, but only to the extent (if any) to which such other provisions are inconsistent with the provisions of this Rule and on the basis that earnings for any period of employment completed after 5 April 1997 shall not give rise to the attribution to or in respect of a Member of entitlement to a guaranteed minimum pension for the purposes of the 1993 Act;

PROVIDED THAT the provisions of this Rule shall not override the provisions of Rules 16(d) and 40(a);

FURTHER PROVIDED THAT the provisions of this Rule shall not apply to a BAMPS Member, Pensioner or BAMPS Account holder except in relation to any period of FSS Contributory Service attributable to FSS membership.

- (b) The Rules are deemed to include any mandatory provision that the Contracting-out Laws require to be incorporated in respect of benefits held within the Scheme which were accrued during a Member's contracted-out employment, and any optional provision that must under the Contracting-out Laws be incorporated in the Rules in order for the Trustees' administration of such benefits to comply with the Contracting-out Laws.
- (c) Except as provided below in respect of Members who cease to be in contracted-out employment at 6 April 2016, in the event of any Member ceasing to be in contracted-out employment by reference to the Scheme before attainment of pensionable age the guaranteed minimum pension appropriate to him under the Scheme on his attainment of pensionable age or immediately prior to his earlier death shall be calculated on the basis that the guaranteed minimum pension which has accrued up to such cessation shall be increased by whichever of the following methods of increase shall with the consent of the Principal Company have been adopted by the Management Trustees by resolution in writing and notified by them to HMRC Pension Schemes Services as being the method of increase which is to apply under the Scheme in respect of all Members ceasing to be in contracted-out employment by reference to the Scheme before attainment of pensionable age; namely:
- (A) increase for each complete fiscal year in the period from the end of the fiscal year in which the Member ceased to be in contracted-out employment by reference to the Scheme up to the end of the last complete fiscal year before his attainment of pensionable age or his earlier death by such amount as shall have been prescribed in regulations made under section

16(2) and section 16(3) of the 1993 Act as being relevant to the date of such cessation;

(B) in relation only to a period of contracted-out employment ceasing on or before 5 April 1997, increase:

- (i) by 5%. compound for each complete fiscal year in the period specified in Rule 39(c)(A); or
- (ii) in accordance with the last order made under section 148 of the Social Security Administration Act 1992 to come into force in the period specified in Rule 39(c)(A);

whichever produces the smaller increase;

(C) increase by the method described in Rule 39(c)(B)(ii);

PROVIDED THAT the Management Trustees may with the consent of the Principal Company by resolution in writing substitute for any method of increase adopted pursuant to the provisions of this Rule 39(c) in respect of all Members who after the date of such resolution cease to be in contracted-out employment by reference to the Scheme before attainment of pensionable age, either of the other methods of increase described in this Rule 39(c) and any such substitution shall be notified by the Management Trustees to HM National Insurance Services to Pensions Industry;

AND PROVIDED FURTHER THAT in relation to Members who cease to be in contracted-out employment at 6 April 2016, Rule 39(c)(C) above will apply until such time as the Member ceases to be in FSS Contributory Service (including upon death), or until pensionable age, if earlier (and for this purpose only, the relevant order applied under Rule 39(c)(C) will be the last such order which comes into force before the end of the tax year in which the Member ceases to be in FSS Contributory Service, or reaches pensionable age, if earlier). In relation to any period after the date on which the Member ceases to be in FSS Contributory Service and before pensionable age or death (if earlier), the Management Trustees may with the consent of the Principal Company by resolution in writing substitute either Rule 39(c)(A) or (C) as the method of increase. The Management Trustees may with the consent of the Principal Company by resolution in writing substitute for any method of increase adopted under this Rule 39(c) and currently being used, the other method of increase under this Rule 39(c) for all relevant Members who after the date of such resolution cease to be in FSS Contributory Service;

- (d) The guaranteed minimum pensions referred to in this Rule shall, insofar as they are attributable to earnings in the tax years from 1988/89 onwards, be increased in accordance with the requirements of section 109 of the 1993 Act and to the extent of any orders made thereunder.

40

#### **Incapacity of beneficiary**

- (a) In the event of any beneficiary under the Scheme being in the opinion of the Management Trustees unable to act by reason of mental disorder or otherwise the Management Trustees may either themselves apply any benefit arising under the Schemes in respect of such beneficiary (or any part thereof) for the benefit of such beneficiary, or pay the same to such other person as they think fit for the benefit of such beneficiary and the receipt of such other person for any payments so made shall be a full discharge to the Management Trustees.
- (b) Notwithstanding any other provision of the Rules, any Member or Pensioner who in the opinion of the Management Trustees is unable to act by reason of mental disorder or otherwise may be deemed by the Management Trustees to have exercised any option becoming available to him under the Rules if the Management Trustees consider such action would be appropriate having regard to the circumstances.

41

#### **Benefits non-assignable**

- (a) Subject to Rule 41A, neither pensions nor other benefits under the Scheme may be assigned or borrowed against and any purported assignment thereof or charge thereon (whether made before or after the Member or Pensioner in respect of whom the same are payable became a Member) shall not be recognised by the Management Trustees PROVIDED THAT this Rule 41 does not prevent the making or implementation of any order or provision described in section 28(1) of the 1999 Act, or of an earmarking order as described in section 24 of the 1999 Act, and the Management Trustees' power under Rule 41(b) to treat a pension or benefit as forfeited does not apply in relation to any such order or provision.
- (b) In the event of any such purported assignment or charge or prior to 6 April 2002 if the beneficiary (being the Member or Pensioner or other person otherwise, but for this Rule, entitled to the pension or benefit) shall at any time prior to 6 April 2002 (whether before or after the Member or Pensioner in respect of whom the same is payable became a Member) have been adjudicated bankrupt or have made a composition with creditors:
  - (i) in the case of bankruptcy prior to 6 April 2002, the pension or other benefit to which the Member or Pensioner or other

person would otherwise, but for this Rule, be entitled shall automatically be forfeited; and

- (ii) in any other case the Management Trustees shall be at liberty to determine that the pension or other benefit shall be treated as forfeited in whole or in part,

but the Management Trustees may in any such case (excluding bankruptcy on or after 6 April 2002) apply the same on a discretionary basis in whole or in part for the benefit of any one or more of the following persons viz:

- (A) the beneficiary;
  - (B) the spouse, Civil Partner, Surviving Civil Partner, widow or widower of the beneficiary;
  - (C) any child of the beneficiary; and
  - (D) any person who is or was immediately before the death of the beneficiary in any way dependent on the beneficiary.
- (c) The provisions of this Rule shall not, however, operate to prevent the Management Trustees from complying with any option exercised under Rule 11, or with any order requiring re-direction of all or part of any pension or other benefit made by a United Kingdom court which the Management Trustees are reasonably satisfied has relevant jurisdiction (whether for the purposes of the Attachment of Earnings Act 1971, section 310 of the Insolvency Act 1986 (Income payments orders) or otherwise) in connection with such order, or with any arrangement or agreement which the Management Trustees are reasonably satisfied that they are required to comply with from time to time. Any other provisions under the Trust Deed or Rules governing the provision of pensions or other benefits under the Scheme shall be read and construed subject to the provisions of this Rule 41.

PROVIDED THAT this Rule 41 shall not operate to cause the forfeiture of any entitlement under Rule 39 and the assignment of such an entitlement shall be permitted in the circumstances referred to in section 159(2) of the 1993 Act.

- (d) Unless and until the Management Trustees receive written notice of any of the events referred to in this Rule and such evidence of that event as they reasonably require, the Management Trustees may act on the assumption that no such event has occurred and shall not be liable or accountable to anyone for doing so.
- (e) This Rule will apply to Scotland with the relevant terms interpreted as appropriate.

41A            **Forfeiture of pension**

The Management Trustees may decide that any part of a benefit payable or prospectively payable to a Member's or Pensioner's surviving spouse, Surviving Civil Partner, Pensionable Dependant, Dependant or Dependent Child will be forfeited or cease to be payable if that person is convicted of the offence of murder of that Member or Pensioner (as appropriate) where permitted by Regulation 6(1)(a) of the Occupational Pension Schemes (Assignment, Forfeiture, Bankruptcy etc) Regulations 1997 PROVIDED THAT this Rule 41A shall not operate to cause the forfeiture of any entitlement under Rule 39.

42            **Transfer to FSS from APS on 1 July 1984**

The provisions of Appendix 1 shall apply to members of APS on 30 June 1984 who apply to transfer their membership from APS to the Scheme and who are admitted by the Management Trustees to membership of the Scheme with effect from the 1 July 1984 at the request of the Principal Company.

43            **Transfer from the British Caledonian Scheme**

- (a)        This Rule shall apply on the acceptance by the Management Trustees of certain assets of the British Caledonian Group Pension and Life Assurance Scheme ("**the British Caledonian Scheme**") as a transfer payment to the Scheme.
- (b)        Where the Management Trustees have agreed with the Trustees of the British Caledonian Scheme that the Management Trustees will meet fees, costs, charges or expenses of the British Caledonian Scheme or will discharge the duty of the Trustees of the British Caledonian Scheme to use the cash equivalent of a Member of that Scheme in accordance with the requirements of the 1993 Act, the Management Trustees shall meet those fees, costs, charges or expenses or provide that cash equivalent out of the transfer payment.
- (c)        Where a member of the British Caledonian Scheme becomes a contributing Member of the Scheme with effect from a date after 31 December 1987 but on or before 31 October 1988 (or such later date as the Principal Company and the Management Trustees may agree in writing) the Management Trustees shall offer that Member the following choice which the Member must make in writing to be received by the Secretary on or before 31 October 1988 (or such later date as the Principal Company and the Management Trustees may agree in writing):
  - (i)        the Member shall be provided with additional benefits under the Scheme in the form of additional years of FSS Contributory Service which the Actuaries to the Scheme and to the British Caledonian Scheme have agreed are fair and

reasonable having regard to the benefits the Member would otherwise have received under the British Caledonian Scheme; or

- (ii) the Member shall be entitled to additional benefits under the Scheme equal to the benefits he was entitled to under the Rules of the British Caledonian Scheme on the basis that he withdrew from Service (as defined in those Rules) immediately before the date on which he became a Member and then became entitled to a deferred pension under Rule 12(B) of those Rules.

The Member shall be provided through the Scheme with benefits in accordance with whichever of options (i) or (ii) he elects on or before 31 October 1988 (or such later date as the Principal Company and the Management Trustees may agree in writing). If he fails to make any election, he shall be deemed to have elected option (ii).

- (d) In the case of any beneficiary of the British Caledonian Scheme to whom the transfer payment relates but who does not become a contributing Member of the Scheme with effect from a date after 31 December 1987 but on or before 31 October 1988 (or such later date as the Principal Company and the Management Trustees may agree in writing) benefits shall be provided for and in respect of that beneficiary equal to the benefits to which that beneficiary was entitled or prospectively entitled under the Rules of the British Caledonian Scheme assuming, if that beneficiary was in Service (as defined in those Rules) on 31 October 1988 (or such later date as the Principal Company and the Management Trustees may agree in writing), that he had withdrawn from such Service at midnight on that date (or on the later day on which he ceased to be a contributing Member of the British Caledonian Scheme) and then became entitled to a deferred pension under Rule 12(B) of those Rules.
- (e) To the extent relevant, the provisos to Rule 30 shall apply to the transfer payment from the British Caledonian Scheme referred to in this Rule.
- (f) Where a member of the British Caledonian Scheme who becomes a contributing Member of the Scheme was making additional voluntary contributions to the British Caledonian Scheme, the Management Trustees may make arrangements for that Member to continue making such additional voluntary contributions up to (but not including) 1 April 2018 on the same terms and conditions as applied under the British Caledonian Scheme and such voluntary contributions and the benefits derived from them shall then be treated as voluntary contributions and benefits of the Member under the Scheme.

The Management Trustees may arrange with the Trustees of the British Caledonian Scheme that any policy or policies securing member's additional voluntary contributions under the British Caledonian Scheme (or the surrender values of those policies) shall be transferred to the Scheme on the basis that they will be held by the Management Trustees upon trust to provide benefits for the Members or former Members who made those voluntary contributions.

- (g) The Management Trustees may agree with the Trustees of the British Caledonian Scheme that the transfer payment from the British Caledonian Scheme shall be accepted on such terms and conditions not previously mentioned but consistent with the earlier provisions of this Rule, as the Management Trustees shall think fit.
- (h) Without prejudice to Rule 43(g) above, on the death on or after 14 May 1997 of a beneficiary who was a former member of the British Caledonian Scheme to whom the transfer payment under Rule 43(a) related ("**BCal Transferees**"), who did not become a contributing Member of the Scheme and where no surviving spouse's or Surviving Civil Partner's pension becomes payable, the Scheme will provide a pension for a person who would have qualified as a Pensionable Dependant of such beneficiary had such beneficiary been an FSS Pensioner who had been a Higher Rate Contributor. On the death of a BCal Transferee who did become a contributing Member of the Scheme, benefits attributable to the transfer will similarly give rise to qualification for a Pensionable Dependant's pension. The pension payable to any such deemed Pensionable Dependant will be equal to, and will be subject to the same terms and conditions applying to, the surviving spouse's or Surviving Civil Partner's pensions which would otherwise have been payable in respect of membership of the British Caledonian Scheme but may be divided between Pensionable Dependents (if more than one) in such manner as the Management Trustees may decide. The pension will similarly be subject to cancellation or reduction in order to ensure that when aggregated with any children's annuities payable in respect of membership of the British Caledonian Scheme, the maximum approvable benefits which the Scheme could have provided before 6 April 2006 under the requirements of the Commissioners of HM Revenue and Customs will not be exceeded, even though those requirements no longer apply to the Scheme.
- (i) The provisions of Rule 15(d)(iv) will apply to:
  - (i) the additional benefits provided under Rule 43(c)(i) and (ii) above in relation to a person who was a Member of the British Caledonian Scheme and who became a contributing Member of the Scheme under such Rule 43(c); and
  - (ii) the benefits provided under Rule 43(d) above in relation to a person who was a beneficiary of the British Caledonian Scheme and

who did not become a contributing Member of the Scheme under Rule 43(c) above.

44

### **Merger of Dan-Air Aircrew Scheme and Dan-Air Groundstaff Scheme with the Scheme**

- (a) The following definitions apply for the purposes of Rules 44 and 45 only:

**Dan-Air Active Member:** means a person who immediately before 1 April 1994 was a contributing member either of the Dan-Air Aircrew Scheme or of the Dan-Air Groundstaff Scheme (including for this purpose a Dan-Air PHI Member).

**Dan-Air Aircrew Scheme:** means the Dan-Air Services Limited Pension and Life Assurance Scheme for Aircrew.

**Dan-Air Benefits:** means in relation to Dan-Air Transferees the benefits and guarantees to which immediately before 1 April 1994 the Dan-Air Transferees were then or prospectively entitled under the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (or which were otherwise prospectively applicable to them and which arose from membership of either of those schemes). Dan-Air Benefits will be as notified to the Management Trustees immediately before 1 April 1994 by the respective trustees of the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme, the Dan-Air Benefits of Dan-Air Active Members being calculated on the assumption that they had left pensionable service under the relevant scheme immediately before 1 April 1994. Subject as provided below in this Rule 44, Dan-Air Benefits will be payable in accordance with the terms of the trust deeds and rules of the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (as applicable) as validly modified by the terms of any augmentations, announcements, booklets or practices notified to the Management Trustees before 1 April 1994. On the death on or after 14 May 1997 of a Dan-Air Deferred Pensioner or Dan-Air Pensioner where no surviving spouse's or Surviving Civil Partner's pension becomes payable, Dan-Air Benefits are extended by the provision of a pension for a person who would have qualified as a Pensionable Dependant of such Dan-Air Deferred Pensioner or Dan-Air Pensioner had such Dan-Air Deferred Pensioner or Dan-Air Pensioner been an FSS Pensioner who had been a Higher Rate Contributor. Where any Dan-Air Active Member has retained his entitlement to Dan-Air Benefits in relation to pensionable service completed or credited under the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme, such pensionable service shall similarly give rise to contingent entitlement to a pension for a person who would have qualified as a Pensionable Dependant. The pension payable to any such deemed Pensionable Dependant will be equal to, and will be subject to the same terms and conditions applying to, the surviving

spouse's or Surviving Civil Partner's pension which would otherwise have been payable as Dan-Air Benefits, but may be divided between Pensionable Dependants (if more than one) in such manner as the Management Trustees may decide. The pension will be subject to cancellation or reduction in order to ensure that when aggregated with any orphans' pensions payable as a Dan-Air Benefit, the maximum approvable benefits which the Scheme could have provided before 6 April 2006 under the requirements of the Commissioners of H M Revenue & Customs will not be exceeded, even though those requirements no longer apply to the Scheme.

**Dan-Air Deferred Pensioner:** means a person who immediately before 1 April 1994 was entitled to a deferred pension (payment of which had not commenced) under either the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme.

**Dan-Air Groundstaff Scheme:** means the Davies & Newman Holdings PLC Pension and Life Assurance Scheme.

**Dan-Air Pensioner:** means a person who immediately before 1 April 1994 was in receipt of a pension under either of the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme.

**Dan-Air PHI Member:** means a person who immediately before 1 April 1994 was in receipt of benefits under a PHI scheme operated by a participating employer under either the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme and who for the purposes of such scheme was being treated as in pensionable service.

**Dan-Air Transferees:** means collectively the Dan-Air Active Members, Dan-Air Deferred Pensioners and Dan-Air Pensioners and those claiming under each of those classes.

- (b) This Rule (which only takes effect with the written consent of British Airways (European Operations at Gatwick) Limited (Reg. No. 519,947) and which operates independently from Rule 30) reflects the terms on which the Management Trustees agree with the trustees of the Dan-Air Aircrew Scheme and the trustees of the Dan-Air Groundstaff Scheme respectively to accept liability for the provision of Dan-Air Benefits under the Scheme.
- (c) Upon the transfer to the Management Trustees with effect on and from 1 April 1994 of the assets of the Dan-Air Aircrew Scheme and the Dan-Air Groundstaff Scheme, the Management Trustees will provide:
  - (i) Dan-Air Benefits under the Scheme for and in respect of Dan-Air Deferred Pensioners and Dan-Air Pensioners; and
  - (ii) Dan-Air Benefits for and in respect of Dan-Air Active Members in relation to pensionable service completed or

credited under the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (as applicable). Dan-Air Active Members who become contributing FSS Members of the Scheme on 1 April 1994 may, however, elect to be provided in lieu of Dan-Air Benefits with additional benefits under the Scheme in the form of additional years of FSS Contributory Service on a basis agreed between the Actuary to the Scheme and the actuaries to the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (as applicable). Such election must be made by notice in writing to be received by the Secretary on or before 14 March 1994 (or such later date as the Principal Company and the Management Trustees may agree in writing). Any Dan-Air Active Member who fails to make such an election will retain his Dan-Air Benefits.

- (d) Where a Dan-Air Deferred Pensioner or a Dan-Air Active Member has before 1 April 1994 exercised his right to request the trustees of either the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme for the application of his benefits in the form of a Cash Equivalent, but such trustees have not complied fully with such request before 1 April 1994 and the Dan-Air Transferee has not cancelled his request, the Management Trustees will themselves assume responsibility for complying with such request.
- (e) Where the Management Trustees have been notified by the trustees of either the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme that any fees, costs, charges or expenses under such scheme have been properly incurred in relation to the period up to 1 April 1994, the Management Trustees will themselves meet such fees, costs, charges or expenses out of the assets transferred from the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (as appropriate). The Management Trustees will have power to make such further arrangements with the trustees of the Dan-Air Aircrew Scheme and the Dan-Air Groundstaff Scheme in relation to the payment of reasonable fees, costs, charges or expenses properly incurred with the prior approval of the Management Trustees in connection with the transfer of assets and liabilities from such schemes as they may consider appropriate. The Management Trustees will also meet the cost of providing final audited accounts for the Dan-Air Aircrew Scheme and the Dan-Air Groundstaff Scheme in respect of the relevant period preceding 1 April 1994 out of the assets transferred from such schemes.
- (f) In relation to any Dan-Air Active Member who becomes a contributing member of the Scheme and who was making additional voluntary contributions to the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme immediately before 1 April 1994, the terms of Rule 43(f) will apply as if references to the British Caledonian Scheme were references to the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (as applicable).

- (g) A Dan-Air PHI Member will be treated as an Employee for the purposes of Rule 2 as in force from time to time up to 1 April 2018. For so long as contributions to the Scheme are being provided in respect of him by the PHI scheme he will be deemed to be an FSS Member and:
  - (i) his Pay will be equal to the pensionable salary applicable to him under the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (as applicable) on the date immediately before the commencement of benefits under the PHI scheme (subject to any increase applicable to that pensionable salary in accordance with the rules of the Dan-Air Aircrew Scheme or of the Dan-Air Groundstaff Scheme as applicable to him at that date); and
  - (ii) if his Pay will be subject to increase as described in Rule 44(g)(i) above, his Pay for Contribution Purposes will be calculated in accordance with Rule 7(a) without modification, but if his Pay is not subject to such increase Rule 7(a) will be modified for the purposes of determining his Pay for Contribution Purposes so that the deduction from his Pay in respect of the Lower Earnings Limit will be fixed at the rate applicable on 1 April 1994; and
  - (iii) the proviso to Rule 9(a) will not be applicable to him.

The Dan-Air PHI Member will be deemed to leave FSS Contributory Service on the date on which benefits under the PHI scheme cease to be payable in respect of him (unless he immediately thereupon returns to full-time employment with a Participating Employer).

- (h) To the extent relevant, the provisos to Rule 30 will be deemed to apply to this Rule as if references to the Transferee were references to the Dan-Air Transferee and references to the transferring scheme were references to the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (as applicable).
- (i) The provisions of Rule 17(c) will apply to Dan-Air Benefits only to the extent that the terms of the trust deeds and rules of the Dan-Air Aircrew Scheme or of the Dan-Air Groundstaff Scheme (or of any announcements relating to such schemes) so specify. The increases applicable to Dan-Air Benefits will otherwise be governed by such other terms applicable to those benefits immediately before 1 April 1994 as may be notified to the Management Trustees by the trustees of the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme (as applicable).

- (j) Rule 41 shall apply to Dan-Air Benefits as it applies to other benefits payable under the Scheme in substitution for any terms of the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme previously governing the assignment or charge of benefits but so that the reference to any entitlement under Rule 39 shall be construed as a reference to any corresponding benefit attributable to contracting-out which forms all or part of the relevant Dan-Air Benefits.
- (k) Subject to the agreement of the Management Trustees, any Dan-Air Deferred Pensioner or Dan-Air Active Member who is not in Service may, if he has given not less than one month's notice in writing to the Management Trustees before Normal Retirement Age, have the commencement of his Dan-Air Benefits deferred until a later date (which must be no later than his 75th birthday).

If a Dan-Air Deferred Pensioner or Dan-Air Active Member so defers commencement of his Dan-Air Benefits the amount payable shall be the Actuarial Equivalent of such deferred Dan-Air Benefits taking account of the period of deferment beyond "normal retirement age" (or other equivalent term) as set out in the rules of the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme as relevant.

45

### **Special transfers from Dan-Air Money Purchase Scheme**

- (a) At any date on or after Rule 44 has taken effect, the Management Trustees may accept a transfer or assignment of cash or assets from The Davies & Newman Cabin Staff Money Purchase Scheme ("**the Dan-Air Money Purchase Scheme**") in respect of any person ("**the Dan-Air Money Purchase Transferee**") who by virtue of his membership thereof has an entitlement to benefits under the Dan-Air Money Purchase Scheme, notwithstanding the fact that the Dan-Air Money Purchase Transferee does not become a Member for the purposes of the operation of Rule 30. Any such cash or assets so transferred will be credited to a BAMPS Account to be designated in respect of the Dan-Air Money Purchase Transferee who will thereupon be treated as a BAMPS Accountholder (notwithstanding the fact that he has not previously been a BAMPS Member). To the extent relevant, the provisos to Rule 30 will be deemed to apply to this Rule as if references to the Transferee were references to the Dan-Air Money Purchase Transferee.

### **Rules 43 to 45: Supplemental**

- (1) Paragraphs (2) to (4) apply in relation to any pension to which a beneficiary of the British Caledonian Scheme, the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme is entitled and which is payable in accordance with the trust deed and rules of, as the case may be, the British Caledonian Scheme, the Dan-Air Aircrew Scheme or the Dan-Air Groundstaff Scheme ("**the Three Schemes**").

- (2) A beneficiary may commute the whole or part of his pension for a lump sum payable when the Member becomes entitled to a pension.
- (3) The amount of pension to be commuted to provide a particular cash sum shall be the Actuarial Equivalent thereof.
- (4) Subject to any restrictions determined by the Management Trustees, the beneficiary may choose a lump sum of any amount up to the maximum permitted as a Pension Commencement Lump Sum.
- (5) The provisions of Rules 43 to 45 are subject to Rule 8, which applies to them as well as to the other provisions of the Three Schemes.

46

#### **Merger of British Airways Associated Companies Pension Scheme with the Scheme**

- (a) The following definitions apply for the purposes of this Rule 46 only:

**BAACPS:** means the British Airways Associated Companies Pension Scheme;

**BAACPS Benefits:** means the benefits to which immediately before the BAACPS Transfer Date BAACPS Pensioners and BAACPS Deferred Pensioners were then or prospectively entitled under BAACPS (or which were otherwise applicable in respect of them) as notified to the Management Trustees by or on behalf of the trustees of BAACPS as at the BAACPS Transfer Date;

**BAACPS Deferred Pensioner:** means a person who immediately before the BAACPS Transfer Date was entitled to a deferred pension under BAACPS;

**BAACPS Pensioner:** means a person who immediately before the BAACPS Transfer Date was entitled to a pension in payment under BAACPS;

**BAACPS Transfer Date:** means such date as the Management Trustees may agree with the trustees of BAACPS as the effective date as from which BAACPS shall be merged into the Scheme.

- (b) This Rule reflects the terms on which the Management Trustees have agreed with the trustees of BAACPS to accept liability for the provision of BAACPS benefits under the Scheme.
- (c) With effect on and from the BAACPS Transfer Date the Management Trustees will provide BAACPS Benefits under the Scheme, such benefits being otherwise payable in accordance with and subject in all respects to the provisions of the Scheme except that the provisions of Rule 17(c) will not apply to BAACPS Benefits

and instead annual increases will be granted on such BAACPS Benefits only to such extent as would have been applicable had the benefits continued to be payable under BAACPS (including any increases payable for compliance with statutory provisions) or as may otherwise be granted as discretionary benefits under Rule 35.

47

## **BAMPS**

### **(a) BAMPS Account**

- (i) For the purposes of calculating a BAMPS Member's or BAMPS Accountholder's benefits under BAMPS, each BAMPS Member or BAMPS Accountholder shall be deemed to have a designated BAMPS Account. The calculation of a BAMPS Member's or BAMPS Accountholder's benefits by reference to his BAMPS Account affects only the calculation of his benefits and does not give the BAMPS Member or BAMPS Accountholder any right to any particular assets within the Fund. Each BAMPS Member's or BAMPS Accountholder's rights to any benefits under BAMPS exists against all of the Principal Assets of the Fund, but no BAMPS Member nor BAMPS Accountholder and no person claiming through him has any right or interest in any assets of the Fund in respect of BAMPS Contribution attributable to his BAMPS membership paid or credited by or in respect of him beyond the amount which is equal to the notional amount standing to the credit of his BAMPS Account. BAMPS was closed to further accrual of benefits on 30 September 2012.
- (ii) The BAMPS Account of a BAMPS Member or BAMPS Accountholder shall at any time consist of an amount equal to the aggregate of:
  - (1) Member's BAMPS Contributions (including for the avoidance of doubt, Notional Contributions) paid under Rule 6(a);
  - (2) a credit ("**Employer's BAMPS Contributions**") which matches the level of Member's BAMPS Contributions and is treated as being credited to the BAMPS Account at the same time as the corresponding Member's BAMPS Contributions, the level of such Employer's BAMPS Contributions being such amount as the Participating Employer agrees with the Principal Company subject to a maximum of 8% of the BAMPS Member's Pay for Contribution Purposes;
  - (3) any transfer payment received by the Management Trustees on his behalf in accordance with Rule 30;

- (4) any Transfer Credit made under Rule 47(a)(ii);
  - (5) any BAMPS Credit made under Rule 47(a)(iii) below;
  - (6) any amount credited to the BAMPS Account pursuant to Rule 35(iv);
  - (7) less any amount paid as a pension advice allowance payment under Rule 47(b)(vii) below.
- (iii) Each BAMPS Account shall be credited with interest (“BAMPS Credit”) on a calendar monthly basis. The amount of interest shall be calculated by reference to the amount standing to the credit of the BAMPS Account at the beginning of the relevant calendar month and held throughout that calendar month (BAMPS Contributions being treated as credited to the BAMPS Account on the last day of the calendar month in which they are actually paid, and any Transfer Credit made or transfer payment received in accordance with Rule 30 being likewise deemed to be made or received on the last day of the calendar month in which the Management Trustees receive a BAMPS Member’s request under Rule 47(b)(ii) or the transfer payment is received in accordance with Rule 30, as appropriate).
- (iv) BAMPS Credit shall consist of two components, the Guarantee Component and the Bonus Component, calculated as follows:
- (1) The Guarantee Component shall be such amount of interest as the Management Trustees determine to be equal to the amount which, in their estimation, would have been earned during the relevant calendar month (or part thereof as applicable) had the amount standing to the credit of the BAMPS Account (determined as above) been earning interest during that month using the following applicable index or rate:
    - (a) for any such calendar month (or part thereof as applicable) within the period up to and including 31 January 2015, at the average rate applicable during that month on a seven-days’ notice local authority deposit account;
    - (b) for any such calendar month (or part thereof as applicable) within the period with effect on and from 1 February 2015 to 31 March 2016 inclusive, at the average of the annualised

interest rates published daily for the seven day London Interbank Offered Rate during that calendar month and Rule 47(a)(iv)(3) applies; and

- (c) for any such calendar month (or part thereof as applicable) with effect on and from 1 April 2016, the return (expressed as a percentage rate) on the Sterling Overnight Index Average during that calendar month (or part thereof as applicable), or any other index which from time to time the Management Trustees, with the Principal Company's consent, consider is appropriate having taken suitable advice. Where such return (during a given calendar month (or part thereof as applicable)) is less than zero, the amount of interest in relation to the Guarantee Component to be credited to the BAMPS Account as above shall be zero.
- (2) The The Bonus Component for any period commencing on or after 1 April 2019 shall be calculated by reference to the rate of interest which the Management Trustees deem it appropriate to award, having taken suitable advice.

Where such rate is less than zero, the amount of interest in relation to the Bonus Component to be credited to the BAMPS Account shall be zero.

The Management Trustees may appoint British Airways Pension Investment Management Limited or another suitable third party to calculate the Bonus Component in accordance with the Actuary's instructions from time to time. The Management Trustees may rely on the figures advised to them by British Airways Pension Investment Management Limited or such other suitable third party.

- (3) Where this Rule 47(a)(iv)(3) applies, the amount of interest (in relation to the Guarantee Component up to and including 31 March 2016) to be credited to the BAMPS Account as above shall be 1/12th of the rate calculated by reference to the amount standing to the credit of the BAMPS Account (determined as above) pro-rated as appropriate for part months.

The Management Trustees may appoint a suitable third party to confirm the percentage rate of return on the Sterling Overnight Index Average (or such other index which from

time to time the Management Trustees, with the Principal Company's consent, consider is appropriate having taken suitable advice) for the Guarantee Component. The Management Trustees may rely upon the relevant rate advised to them by the appointed third party.

(v) On the happening of any of the following events in relation to a BAMPS Member or BAMPS Accountholder:

- (1) securing a BAMPS Pension under Rules 9(e) or (g);
- (2) the death of the BAMPS Member or BAMPS Accountholder;
- (3) purchase of a policy or policies under Clause 22(k) of the Trust Deed, Rules 9(f), 15(d)(i), (ii) or (viii) or 32;
- (4) making a transfer to another Registered Pension Scheme under Clause 22(k) of the Trust Deed or Rule 31; or
- (5) allocating a transfer value to FSS in respect of a BAMPS Accountholder under Rule 47(b)(ii)(2);

the balance (if any) in a BAMPS Member's or BAMPS Accountholder's BAMPS Account shall be credited with BAMPS Credit in the normal way plus a BAMPS Credit (comprising a Guarantee Component only and not a Bonus Component) in respect of the relevant part-calendar-month up to and inclusive of the date of the relevant event, interest being calculated as the appropriate proportion of the interest for the complete calendar month on the basis that each day is deemed to be 1/number of days in the month in which the AVC Account Closing Date falls (or 1/365.25th of a year prior to 1 April 2019), the relevant aggregate rate of interest being that applicable to the previous month).

(vi) The payment of any costs, charges and expenses incurred in the administration and management of the Scheme shall be governed by Clause 17 of the Trust Deed and no deduction shall be made out of a BAMPS Account in respect of any cost charges or expenses incurred in administering BAMPS.

(vii) The Management Trustees may at their discretion agree to a request from a BAMPS Member or a BAMPS Accountholder to pay from his BAMPS Account a pension advice allowance payment which meets the conditions for an authorised member payment set out in regulation 21 of the

**(b) Switching and consequential transfers between FSS and BAMPS**

- (i) A Member may elect before Normal Retirement Age, while remaining in Service, to switch between BAMPS and FSS, on giving one complete calendar month's notice in writing to the Management Trustees. The switch shall be made at the discretion of the Management Trustees upon such (if any) terms as to timing and frequency as they may think fit to impose. Where a switch is to be made:
- (1) (in the case of an FSS Member) he shall stop contributing as an FSS Member and shall join BAMPS; or
  - (2) (in the case of a BAMPS Member) he shall stop making Member's BAMPS Contributions and shall join FSS.

On making the switch under (1) or (2) above, he shall be deemed to be entitled to benefit under Rule 15 in respect of his FSS Contributory Service or BAMPS Contributory Service (as the case may be) as if he had left Service (except that he shall not be entitled to a refund of contributions, if otherwise applicable to him, for so long as he remains in Qualifying Service, and the refund will then only be available to him if he has less than two years' Qualifying Service).

- (ii) Where the Management Trustees accept a Member's election to switch under (i) above and the switch is made he may request that the Management Trustees allocate a transfer value:
- (1) where such transfer would not cause a breach of the Contracting-Out (Transfer and Transfer Payment) Regulations 1996 (transfer of "section 9(2B) rights") to BAMPS from FSS (in respect of a BAMPS Member); or
  - (2) to FSS from BAMPS (in respect of an FSS Member).

Such transfer shall take effect on and shall be calculated in relation to the first day of the month following which the Management Trustees receive his request.

- (iii) If the Management Trustees make an allocation under (ii) above in respect of a BAMPS Member, they shall confer on him such benefits under BAMPS as are equal to his Transfer Credit. A BAMPS Member's "**Transfer Credit**" for the purpose of this Rule 47(b)(iii) shall be an amount which is equal to the Cash Equivalent of his entitlement under FSS but shall not include any accrued rights to a guaranteed minimum pension.
- (iv) If the Management Trustees make an allocation under (ii) above in respect of an FSS Member, they shall confer on him such benefits under FSS in the form of additional years of FSS Contributory Service or otherwise as the Management Trustees consider having regard to the advice of the Actuary to be reasonable but which will in no circumstances be of greater value than the Cash Equivalent of his entitlement under BAMPS.

For the purposes of Rule 12, all additional years of FSS Contributory Service conferred under this Rule 47(b)(iv) will be treated as years during which the FSS Member was a Higher Rate Contributor if he was a Higher Rate Contributor at the date of allocation, and as years during which he was a Lower Rate Contributor if he was a Lower Rate Contributor at the date of allocation.

- (v) It shall be assumed (if not actually the case) that for the purposes of Rules 47(b)(iii) and (iv) the cessation of FSS Contributory Service or BAMPS Contributory Service (as the case may be) gave rise to entitlement to a Cash Equivalent, but only for application as described in Rules 47(b)(iii) and (iv).
- (vi) A former FSS Member's Cash Equivalent (and any FSS Member's contributions forming part of it) will be reduced by such amount and in such manner generally as the Actuary certifies (whether by use of tables supplied to the Management Trustees or otherwise) to be required to enable the Management Trustees to meet their liability in respect of the BAMPS Member's and his spouse's or Surviving Civil Partner's guaranteed minimum pensions under the GMP Rule.
- (vii) The provisions of Rule 30 shall apply to a transfer made in respect of a switch under this Rule 47(b).
- (viii) No switches between BAMPS and FSS may be made on and after 1 April 2018. Accordingly, this Rule 47(b) shall only apply to switches made before that date.

(c) **Lapse of BAMPS Account**

If at any time there remains any balance on a BAMPS Account in respect of which the relevant BAMPS Member or BAMPS Accountholder has no further entitlement to benefit (whether by application of Rule 8 (Statutory Requirements) or otherwise), the BAMPS Account shall lapse and any such balance shall thereupon cease to be deemed to form part of a BAMPS Account and shall fall to be treated as part of the Principal Assets of the Fund without reference to BAMPS.

(d) **Termination of BAMPS**

- (i) The Principal Company may at any time by giving three months' notice in writing to the Management Trustees terminate BAMPS.
- (ii) On the expiry of notice made under Rule 47(d)(i):
  - (1) no further contributions shall be payable to BAMPS and BAMPS Contributory Service shall cease (and the options in Rule 47(b) shall cease to apply);
  - (2) a person who immediately before the effective date of termination of BAMPS was in BAMPS Contributory Service shall, unless he elects otherwise by such date as the Management Trustees may stipulate, automatically enter FSS Contributory Service as a Plan 65 Member on such terms as the Management Trustees shall decide; and
  - (3) subject to Rules 47(d)(v) and (vi), entitlement to benefit shall arise under Rule 15 in respect of BAMPS Contributory Service as if Service has ended.
- (iii) Such termination shall be without prejudice to the right of the Management Trustees to recover for BAMPS any amount due at the date of expiry of such notice and to enforce the obligation to procure the payment of any amount due at the date of expiry of such notice.
- (iv) Following the expiry of notice made under Rule 47(d)(i), the powers of the Principal Company and the Management Trustees under BAMPS shall continue with all necessary modifications for the purposes of the continued operation of BAMPS.
- (v) A former BAMPS Member may (whether or not he was a BAMPS Member immediately before the termination of

BAMPS) request that the Management Trustees allocate a transfer value to FSS from BAMPS equal in value to his BAMPS Account.

- (vi) If the Management Trustees agree to comply with a former BAMPS Member's request under Rule 47(d)(v) above, they shall confer on him such benefits under FSS, and on such terms, as they shall decide having regard to the advice of the Actuary to be reasonable but which will in no circumstances be of greater value than the Cash Equivalent of his transfer value from BAMPS.

48

### **Pension sharing on divorce**

- (a) If a Member's or Pensioner's benefits must be transferred to his Ex-Spouse as a result of an order made under the 1999 Act, the Management Trustees must comply with the requirements of the 1999 Act when discharging their liability to the Ex-Spouse. Other than in exceptional circumstances, the Management Trustees' policy is to discharge that liability by means of a transfer to another pension arrangement in accordance with paragraph 1(3) of Schedule 5 to the 1999 Act.

The Management Trustees may recover charges in respect of their costs in this regard in accordance with the Pensions on Divorce etc (Charging) Regulations 2000.

- (b) The Management Trustees may decide that an Ex-Spouse should be provided with benefits from the Scheme. Where the Management Trustees decide to do this, the benefits must be provided separately from any other benefits to which the Ex-Spouse may be entitled under the Scheme, and the Management Trustees must provide the Ex-Spouse with written details of the benefits that will be provided.
- (c) If the Management Trustees intend to discharge their liability to an Ex-Spouse under a pension sharing order by making a transfer payment to another pension arrangement, but the Ex-Spouse dies before the transfer payment can be made, the Management Trustees may instead use all or part of the intended transfer payment to provide benefits in respect of the Ex-Spouse under the Scheme. These benefits must comply with the 1999 Act, and any amount not used for this purpose will form part of the Scheme's assets.
- (d) Any pension or part of a pension which relates to a pension credit under this Rule 48, will be increased in accordance with the terms on which that pension (or part) was granted (which may include making no increase).



## **APPENDIX 1**

### **TRANSFERS TO FSS FROM APS ON 1 JULY 1984**

#### **PART I**

1. The Management Trustees shall admit to FSS membership of the Scheme with effect from the 1st July 1984 persons who were members of APS on the 30 June 1984 and who having received from the Principal Company an invitation to join the Scheme on appropriate special terms have completed and submitted applications for admission in the special form required by the Management Trustees containing an undertaking to be bound by the Trust Deed and the Rules and also an authority directed to the management trustees of APS requesting such management trustees to transfer to the Management Trustees of the Scheme assets from APS in respect of such persons.
2. Upon any person being admitted to FSS membership of the Scheme pursuant to the provisions of paragraph 1 above the Management Trustees may (subject to any undertaking to the Commissioners of HM Revenue and Customs for the purpose of this Appendix) accept a transfer of assets to the Scheme from APS in respect of such person and upon doing so shall, subject to the receipt of such transfer, pay to the Participating Employer such cash sum and/or confer on such FSS Member such benefits in respect of such transfer as is appropriate according to the option elected by such person under the Terms of Transfer;

PROVIDED THAT any benefit so conferred may be on terms that a pension equal in weekly rate to the guaranteed minimum in relation to the pension to be provided for him under APS shall be included in the guaranteed minimum pension appropriate to such FSS Member under the GMP Rule and the provisions of the GMP Rule shall accordingly apply to that part of the benefit so conferred.

#### **PART II**

The provisions of the Rules shall apply to an FSS Member admitted to membership under Rule 42 subject to the following variations:

1. The following additional definitions shall apply:

**Overseas Service:** means in relation to an FSS Member Service prior to July 1984 whilst such FSS member was serving on permanent posting in such territory or territories as had been designated for the purposes of Rule 6(a) of Part VI of APS by his Participating Employers and during which the FSS Member has paid the increased contributions described in such Rule.

**Terms of Transfer:** means in relation to an FSS member the special terms relating to his transfer from APS to this Scheme on the 1 July 1984.

**Transferred Contributions:** means in relation to an FSS member an amount equal to the contributions made or deemed to be made by him to APS (other than any additional voluntary contributions made by him to

APS) in respect of his last or only period of membership thereof together with the interest thereon to which he would have been entitled if he had been granted a refund of such contributions on the 30 June 1984.

2. In Rule 1 the definition of the expression “**FSS Contributory Service**” shall be varied to include the period of service credited in substitution for his pensionable service under APS as specified in the Terms of Transfer of such member and selected by him in his form of application for membership.
3. Rule 5 shall be varied to provide that the Normal Retirement Age of:
  - (a) a General Staff Employee or a Permanent Part Time Employee who was a member of Part I of APS on 1 January 1954 is in the case of a male FSS Member his 60th birthday and in the case of a female FSS Member her 55th birthday; and
  - (b) a Pilot who was a member of Part IV or Part V of APS on the 15 July 1973 it is the age of 50 years;

PROVIDED THAT in respect of a General Staff Employee who has been in Overseas Service his Normal Retirement Age shall be reduced by 25% of his Overseas Service.

4. In Rules 15, 21 and 22 references to contributions shall be deemed to include references to Transferred Contributions.
5. Rule 30 shall not apply.
6. Additional voluntary contributions made by an FSS Member to APS shall be deemed to have been paid to the Scheme and the provisions of Rule 36 shall apply to such contributions.

#### **Transitional provisions**

7. Any special arrangements under the provisions of Rule 9 of Part VI or the corresponding provisions of Part I, Part IV or Part V of APS shall continue under the provisions of the Scheme.

Any special arrangements under APS under the provisions of Rules 20(f), (g), (i) and (j) and under Rules 20A and 20B of Part VI thereof shall continue.

## **RULES OF THE NEW AIRWAYS PENSION SCHEME PART 2**

The provisions of this Part 2 of the Rules apply to NAPS2(FSS), as referred to in Clause 2(c) of the Trust Deed. The New Airways Pension Scheme (including NAPS2(FSS)) was closed to future accrual of benefits on the terms of a Supplemental Deed dated 14 March 2018 with effect on and from 1 April 2018 and all persons in FSS Contributory Service immediately before 1 April 2018 ceased to be in FSS Contributory Service on and from 1 April 2018.

---

For the purposes of NAPS2(FSS), the provisions of Part 2 shall be the same as the provisions of Part 1 of the Rules (except insofar as those provisions apply exclusively to BAMPS), subject to the following variations as specified by reference to the relevant Rule contained in Part 1:

### **1 DEFINITIONS**

**“Pay for Contribution Purposes”** in relation to NAPS2(FSS) shall for any pay period be the greater of:

- (i) 85% of the Member’s Pay for that pay period; and
- (ii) the Member’s Pay for that pay period less the weekly or annual equivalent, as appropriate, of 1½ times the Lower Earnings Limit in force on the first day of such pay period;

PROVIDED THAT the same Provisos apply to this definition as apply to the determination of Pay for Contribution Purposes under Rule 7(a) of NAPS1(FSS), and for the avoidance of doubt the provisions of paragraphs (b), (c), (d) and (e) of Rule 7 of NAPS1(FSS) also apply to this definition.

### **2 ADMISSION TO MEMBERSHIP OF NAPS2(FSS)**

On and after 1 April 2018, no person is eligible for membership of NAPS2(FSS) and any person in FSS Contributory Service for the purposes of NAPS2(FSS) immediately before 1 April 2018 shall cease to be in FSS Contributory Service on and from 1 April 2018.