

## **Suffolk Life Appropriate SIPP**

### **Rules adopted by a deed dated 29 December 2011**

#### **SCHEDULE**

## **1. Introduction**

### **Tax registration**

1.1 The scheme is intended to be a registered pension scheme.

### **Status of rules**

1.2 These rules override inconsistent provisions in any other scheme documents. These rules do not override the law. If any provision conflicts with the law, the law will apply.

1.3 References to any legislation or any provision includes references to any previous legislation or provision relating to the same subject matter and to any modification or re-enactment for the time being in force and to any regulations made under that legislation.

1.4 The singular includes the plural and vice versa. The masculine includes the feminine. Use of the expressions "includes", "including" and "for example" shall be construed without limitation.

### **Contracting out**

1.5 The scheme is intended to be eligible for an appropriate scheme certificate.

1.6 The scheme shall be subject to all the contracting-out requirements of the Pension Schemes Act 1993 and the scheme administrator shall operate the scheme in accordance with those requirements. If and to the extent that these rules do not contain any provision necessary to enable the scheme to be an appropriate personal pension scheme they shall be deemed to include such provision.

### **Establishment of the scheme**

1.7 The scheme has been established by Suffolk Life Annuities Limited and Suffolk Life Pensions Limited.

### **Operator**

1.8 The operator of the scheme is Suffolk Life Pensions Limited.

### **Scheme administrator**

1.9 The initial scheme administrator of the scheme is Suffolk Life Pensions Limited.

1.10 The scheme administrator is responsible for discharging the duties imposed by these rules and by the Act.

### **Trustee**

1.11 The initial trustee of the scheme is Suffolk Life Trustees Limited.

## **2. Definitions**

In these rules the following words have the following meanings:

**Act** means the Finance Act 2004.

**Appropriate personal pension scheme** means a personal pension scheme that has an appropriate scheme certificate under the Pension Schemes Act.

**Arrangement** means an arrangement (as described in Part 3 of these rules) made by a person with the scheme administrator to provide benefits under these rules.

**Civil partner** in relation to an individual, means a person who has entered into a civil partnership with that individual within the meaning of Section 1 of the Civil Partnership Act 2004.

**Connected** is defined by Section 993 of the Income Tax Act 2007.

**Dependant** means:

- » a person who was married to the member or was the member's civil partner at the date of the member's death;
- » a person who was married to the member or was the member's civil partner when the member first became entitled to benefits under the scheme;
- » a child of the member if the child:
  - a) has not reached the age of 23; or
  - b) has reached that age and, in the opinion of the scheme administrator, was at the date of the member's death dependent on the member because of physical or mental impairment;
- » a person who was not married to the member and was not the member's civil partner at the date of the member's death and is not a child of the member if, in the opinion of the scheme administrator, at the date of the member's death:
  - a) the person was financially dependent on the member,
  - b) the person's financial relationship with the member was one of mutual dependence; or
  - c) the person was dependent on the member because of physical or mental impairment.
- » any other person who under the Act is or may be treated as a dependant for the purposes of a registered pension scheme.

It is for the scheme administrator to decide whether a person is a dependant.

**Drawdown pension** has the meaning given in Schedule 28 to the Act.

**Drawdown pension fund** means the amount of a member's fund that has been designated as drawdown pension fund, in accordance with rule 6.12, together with the amount of any unsecured pension fund or alternatively secured pension fund (each as defined in the Act) in existence immediately prior to 6 April 2011.

**Employee share scheme** means:

- » an approved share incentive plan as defined in Section 488 ITEPA; or
- » an SAYE option scheme as defined in Section 516 ITEPA.

**Employer** means the current employer or employers of a Member

**Ex-spouse** means an individual to whom pension credit rights have been or are to be allocated following a pension sharing order, agreement or equivalent provision (including, where applicable, a former civil partner).

**Guaranteed minimum pension** has the same meaning as in the Pension Schemes Act.

**HMRC** means HM Revenue & Customs.

**Insurer** means:

- » a person who has permission under Part 4 of the Financial Services and Markets Act 2000 to effect or carry out contracts of long-term insurance; or
- » an EEA firm of the kind mentioned in Paragraph 5(d) of Schedule 3 to the Financial Services and Markets Act 2000 (certain direct insurance undertakings) which has permission under Paragraph 15 of that Schedule (as a result of qualifying for authorisation under Paragraph 12 of that Schedule) to effect or carry out contracts of long-term insurance.

**ITEPA** means the Income Tax (Earnings and Pensions) Act 2003.

**Member** means an individual who has made one or more arrangements under the scheme for the provision of benefits. It also includes an individual who:

- » at the time the arrangement was made was under the age of 18 and whose legal guardian made the arrangement on the individual's behalf under the scheme; or
- » has had one or more arrangements made on his or her behalf following the winding-up of another

scheme.

**Member's fund** means the aggregate, under an arrangement, of the accumulated values of:

- » the contributions paid to the scheme by or in respect of the member;
- » any transfer payment accepted by the scheme in respect of the member;
- » any pension credit rights accepted by the scheme in respect of the member; and
- » any income or capital gain (or capital loss) arising from the investment of such amounts,

after deduction of any taxes, charges or costs levied in accordance with the Terms.

It excludes:

- » any administrative or investment expenses of the scheme and any payments of commission; and
- » any pension debit arising as a result of a pension sharing order.

**Minimum contributions** has the meaning given in Part 13 of these rules.

**Non-Protected rights fund** means the part of the member's fund under an arrangement that is not protected rights.

**Normal minimum pension age** means

- » prior to 6 April 2010, age 50; or
- » on or after 6 April 2010, age 55.

**Pension credit rights** means rights to benefits arising from a credit as defined in Section 101P of the Pension Schemes Act or under corresponding Northern Ireland legislation.

**Pension date** is the effective start date of a lifetime annuity or income withdrawals under an arrangement. Where an arrangement is split into separate arrangements under rule 3.5 each separate arrangement may have a different pension date.

**Pension debit** means a debit under Section 29(1)(a) Welfare Reform and Pensions Act 1999 or under corresponding Northern Ireland legislation.

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

**Pension sharing order** means any order or provision mentioned in Section 28(1) Welfare Reform and Pensions Act 1999 or Article 26 of the Welfare Reform and Pensions (Northern Ireland) Order 1999.

**Protected pension** means the pension bought by a member's protected rights fund.

**Protected rights** has the meaning given in rule 13.

**Protected rights fund** has the meaning given in rule 13.

**Registered pension scheme** means a pension scheme registered under Section 153 of the Act or treated as a registered pension scheme under the Act.

**Rules** means these rules of the scheme and rule is a reference to a rule in this document, in each case as amended from time to time.

**Section 9(2B) rights** means rights derived through Section 9(2B) Pension Schemes Act.

**Scheme** means this scheme.

**Scheme administrator** means Suffolk Life Pensions Limited or such other person as may from time to time be appointed as scheme administrator of the scheme.

**Scheme documents** means the documents that govern the scheme and the arrangements with a member (including these rules, the trust deed, the Terms and any other documents referred to in the Terms).

**Terms** means the terms and conditions that relate to and govern a member's arrangement, as amended from time to time.

**Trustee** means Suffolk Life Trustees Limited or such other person or persons as may from time to time be appointed as a trustee of the scheme.

**Trust deed** means the deed dated 5<sup>th</sup> September 2007 between Suffolk Life Annuities Limited, Suffolk Life Pensions Limited and Suffolk Life Trustees Limited establishing the scheme, as from time to time amended.

### 3. Members and arrangements

#### Becoming a member

- 3.1 The scheme administrator may, subject to applicable law, determine the categories of individual who may become members of the scheme and the section or sections of the scheme to which they may be admitted.
- 3.2 A person who wants to become a member must go through such application procedure and give such undertakings as may be required by the scheme administrator and shall become a member subject to the Terms.
- 3.3 Where the scheme administrator determines that persons under the age of 18 may become members of the scheme, the legal guardian of any such person under 18 must complete the necessary application and give such undertakings as may be required by the scheme administrator.

#### Ex-spouse

- 3.4 Subject to the agreement of the scheme administrator, an ex-spouse may become a member of the scheme.

#### Making an arrangement

##### Single or multiple arrangement(s)

- 3.5 A member will have a single arrangement in respect of each section of the scheme to which that person has been admitted, unless the scheme administrator decides that the member should have more than one arrangement in respect of any section. An arrangement may be treated by the scheme administrator as being split into any number of separate units. These rules will apply to each arrangement separately.

##### Separate benefits from separate arrangements

- 3.6 Different arrangements (whether different at the time of being created or whether originating from a single arrangement) may produce separate annuities, income withdrawals or lump sums payable under the rules.

##### Form of arrangements

- 3.7 The arrangements under the scheme will take the form of a contract between the scheme administrator and the member (or, if applicable, the legal guardian acting for a person under 18 where that person is regarded as the member).

### 4. Contributions

#### Eligibility to make contributions

##### Contribution

- 4.1 A member may make contributions of such amount as that member decides, subject to any limits or conditions set from time to time by the scheme administrator and in particular any conditions as may be necessary to satisfy any requirements of applicable legislation or of HMRC.
- 4.2 Contributions may be accepted from the member's employer or from any other person in respect of a member.
- 4.3 Minimum contributions and other payments may, if the scheme administrator so agrees, be accepted into the scheme, if the member is contracted-out as referred to in Part 13 of these rules.

#### Member contributions

- 4.4 Unless the scheme administrator agrees otherwise, contributions made by the member or other person in respect of the member must be paid in money form and by such method as the scheme administrator from time to time permits. If the scheme administrator does agree that contributions may be settled in a form other than money then the scheme administrator will specify both what is acceptable and in what manner such a contribution is to be made.

### **Employee share schemes**

- 4.5 Subject to rule 4.4, contributions may, if the scheme administrator so permits, be made by an individual in the form of eligible shares from an employee share scheme. Such contributions must be made by transfer made by the member within ninety days of the member:
- » exercising options under an SAYE option scheme (as defined in Section 516 ITEPA), or
  - » directing the trustees of an approved share incentive plan (as defined in Section 488 ITEPA) to transfer ownership of the shares to the member.

### **Use of contributions**

- 4.6 The contributions and their proceeds under the scheme must be used to provide benefits in accordance with these rules, except so far as they are used to meet administrative expenses of the scheme and to pay advisers' fees and commission.

### **Evidence of earnings**

- 4.7 The member or employer must produce such evidence of earnings as the scheme administrator may reasonably require.

### **Tax relief on contributions**

- 4.8 The scheme administrator will seek to recover tax relief on contributions to the Scheme from HMRC, unless notified that such tax relief is not due and will add the recovered amounts to the member's fund in accordance with these rules.

### **Repayment of contributions**

- 4.9 If a member has paid contributions exceeding the amount on which tax relief is available or at a level which would give rise to a special annual allowance charge under Finance Act 2009 or to an annual allowance charge, he may request that the excess contributions be repaid and the scheme administrator may, subject to rule 4.11, agree to do so.
- 4.10 If a member did not satisfy any condition as to eligibility for membership set by the scheme administrator under rule 3.1 the scheme administrator may, subject to rule 4.11, arrange (and if so required by law must arrange) for the contributions to be repaid to the member and, if applicable, the member's employer(s) or other person who made the relevant contributions.
- 4.11 Where the scheme administrator agrees to a repayment, it may so agree subject to such conditions and to such an extent as the scheme administrator thinks fit, in particular on such conditions and to such extent as may be necessary to satisfy any requirements of applicable legislation or of HMRC.
- 4.12 The scheme administrator may adjust a repayment of contributions as it considers to be appropriate to take account of expenses and interest and of any change in the value of the underlying assets during the intervening period.

## **5. Date member's benefit starts**

### **Multiple arrangements**

- 5.1 Rules 5.2 to 5.4 will apply separately to each arrangement. This means that benefits may start at different times from each arrangement or in respect of one or more of the units into which each arrangement is split. The scheme administrator will determine the nominated date for reviewing income withdrawal limits for each arrangement.
- 5.2 Subject to rules 5.3 and 5.4, payment of benefit derived from the whole or part of a member's fund commences on such date as is chosen by the member, but that date cannot, unless the scheme administrator agrees, be earlier than his or her normal minimum pension age.

### **Incapacity**

- 5.3 A member's benefit may start earlier than normal minimum pension age if:
- » the scheme administrator has received evidence satisfactory to the scheme administrator from a registered medical practitioner that the member is (and will continue to be) incapable of carrying on the member's occupation because of physical or mental impairment; and
  - » the member has in fact ceased to carry on the member's occupation.

### **Lower retiring age**

- 5.4 A member may take benefits before the age specified in rule 5.2, following a block transfer to the scheme, in the circumstances provided in Schedule 36 of the Act, subject to any restrictions

required by law in relation to the member's protected rights fund.

## **6. Benefits for members**

### **Multiple arrangements**

6.1 Where the member has more than one arrangement under the scheme, the rest of Part 6 of these rules applies to each arrangement separately, unless otherwise stated.

### **Non-protected rights fund**

6.2 The member's non-protected rights fund may be applied to provide:

- a lump sum;
- a lifetime annuity;
- a drawdown pension; or
- a short-term annuity;

as set out in this Part 6.

### **Protected rights**

6.3 Effect may be given to protected rights by:

- the provision of a lump sum, subject to Section 28(4) Pension Schemes Act;
- by a pension or an annuity complying with the provisions of the pension or annuity requirements of Section 29 Pension Schemes Act; or
- by making of payments under an interim arrangement falling within Section 28(1A) Pension Schemes Act.

The provisions of Part 13 of these rules apply in relation to the provision of benefits in respect of the protected rights fund and the remainder of this Part 6 is subject to Part 13 and all applicable legislation (or regulations made under such legislation).

### **Member's choice of lump sum**

6.4 The member may choose to receive a lump sum in respect of an arrangement or in respect of one or more of the units into which each arrangement is split. The lump sum must be of such amount as to be an authorised member payment for the purpose of the Act, unless the scheme administrator agrees otherwise.

6.5 If the scheme administrator agrees that a lump sum payment which would not be an authorised member payment for the purposes of the Act may be made, the scheme administrator may set such conditions as to the circumstances in which such lump sum may be paid as it thinks fit. The provisions of rules 10.7 to 10.10 will then apply.

### **Member's pension**

6.6 The member may choose to secure a pension for life through the purchase of a lifetime annuity from an insurer.

6.7 The lifetime annuity must, unless the scheme administrator otherwise agrees, conform with the requirements laid down in Schedule 28 of the Act.

6.8 If the scheme administrator agrees that a lifetime annuity need not comply with the provisions of Schedule 28 of the Act, the scheme administrator may do so on such conditions as it thinks fit. The provisions of rules 10.7 to 10.10 will then apply.

### **Member's right to choose insurer (open market option)**

6.9 The member must choose the insurer from which a lifetime annuity is to be purchased. Once the member has chosen the insurer, he or she must write to tell the scheme administrator which insurer he or she has chosen.

### **Form of pension**

6.10 The provisions of Part 7 of these rules apply in relation to the benefits payable on the member's death.

### **Protected rights fund**

6.11 Any pension bought with a member's protected rights fund must be one offered without regard to the sex of the member either in making the offer or in calculating the amount of the pension. Protected rights can be used to purchase a single life annuity provided that the member has agreed to the annuity being based on his or her life only and the member is then neither married nor a civil partner.

### **Drawdown pension**

- 6.12 If the scheme administrator permits, the member may choose under an arrangement or in respect of one or more of the units into which each arrangement is split to designate the relevant amount of the member's fund as available for the payment of drawdown pension and draw his or her pension direct from the member's non-protected rights fund at pension date in accordance with rule 6.13 and protected rights fund at the pension date in accordance with rule 6.16. If the member chooses this option he or she must notify the scheme administrator in writing and complete any documentation (including any declaration) required by the scheme administrator no later than one month before the date benefit is to start.
- 6.13 Where the member chooses to make a designation under rule 6.12 he or she may draw a drawdown pension from the arrangement or in respect of those units of each arrangement for which the member has made such designation which, unless the scheme administrator otherwise agrees, will be calculated and made in accordance with, and subject to the limits set out in, Schedule 28 of the Act. Where the member meets the conditions set out in the Act, the scheme administrator may operate flexible drawdown in respect of the member's non-protected rights fund under the arrangement.

### **Short term annuities**

- 6.14 If the scheme administrator permits, the member may choose under an arrangement or in respect of one or more of the units into which each arrangement is split to purchase a short-term annuity satisfying the provisions of Section 28 of the Act. If the member chooses this option he or she must notify the scheme administrator in writing and complete any documentation required by the scheme administrator no later than one month before the date the benefit is to start. The provisions of rules 6.7 to 6.11 apply in relation to the purchase of such short-term annuity.
- 6.15 If the scheme administrator permits, the member may use part of the member's non-protected rights fund to secure a pension through lifetime annuity purchase whilst drawing a drawdown pension from the remainder of the member's fund.

### **Interim arrangement**

- 6.16 If the scheme administrator permits, the member may choose under an arrangement to give effect to protected rights by receiving payments under an interim arrangement which shall be calculated and made in accordance with, and subject to the limits set out in, Sections 28(1A), 28A and 28B Pension Schemes Act.

### **Unauthorised payments**

- 6.17 Where any payment from a member's drawdown pension fund or any other payment under this Part 6 of the rules would not be an authorised member payment for the purposes of the Act the scheme administrator may set such conditions as to the circumstances in which such payment may be made as it thinks fit. The provisions of rules 10.7 to 10.10 will then apply.

## **7. Benefits on member's death**

### **Member's choice**

- 7.1 A member may, if the scheme administrator so permits, be given the opportunity to make an election as to the benefits to be provided in the form of a lump sum or as a benefit for his or her dependants on the member's death. If the scheme administrator so agrees, the member may elect for any benefits that may be so paid in accordance with the provisions of the Act.
- 7.2 If the member is given a choice as to the dependants' benefits payable on his or her death but does not make a choice under this rule and there is a dependant, then the scheme administrator may decide how the member's fund should be used.
- 7.3 Alternatively the scheme administrator may offer any dependant the opportunity to choose the form of benefit to be provided to them. Benefits shall be provided only in a form constituting authorised member payments for the purposes of the Act, unless the scheme administrator otherwise agrees. If the scheme administrator agrees that a benefit provided to a dependant may be made in a form that is not an authorised member payment for the purposes of the Act, the scheme administrator may do so on such conditions as it thinks fit. The provisions of rules 10.7 to 10.10 will then apply.

### **Protected rights**

- 7.4 The benefits to be provided under the protected rights fund are subject to rules 7.10 and 7.11 and the provisions of Part 13 of these rules.

### **Member's or dependant's choice of insurer**

- 7.5 If the member has notified the scheme administrator that he or she wishes any dependant's annuity (as defined in the Act) to be purchased from a particular insurer, then the scheme administrator will, if it is able to do so, buy the annuity from that insurer.
- 7.6 In any other case the scheme administrator must write and tell the dependant that he or she must choose an insurer. Once the dependant has chosen the insurer, he or she must write and tell the scheme administrator which insurer he or she has chosen and complete any documentation required by the scheme administrator. The dependant must also decide the terms of that annuity (subject to the requirements of Schedule 28 of the Act applicable to a dependant's annuity).

### **Lump sum**

- 7.7 If and to the extent any lump sum is payable the scheme administrator will, as soon as practicable and subject to rules 7.8 and 7.9, pay out the member's fund as a lump sum:
- (1) if at the time of the member's death the scheme administrator is satisfied that the contract is subject to a valid trust under which no beneficial interest in a benefit can be payable to the member, the member's estate or the member's legal personal representatives, to the trustees of the trust; or
  - (2) if (1) is not applicable, at the discretion of the scheme administrator, to or for the benefit of any one or more of the following in such proportions as the scheme administrator decides:
    - a) any person, charity, association, club, society or other body (including trustees of any trust whether discretionary or otherwise) whose names the member has notified to the scheme administrator in writing prior to the date of the member's death;
    - b) the member's surviving spouse or civil partner;
    - c) the parents and grandparents of the member or of the member's surviving spouse or civil partner and any children and remoter issue of any of them;
    - d) the member's dependants;
    - e) any person, charity, association, club, society or other body entitled under the member's will to any interest in the member's estate; or
    - f) the member's legal personal representatives.

For this purpose a relationship acquired by legal adoption is as valid as a blood relationship.

### **Lump sum payable by scheme administrator – time limit**

- 7.8 The scheme administrator will pay any lump sum within two years of the earlier of:
- the date on which the scheme administrator first knew of the member's death; or
  - the date on which the scheme administrator could first reasonably have been expected to know of it,
- or by such later date as may be permitted by the Act.
- 7.9 Any part of the member's fund that cannot be used to provide such benefits will be used by the scheme administrator to meet general administration expenses of the scheme.

### **Protected rights fund - restrictions**

- 7.10 The protected pension:
- must include a pension payable on the member's death to any widow or widower or surviving civil partner, if such a person exists when the annuity is purchased. It must not include a pension for any other dependant if there is a widow, widower or surviving civil partner; and
  - may (but need not) also include a survivor's pension if there is no widow, widower or surviving civil partner. In this case the dependant's pension must be payable either :
    - to any one dependant; or
    - for the benefit of any dependent child or dependent children. The child(ren)'s pension will be paid only if the member was, immediately before his death, entitled to child benefit in respect of that child or children (or would have been so entitled if that child or children had not been absent from Great Britain) so long as at least one dependent child is under age 18.

The restrictions on the protected pension under this rule do not affect the member's choice under rule 7.1 for the rest of his or her pension.

A pension need not be provided for a widow, widower or civil partner if the member is not married and not in a civil partnership at the time that an annuity is bought.

When a survivor is entitled to a pension derived from both the member's protected pension and non-protected rights fund then the provisions in the rest of Part 7 of these rules as to the commencement and ceasing of those pensions apply to each pension separately.

#### **Amount of pension**

- 7.11 The pension payable to the widow or widower or surviving civil partner included within the member's protected pension will be half the amount that would have been payable if the member had survived. Any protected pension paid to any other dependant will not be more than half the amount that would have been payable if the member had survived.

## **8. Transfer out of the scheme**

#### **Member's right to a cash equivalent**

- 8.1 A member has a right to a 'cash equivalent' under the Pension Schemes Act. If a member elects to apply for a 'cash equivalent' then all the member's accrued rights in all arrangements under the scheme must be transferred, unless a transfer of part of the option is permitted by law and the scheme administrator so agrees.

#### **Transfer payments**

- 8.2 In the absence of an election to apply for a statutory right to transfer a 'cash equivalent' under rule 8.1, the scheme administrator may, nevertheless, at the written request of a member transfer the member's fund or part of it to another scheme of which he or she has become a member.
- 8.3 Unless the scheme administrator otherwise agrees, any such transfer may only be made if it is a recognised transfer for the purposes of Section 169 of the Act.
- 8.4 Each recognised transfer must be made in accordance with all applicable legislation and any requirements of HMRC.

#### **Member withdrawing a request**

- 8.5 The member may withdraw a request by giving the scheme administrator notice in writing to that effect but may not withdraw a request after the scheme administrator has entered into a binding agreement with a third party to make the transfer to the other scheme. A member who has withdrawn a request may make another.

#### **Discharge of rights**

- 8.6 Entitlement to benefit under the scheme for or in respect of the member or dependant will cease in respect of any rights transferred in accordance with this Part 8 of these rules and the scheme will be discharged from any obligation to provide benefits in respect of those rights.

#### **Multiple transfers**

- 8.7 A member may elect, where permitted by the Act, for different parts of the member's fund(s) to be transferred as described above to different schemes.

#### **Protected rights**

- 8.8 Where protected rights are to be transferred, unless a partial transfer is permitted by law, the whole of the member's protected rights fund under the scheme must be transferred. Any transfer of protected rights is subject to the conditions set out in rules 8.9 to 8.11.

#### **Protected rights fund - additional conditions**

- 8.9 The member must consent in writing to the transfer unless the Protected Rights (Transfer Payment) Regulations 1996 permit a transfer without such consent or Part 11 of these rules permits otherwise.
- 8.10 The receiving scheme must be a scheme or arrangement as permitted by the Protected Rights (Transfer Payment) Regulations 1996 and any transfer payment from the scheme must otherwise comply with the requirements of those regulations.
- 8.11 The transfer payment (or that part which gives effect to protected rights) must be of an amount at least equal to the 'cash equivalent' of the member's protected rights fund.

## 9. Transfer into the scheme

### Transferring scheme

- 9.1 The scheme administrator may, at the written request of a member, accept a transfer payment representing the value of the member's rights (including any pension credit rights) from any arrangement from which a transfer may be made under the Act to a registered pension scheme or which is otherwise permitted by HMRC. Any transfer payment giving effect to protected rights must comply with the requirements of the Protected Rights (Transfer Payment) Regulations 1996.
- 9.2 The scheme administrator may accept a transfer without the member's written request where the transfer originates from a scheme that is being wound-up and the rules of that scheme do not require the member's consent to that transfer or in such other circumstances as may be permitted by law.

### Transfer in with pension debit

- 9.3 Where the scheme administrator accepts a transfer payment into the scheme and is informed by the transferring scheme of a pension debit relating to the transfer payment then the scheme administrator must retain details of this pension debit. If those benefits are transferred from the scheme in accordance with Part 8 of these rules then the scheme administrator must give full details of the pension debit to the receiving scheme's administrator.

### Protected rights fund

- 9.4 A transfer payment under rule 9.1 may include:
- (1) protected rights for the member from another scheme which is, or was, an appropriate personal pension scheme or an occupational pension scheme contracted-out by the money purchase test, or protected rights under an appropriate policy of insurance of the type described under Section 32A Pension Schemes Act;
  - (2) the member's accrued rights to a guaranteed minimum pension under a scheme which is, or was, a salary related contracted-out scheme, or an insurance policy or annuity contract of the type described in Section 19 Pension Schemes Act; or
  - (3) section 9(2B) rights.
- 9.5 If such a transfer is received, then the scheme administrator must use that part of the transfer payment representing protected rights, accrued rights to a guaranteed minimum pension or accrued section 9(2B) rights to provide the member with protected rights under the scheme.

### General conditions

- 9.6 The scheme administrator may impose such conditions as it thinks fit on acceptance of any transfer and in particular any conditions as may be necessary to satisfy any requirements of applicable legislation or of HMRC.

## 10. General provisions about benefits

### Rights under the scheme

- 10.1 A person's rights under the scheme are only those given under the scheme documents or by any insurance or annuity contract bought with the member's fund.

The scheme will provide only money purchase benefits within Section 152(4) of the Act.

### Assignment or surrender

- 10.2 Benefits or rights under the scheme may not be assigned or surrendered if, as a consequence, the scheme would be treated as making an unauthorised member payment for the purposes of Sections 172 or 172A of the Act.
- 10.3 If the scheme administrator agrees that an assignment or surrender may be made that would constitute an unauthorised member payment for the purposes of the Act, the scheme administrator may do so on such conditions as it thinks fit. The provisions of rules 10.7 to 10.10 will then apply.
- 10.4 Protected rights or payments giving effect to them may not be assigned or charged and no agreement to assign or charge them may be entered into.

### Information to members

- 10.5 The scheme administrator will provide such information to members and others as required by the Pension Schemes Act and the Act.

### **Beneficiary unable to act**

- 10.6 If the scheme administrator believes that a person entitled to payments is unable to act by reason of mental disorder, payments which are due to that person may be suspended. Sums equivalent to such payments:
- (1) must, except in so far as such sums are not, in the opinion of the scheme administrator, required for the maintenance of that person, be paid or applied for his maintenance;
  - (2) may, in so far as such sums are not, in the opinion of the scheme administrator, required for the maintenance of that person, be paid or applied for the maintenance of any dependants of that person; or
  - (3) must, in so far as such sums are not, in the opinion of the scheme administrator, required for the maintenance of that person or of any dependant of his, be held by the scheme administrator for that person until he is again able to act or, if he should die before that happens, for his estate.

### **Tax**

- 10.7 Notwithstanding any other provision of the scheme documents, no person is entitled under the scheme to a payment which is an unauthorised payment for the purposes of Section 160(5) of the Act. If in any circumstances, the scheme administrator makes or permits a payment to be made that is not an authorised member payment for the purposes of the Act, the scheme administrator may permit that payment to be made on such conditions as the scheme administrator thinks fit, including such conditions as are necessary to ensure that the aggregate of scheme chargeable payments made by the scheme do not exceed the de-registration threshold set out in Section 158 of the Act. If a payment is made by the scheme administrator in the belief that, or on the understanding that, it is an authorised member payment but that payment is subsequently determined to be an unauthorised payment, the payment shall be treated as made by mistake and the scheme administrator shall be entitled to require it to be repaid.
- 10.8 The scheme administrator may make such deductions from the amount of any payment or from the member's fund in order to make provision for any tax liability (including without limitation any scheme sanction charge) that may fall upon the scheme administrator or the scheme as a consequence of any payment being an unauthorised member payment for the purposes of the Act.
- 10.9 The scheme administrator will also deduct from the member's fund (or any such payment) the amount of any lifetime allowance charge or of any liability to the annual allowance charge that may fall upon the scheme.
- 10.10 The scheme administrator shall make such reports to HMRC or to any other applicable tax authority as may be required under the Act or other applicable law, in relation to any payment made or benefits due under the scheme.

### **Whereabouts unknown**

- 10.11 The scheme administrator may use discretion to decide that any person who is entitled to a payment under the scheme shall cease to have any claim to the payment if at least six years have passed from the date the payment became due and the address of the person is not known to the scheme administrator. The scheme administrator must, however, first take all reasonable steps to ascertain the address. In considering how to exercise that discretion the scheme administrator will take into account the amount of the payment due, the length of time the whereabouts of the person have been unknown, the steps taken to ascertain that person's address and such other factors as the scheme administrator considers to be relevant.

### **Evidence**

- 10.12 The scheme administrator may require any member or any other person to whom a pension or lump sum is payable under the scheme to produce any evidence or information which the scheme administrator may from time to time reasonably require. If the member or other person does not produce the evidence or information, the scheme administrator may withhold payment of any benefit to which it is relevant until it is produced.

### **Notice to scheme administrator**

- 10.13 Where these rules give a member or other person any choice, the scheme administrator may impose any requirements as to the period or form of the notice to be given by the member or other person, so long as these do not conflict with any requirements specified in these rules. The scheme administrator may, either generally or in any particular case, agree to a shorter period of notice being given than is specified in these rules.

### **Pension input period**

10.14 Unless otherwise altered by subsequent nomination in the circumstances permitted by the Act (and where the scheme administrator permits), the date (on which each pension input period for each arrangement under the scheme will end) is 5 April in each year.

### **Prison**

10.15 If a person entitled to benefit is serving a period of imprisonment or detention in legal custody, payments which are or become due to that person from a member's protected rights fund or payments of a benefit secured with that fund may be suspended. The value of the suspended payments must then be used for the maintenance of one or more of that person's dependants as the scheme administrator in its discretion determines.

### **Payment intervals**

10.16 Any pension paid as an annuity from a member's fund may be paid in advance or arrears. It must be paid at least once a year.

10.17 If a pension bought with a member's protected rights fund is payable in arrears, it must be paid at least monthly unless the recipient agrees in writing that it can be paid less often.

### **Increase in payment**

10.18 In the case of a pension bought with a member's protected rights fund, the following special conditions apply :

- (1) The pension attributable to contributions which relate to tax years ending before 6 April 1997, and which became a pension in payment before 6 April 2005, must increase each year by the same percentage as a guaranteed minimum pension accruing between 5 April 1988 and 5 April 1997.
- (2) The pension attributable to contributions that relate to tax years commencing after 5 April 1997, and which became a pension in payment before 6 April 2005, must be increased in accordance with Section 162 Pensions Act 1995.
- (3) The first increase must be made not later than the first anniversary of the pension starting. Further increases must be made on each anniversary of the first increase.

### **Enforceability**

10.19 The scheme administrator may only buy a pension from an insurer with a member's protected rights fund if the scheme administrator is satisfied that any person who is or may be entitled to payment of that pension may enforce that entitlement :

- under a trust; or
- under a deed poll; or
- under Scottish law.

## **11. Closing or winding-up the scheme**

### **Closing the scheme**

11.1 The scheme administrator may at any time:

- (1) stop admitting new members or members of any particular class or category to the scheme, but continue to accept contributions from, and in respect of, existing members; or
- (2) stop admitting new members or members of any particular class or category to the scheme and stop accepting contributions from, and in respect of, existing members.

11.2 If the scheme is closed, the scheme administrator will continue to operate the scheme under the scheme documents, unless the operator is winding-up the scheme.

### **Terminating membership**

11.3 If the scheme administrator so determines, it may notify any member or members that they are no longer eligible to remain as members of the scheme.

11.4 Any member so notified shall have such period as the scheme administrator may notify (not being less than one month) to select an alternative registered pension scheme to which his interests under the scheme can be transferred (or, if the scheme administrator so permits, to choose an insurer from whom a lifetime annuity is to be purchased) and notify the scheme administrator of that selection.

- 11.5 Where a member does not make a choice within such period or the registered pension scheme chosen will not accept such transfer, the scheme administrator may either choose not to accept further contributions from or in respect of that member or may, if and to the extent permitted by law, transfer the member's fund to another registered pension scheme of the scheme administrator's choice. The member's consent to such transfer will be deemed to have been given.

#### **Winding-up the scheme**

- 11.6 The operator may wind-up the scheme by giving notice to the scheme administrator. The scheme administrator will then notify each member of his or her rights and options. This notification will include notice of the member's rights to a transfer under Part 8 of these rules.
- 11.7 When a member does not make a choice under this part of these rules, the scheme administrator will direct the trustee to transfer the member's fund to another registered pension scheme of the scheme administrator's choice. The member's consent will not be necessary.

#### **Withdrawal of registration**

- 11.8 If HMRC withdraws the registration of the scheme under Section 157 of the Act, the scheme administrator will inform the members (and other beneficiaries, as appropriate) within three months of the date of receipt of the notice of withdrawal unless the scheme administrator appeals. If an appeal is made, the scheme administrator will inform the members and other beneficiaries within three months of the date of receipt of the notice that the appeal has been dismissed or that the decision is to have effect from a different date. The scheme administrator will then wind-up the scheme as described in rule 11.6.

#### **Ceasing to be an appropriate personal pension scheme**

- 11.9 If the scheme ceases to be an appropriate personal pension scheme, the scheme administrator will inform each member of his or her rights and options in accordance with applicable law.

## **12. Investments or deposits held for the purpose of the scheme**

#### **Investment**

- 12.1 Subject to such limitations or restrictions as may be contained in the scheme documents from time to time, a member may choose or direct how contributions and any transfer payment accepted by the scheme in respect of the member should be invested.
- 12.2 The scheme administrator must not permit any type of investment which would change, or conflict with, the form the scheme has taken for the purpose of its appropriate scheme certificate.

#### **Borrowing**

- 12.3 The scheme may only borrow money to the extent permitted by law.

#### **Taxable property**

- 12.4 The scheme may only acquire property that is taxable property, as defined in the Act, or hold an interest in taxable property for the purposes of an arrangement relating to a member, if the scheme administrator so agrees and on such conditions as the scheme administrator thinks fit. Such conditions may include making such deductions from the member's fund as it considers may be required to make provision for any tax liability that may fall upon the scheme administrator or the scheme as a consequence of any property being taxable property.

#### **Connected transactions**

- 12.5 The scheme administrator shall not enter directly or indirectly into any investment transactions with or make any loan to a member or any person connected with that member if the scheme administrator considers that would give rise to an unauthorised member payment.

## **13. Contracting-out**

#### **Protected payments**

- 13.1 Special restrictions apply to the following payments to the scheme in respect of the member (the "**protected payments**") and the benefits resulting from those payments:

- (1) payment of minimum contributions by HMRC comprising:
  - age-related payments; and
  - tax relief in respect of the employee's share of the age-related rebate;

- (2) Transfer payments received under Part 9 of these rules covering protected rights, section 9(2B) rights or guaranteed minimum pensions under defined benefit occupational pension schemes or under insurance policies or annuity contracts of the type described in Section 19 Pension Schemes Act, payments secured under Section 32A Pension Schemes Act arising from the protected rights of a member of an occupational pension scheme being wound up; and
- (3) Incentive payments under the Pension Schemes Act and the Personal and Occupational Pension Schemes (Incentive Payments) Regulations 1987.

#### **Allocation of minimum contributions**

13.2 The scheme administrator shall ensure that all minimum contributions that are received by the scheme are applied with effect from the date of payment and allocated to the protected rights fund of each member, in respect of whom such minimum contributions relate, within three months of the date on which payment of such minimum contributions is made by HMRC.

#### **Use of protected rights**

- 13.3 The protected payments under rule 13.1 and their proceeds under the scheme must be used to provide the member with money purchase benefits, except so far as they are used to meet administrative expenses of the scheme and to pay commission. The member's rights to these benefits are called "**protected rights**". The scheme assets representing these protected rights are referred to in these rules as the "**protected rights fund**".
- 13.4 Notwithstanding any other provision of these rules, no amounts forming part of a member's protected rights fund may be applied in a way that is not permitted for protected rights under the Pension Schemes Act or other applicable legislation.
- 13.5 Where any benefits are to be provided under these rules in respect of the protected rights fund they shall, notwithstanding any other provision of these rules, only be provided in accordance with, and subject to any requirements applicable to protected rights set out in, the Pension Schemes Act and all other applicable legislation.

#### **Calculation of protected rights fund**

- 13.6 The value of the member's protected rights fund must be calculated in a way approved by the scheme administrator. It must be at least as favourable as the way in which any other money purchase benefits of the member in the scheme are calculated. It must also be consistent with the requirements set out in the rest of these rules and with the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1996.
- 13.7 The scheme administrator must keep such records and may take such advice as will enable the amount of the member's protected rights fund to be calculated at any time.