2001 No. 853

CIVIL AVIATION

The Transport Act 2000 (Civil Aviation Authority Pension Scheme) Order 2001

Made - - - - -	*5th March 2001*
Laid before Parliament	*9th March 2001*
Coming into force - -	*31st March 2001*

Whereas the Secretary of State for the Environment, Transport and the Regions has consulted the trustees of the Civil Aviation Authority Pension Scheme as required by section 103(12) of the Transport Act 2000(**a**);

Now, therefore, in exercise of the powers conferred by section 96(1) and (2) and 103(2) of that Act he hereby makes the following Order:

Citation and commencement

1. This Order may be cited as the Transport Act 2000 (Civil Aviation Authority Pension Scheme) Order 2001 and shall come into force on 31st March 2001.

Interpretation

2.—(1) In this Order—

"the new provisions" means the provisions set out in Schedule 1 to this Order;

"the relevant allocation" means the allocation of assets, rights, liabilities and obligations between different sections of the Scheme in accordance with the new provisions;

"the date of the relevant disposal" means the date of disposal by the Civil Aviation Authority to National Air Traffic Services (No.2) Limited of the shares it holds in National Air Traffic Services Limited;

"the Scheme" means the Civil Aviation Authority Pension Scheme; and

"the trust deed of the Scheme" means the trust deed dated 18th March 1998 and made between the Civil Aviation Authority and Anthony Leonard Cowell, Anthony George Marx, David Reginald Hobday, Robert Brian Page, Leslie William Priestley, Rupert John Britton, Graham Paul Lee, Frederick Anthony Michael Motture, Barry Robert Gibbs and Anthony Gavin Herron as amended by the deeds referred to in Schedule 2 to this Order.

(2) The date of the relevant disposal shall be published by the Civil Aviation Authority in its Official Record.

Allocation

3. The trustees of the Scheme shall make the relevant allocation on the date of the relevant disposal.

(**a**) 2000 c.38.

[DOT 12402]

Amendment of the Scheme

4. The new provisions shall be substituted for the provisions of the trust deed of the Scheme on the date of the relevant disposal.

Signed by authority of the Secretary of State
for the Environment Transport and the Regions

Bob Ainsworth
Parliamentary Under-Secretary of State,
5th March 2001 Department of the Environment, Transport and the Regions

SCHEDULE 1

Article 2

The New Provisions

THE TRUST DEED

1. GOVERNING PROVISIONS

1.1 With effect from the Effective Date, the Trustees shall hold and manage the Fund under irrevocable trusts and shall administer the Scheme as provided in this Trust Deed and the Rules, and the main purpose of the Scheme is hereby confirmed as being the provision of retirement benefits for the Members, such benefits being relevant benefits as defined in Chapter I of Part XIV of the Taxes Act(**a**).

1.2 The benefits, rights and options of Members who were in Service on the Effective Date (other than any such Member whose current membership of the Scheme had ceased for any reason on or before the Effective Date) and persons who become Members after that date shall be in accordance with this Trust Deed and the Rules.

1.3 Subject to the allocation of individuals to the CAA Section and the NATS Section under Clause 3, the benefits, rights and options of Members who ceased to be in Service or whose current membership of the Scheme ceased for any other reason before the Effective Date shall be in accordance with the Previous Scheme Provisions at the date of such cessation or other appropriate date but any other provision of the Trust Deed and Rules determined by the Principal Employer with the consent of the Trustees shall apply to any Member or group of Members to the extent notified to such Members, and in respect of such Members the Previous Scheme Provisions shall be deemed to have been amended to such extent but subject always to the provisions of Clause 16 of the Previous Definitive Deed.

2. INTERPRETATION

2.1 In this Trust Deed and the Rules, the expressions ***this Deed*** and ***the Rules*** mean respectively this amended trust deed and the rules of the CAA Section, the rules of the NATS Section or the rules of any other Section established pursuant to Clause 19 scheduled to it, together with any variation of or additions to or substitutions for the same duly made.

2.2 The provisions of any Appendices (and any Schedules to such Appendices) to this Deed including the provisions of the Rules shall be deemed to be incorporated in and to form part of this Deed, which shall be read and construed accordingly.

2.3 Notwithstanding the provisions of Clause 1 of the Previous Definitive Deed, in the event of any inconsistency between the provisions of the Trust Deed and the provisions of the Existing Trust Deeds the provisions of the Trust Deed shall prevail.

2.4 For the avoidance of doubt it is stated that the Scheme is subject to the law of England and Wales and that the interpretation of the Trust Deed and Rules is subject to the law of England and Wales.

2.5 In this Trust Deed and Rules:

(a) unless the context requires otherwise the singular shall include the plural (and vice versa) and the masculine shall include the feminine (and vice versa);

(b) reference to any Act of Parliament or to any part or section thereof shall be deemed to include any statutory regulations made under it and shall also include any statutory provisions in force in Northern Ireland corresponding to the provisions of the said Act and any statutory modification or re-enactment of any of the aforementioned for the time being in force;

(c) reference to any particular Clause or Rule of or within a Section shall be a reference to a Clause

(**a**) 1988 c.1.

or Rule of the Trust Deed and the Rules (of the Section) respectively unless otherwise stated, and the letter S prefixed to a Rule number shall indicate a reference to a Rule in Schedule 1 to the CAA Rules;

(d) the Rules shall consist of the CAA Rules and the NATS Rules together with the rules adopted for any new Section established under Clause 19 and any Schedules thereto and any addition or alteration to the Rules duly made;

(e) the application of the CAA Rules to S Category Members shall be as described in Rule S1 in Schedule 1 to the CAA Rules;

(f) the definitions applying to this Trust Deed and the Rules are set out in Appendix 1 and such definitions apply separately to each of the CAA Rules, the NATS Rules and any rules adopted for any new Section established under Clause 19;

(g) any amendment to the definitions may apply if so stated to the Rules in relation to one Section only; and

(h) in the interpretation of any particular Clause or Rule the heading to that Clause or Rule shall be disregarded.

3. THE CAA AND NATS SECTIONS

3.1 With effect from the Effective Date, the CAA Section and the NATS Section shall be established within the Scheme.

3.2 Those individuals who, on the day immediately before the Effective Date, were Current Members employed by NATS and individuals who may become entitled to the payment of pension or other benefits in respect of them, shall, in respect of all benefits for and in respect of them, continue as Members of the Scheme or individuals who may become entitled to the payment of pension or other benefits with effect from the Effective Date in the NATS Section and shall with effect from the Effective Date be subject to the Trust Deed and the NATS Rules. Periods of Pensionable Service in the Scheme prior to the Effective Date shall count as periods of Pensionable Service in the NATS Section.

3.3 All other Members together with all other individuals having an entitlement to the payment of pension or other benefits from the Scheme as at the day before the Effective Date shall in respect of all benefits for and in respect of them, continue as Members of the Scheme or individuals entitled to the payment of pension or other benefits (as appropriate) with effect from the Effective Date in the CAA Section, and shall with effect from the Effective Date be subject to the Trust Deed and the CAA Rules. Periods of Pensionable Service in the Scheme prior to the Effective Date shall count as periods of Pensionable Service in the CAA Section.

4. THE FUND AND ALLOCATION OF SECTION ASSETS

4.1 The Trustees shall hold and manage the Fund under irrevocable trusts and shall administer the Scheme in such a way as to:

(a) confirm the purpose of the Scheme as the provision of relevant benefits as defined in section 612(1) of the Taxes Act for and in respect of such employees and directors (or former employees and directors) of the Employers as shall become Members; and

(b) obtain the approval or maintain the continued approval of the Scheme as an exempt approved scheme for the purposes of the Taxes Act.

4.2 The assets and liabilities of the Scheme as at the Effective Date shall be allocated to the CAA Section and the NATS Section in accordance with and using the actuarial method and assumptions set out in Appendix 6 and, after the Effective Date, the assets shall be treated as Section Assets of the Section to which they have been attributed and shall be dealt with as set out in the Trust Deed and Rules.

4.3 The Section Assets in respect of each Section shall be applied solely for the discharge of the Section Liabilities in respect of that Section, so that no Sponsoring Section Employer or other Employer in any other Section nor the Section Assets in respect of any other Section shall be liable for any obligation or be entitled to or receive any benefit arising out of or pursuant to any deficiency or surplus respectively in relation to the Section Liabilities in respect of that Section, either prior to or pursuant to the discontinuance of that Section. The assets of each Section shall be used to provide benefits to and in respect of Members and former employees and their respective Spouses, Qualifying Children and Dependants in each case as are attributed to that Section and any costs to be met by that Section and shall not be applied to or for the benefit of any other Section at any time.

This shall be without prejudice to any arrangements for the transfer of Section Assets made pursuant to or in consequence of the merging or sub-division of any Section or Sections or the withdrawal from any Section of any Employer or any transfer of Section Assets in respect of or in relation to any Member.

4.4 The Trustees shall maintain records at all times which are sufficient to show:

(a) in the case of assets other than Unitised Section Assets, the assets of the Scheme attributable to each Section; and

(b) in the case of Unitised Section Assets, the number of units in each Pooled Fund notionally allocated to each Section.

5. APPOINTMENT, RESIGNATION AND REMOVAL OF TRUSTEES

5.1 Subject as hereinafter provided the power of appointing new trustees of the Scheme shall be vested in the Principal Employer and any such appointment shall be by resolution.

5.2(a) The provisions of this Clause 5 shall be subject always to the provisions of the Pensions Act 1995 relating to the appointment of trustees of occupational pension schemes.

(b) The Trustees shall secure that arrangements are made and implemented in accordance with the Pensions Act 1995(**a**) for the selection of Member-Nominated Trustees or shall secure that alternative arrangements proposed by the Principal Employer and approved under the Pensions Act 1995 are made and implemented in accordance with that Act.

(c) The appointment as a trustee of the Scheme of any person nominated and selected in accordance with the relevant provision of the Pensions Act 1995 shall be confirmed by resolution.

(d) A Member-Nominated Trustee may be removed from the office of trustee of the Scheme only in accordance with the provisions of the Pensions Act 1995.

(e) For the purposes of this Clause 5.2, ***Member-Nominated Trustee*** means a member-nominated trustee as defined in the Pensions Act 1995 and includes member-nominated directors of a corporate body as defined in that Act.

5.3 Where proposed alternative arrangements have been implemented in accordance with Clause 5.2(b) above, then so long as such arrangements remain in force the following provisions of this Clause shall apply for so long as the following provisions reflect such alternative arrangements. This is subject to any agreement that the Principal Employer has entered into regarding the operation of the alternative arrangements (in so far as such agreements comply with applicable legislation).

5.4 The Principal Employer covenants with the Trustees to exercise the power contained in Clause 5.1 above so that at any time the Trustees are ten in number with not less than four of the Trustees being Members' Trustees, four being Employers' Trustees, one being an Employers' Pensioner Trustee and one being a Members' Pensioner Trustee.

5.5 The Principal Employer shall not unreasonably withhold the appointment as a Members' Trustee of a Current Member nominated by the organisation or organisations referred to in the definition of ***Members' Trustees,*** nor unreasonably withhold the appointment as a Members' Pensioner Trustee of a Member who is in receipt of a pension from the Scheme and who is nominated jointly by all the organisations referred to in the definition of ***Members' Pensioner Trustee.*** If the Principal Employer does withhold the appointment of a person so nominated it shall give its reasons in writing to the organisation or organisations which made the nomination.

5.6 Subject to the following provisions of this Clause 5, each Trustee shall be appointed for a period ending on the 31 March or the 30 September coincident with or if not coincident with the next following the expiration of a period of three years from the date of his appointment whichever period is the shorter.

In the event of a Members' Trustee ceasing to be a Current Member or ceasing to be employed in the class in which he was employed when he was appointed, he shall not for such reason alone be ineligible to continue in office until his period of appointment ends in accordance with the previous paragraph of this Clause 5.6.

5.7 The Trustees or any of them may resign their appointment as the Trustees or Trustee of the Scheme by giving notice in writing to that effect to the Secretary. The Trustees or Trustee so resigning shall cease to be Trustees and shall be discharged from the trust.

5.8 The Principal Employer may by resolution remove any Employers' Trustee or the Employers' Pensioner Trustee from the office of trustee of the Scheme and such Trustee shall cease to be a Trustee and shall be discharged from the trust.

The Principal Employer shall remove any Trustee who is a Members' Trustee or the Members' Pensioner Trustee from the office of trustee of the Scheme if respectively the organisation or organisations referred to in the definition of ***Members' Trustees*** or all the organisations referred to in the definition of ***Members' Pensioner Trustee*** jointly so request unless the Principal Employer considers the request to be unreasonable. Such removal shall be by resolution and the Trustee therein named shall thereupon cease to be a Trustee and shall be discharged from the trust.

5.9 If a Trustee fails over a period of six months to attend in person any of the duly convened meetings of the Trustees during such period the other Trustees or a majority of them may request the Principal Employer to remove such Trustee from office provided that no such request shall be made unless it has first been approved by a resolution passed at a meeting of the Trustees of which not less than seven days'

(**a**) 1995 c.26.

notice in writing shall have been given to the Trustee in respect of whom the request is made. Upon receipt of such a request the Principal Employer shall by resolution declare such Trustee removed from office and upon such declaration such Trustee shall cease to be a Trustee and shall be discharged from the trust and shall be notified accordingly by the Principal Employer.

5.10 The Trustee may request the Principal Employer to remove any Trustee who is a Members' Trustee or the Members' Pensioner Trustee from office provided that such request is made by a majority of the Trustees and that such majority includes all of the Members' Trustees and the Members' Pensioner Trustee other than the Trustee in respect of whom the request is being made and provided further that no such request shall be made unless it has first been approved by resolution passed at a meeting of the Trustees of which not less than seven days' notice in writing shall have been given to the Trustee to whom the resolution relates.

Upon receipt of such a request the Principal Employer shall by resolution declare such Trustee removed from office and upon such declaration such Trustee shall cease to be a Trustee and shall be discharged from the trust and shall be notified accordingly by the Principal Employer.

5.11 A copy of a resolution of the Principal Employer certified by the Chairman of the Principal Employer or by the Secretary of the Principal Employer shall be conclusive evidence of any removal or appointment purporting to be made by it and there shall be no necessity for the Principal Employer or the Trustees to execute any Deed in connection therewith.

5.12 The above provisions of this Clause shall be without prejudice to the powers and duties of an insolvency practitioner or the official receiver in accordance with the relevant provisions of Part I of the Pensions Act 1995 or of any Trustee who is an independent trustee for the purposes of those provisions.

6. PROCEEDINGS OF THE TRUSTEES

6.1 The Principal Employer shall from time to time nominate one of the Trustees to be their Chairman and to serve for a period ending on the termination of his appointment as a Trustee or such shorter period as the Principal Employer shall specify at the date of such nomination. This is subject to the terms of any agreement entered into by the Principal Employer regarding such nomination.

6.2 The Chairman or any two Trustees together may by written request to the Secretary call for a meeting of the Trustees and such meeting shall be convened by the Secretary within ten working days of receipt of the said request.

6.3 Notices of meetings of the Trustees stating the general nature of the business to be transacted thereat shall be dispatched by the Secretary to the Trustees.

6.4 Subject always to Clause 8.2 the Trustees may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and in such a way as to comply with the provisions of Part I of the Pensions Act 1995. The Chairman nominated as described above shall take the chair at every meeting of the Trustees at which he is present but in the event of there being no such Chairman present at a meeting of the Trustees the Trustees who are present at that meeting shall choose one of their number to be the Chairman for that meeting.

6.5 All business brought before a meeting of the Trustees shall, except as hereinafter provided, be decided by resolutions passed by a majority of the votes of the Trustees present and voting thereon and in the event of any equality of votes the Chairman of the meeting shall have a second casting vote. Any resolution shall, in order to be passed, require not less than six votes (including the second or casting vote, if any, of the Chairman) given in favour of the resolution.

6.6 The quorum for the transaction of business at any meeting of the Trustees shall be six of the Trustees and provided that there is a quorum the continuing Trustees may act notwithstanding any vacancies in their body.

6.7 A resolution in writing circulated to all the Trustees for the time being in the United Kingdom and signed as approved by all of those Trustees (not being less than six) shall be as effectual as if it had been passed at a meeting of the Trustees and such resolution may consist of two or more documents in similar form each signed by one or more of the Trustees.

6.8 The 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 so signed shall be evidence of the matters stated therein.

7. POOLED FUNDS AND SECTION STRATEGIC ASSET ALLOCATION COMMITTEES

7.1 Without prejudice to the Trustees' powers under Clause 15, the Trustees shall from time to time establish any one or more common investment funds for the purposes of investing Section Assets (a ***Pooled Fund***) and may adopt and amend regulations for the purposes of such Pooled Fund or extend the scope of an existing Pooled Fund. The Section Assets shall be held in such a way that it is possible at all times to determine the Unitised Section Assets held in a Pooled Fund.

7.2 The Trustees shall establish and maintain an Investment Policy Committee to which they may, subject to Clauses 7.3 to 7.5, delegate any of their investment powers in accordance with the Pensions Act 1995. The Investment Policy Committee shall be composed of all of the Trustees who are members of any Section Strategic Asset Allocation Committees established pursuant to Clause 7.3 below. If the membership of the Investment Policy Committee does not already include the chairman of the Trustees nominated under Clause 6.1, he may be appointed by the Trustees as an additional member of such committee.

7.3 The Trustees shall establish and maintain for each Section of the Scheme a separate Section Strategic Asset Allocation Committee to which they shall delegate their powers to determine the proportion of Section Assets to be held in any Pooled Fund or other investment approved by the Trustees.

7.4 Each Section Strategic Asset Allocation Committee shall be composed of three Trustees and the Trustees shall appoint and remove members of the Section Strategic Asset Allocation Committees having consulted with the Sponsoring Section Employer of the relevant Section. In addition, each Section Strategic Asset Allocation Committee may also have a fourth member, being the chairman of the Trustees for the time being nominated under Clause 6.1, who may be appointed by the Trustees, having consulted with the Sponsoring Section Employer. The fourth member of the Section Strategic Asset Allocation Committee so appointed may act as the chairman of each Section Strategic Asset Allocation Committee. A Sponsoring Section Employer may at any time request the Trustees to consult with it over the appointment, removal or continuance in office of the fourth member of the Section Strategic Asset Allocation Committee of its Section.

Unless otherwise agreed with the relevant Sponsoring Section Employer, the members of the Section Strategic Asset Allocation Committee, excluding the chairman of the Trustees, shall be Trustees who are employees or former employees of the Sponsoring Section Employer of the relevant Section or of an Employer participating in the relevant Section. In relation to members in the NATS Section, a former employee shall be determined by reference to employment after 1 April 1996.

7.5 Without prejudice to their powers under Clause 8.6, the Trustees may, after consultation with the Section Strategic Asset Allocation Committee, appoint one or more professional advisers to advise a Section Strategic Asset Allocation Committee.

7.6 Each Section Strategic Asset Allocation Committee shall from time to time decide the proportion of Section Assets to be held in each Pooled Fund or other investment approved by the Trustees. In taking such decisions, each Section Strategic Asset Allocation Committee shall have regard to the advice of any of its professional advisers appointed by the Trustees under Clause 7.5. The Trustees may overturn a decision of a Strategic Section Asset Allocation Committee, having consulted with the relevant Sponsoring Section Employer, only if they consider, having consulted with the Actuary, that the decision is liable to prejudice the security of interests of Members in that Section.

7.7 Each Section Strategic Asset Allocation Committee shall meet together for the despatch of their business and otherwise regulate their meetings as they see fit.

7.8 The Trustees may request information or documents from any Section Strategic Asset Allocation Committee, which committee shall be required to respond promptly to such request and deliver any information or documents so requested.

8. TRUSTEES' DUTIES AND GENERAL POWERS

8.1 The Trustees shall be the Administrator of the Scheme for the purposes of Chapter I of Part XIV of the Taxes Act(**a**).

8.2 The Trustees shall meet for the despatch of business relevant to the Scheme and each Section at intervals not exceeding six months and shall do such things as they shall consider necessary for the proper administration of the Scheme and each Section.

8.3 The Trustees shall have all powers rights and privileges in connection with the Scheme and each Section requisite or proper to enable them to carry out or execute or do any transaction act deed or thing arising under or in connection with the Scheme or each Section.

8.4(a) The Trustees shall have power from time to time to delegate any business in relation to the Scheme or a Section to one or more of their number.

(b) The Trustees shall have power to delegate to any reputable person, firm or corporation all or any of the powers, duties, authorities and discretions (including, subject to the provisions of section 34 of the Pensions Act 1995(**b**), investment decisions) hereby conferred on the Trustees on such occasion or for such period and otherwise on such terms and conditions as the Trustees may think fit and the Trustees shall not be bound to supervise the exercise of the said powers, duties, authorities and discretions or the performance thereof by such person, firm or corporation and shall not be responsible for any loss incurred as a result of such delegation or for the negligence or default of any such person, firm or corporation.

(**a**) 1988 c.1.
(**b**) 1995 c.26.

8.5 The Trustees shall have power to authorise such persons and employ such agents and staff to transact any business relevant to the Scheme or any Section, including the drawing of cheques and making payments and giving receipts, as the Trustees may think fit and any such payment duly made in good faith by such persons agents or staff shall operate as a good and sufficient discharge to the Trustees, and any receipt and discharge given by such persons agents or staff shall be as valid and as effectual as if it were given by the Trustees. The Trustees shall not incur any liability or responsibility whatsoever in respect of any business transacted by any person, agents or staff authorised or employed in good faith in accordance with this Clause 8.5.

8.6 The Trustees shall have power to obtain the advice or opinion of any lawyer, broker, actuary, accountant, medical practitioner or other professional person with regard to their powers duties and discretions in relation to the Scheme or a Section wherever they feel it necessary or expedient and to rely and act upon any advice so obtained without incurring any liability or responsibility whatsoever in the event of the negligence or default of any such person or in the event of any action taken by the Trustees as a result of such advice proving subsequently to be incorrect or inadequate.

8.7 The Trustees shall, have power to make arrangements for the remuneration of the persons or bodies referred to in Clauses 8.5 and 8.6 above upon such terms as they shall think fit and any amounts so paid shall be deemed to be part of the expenses incurred by the Trustees in carrying out the trusts and provisions of the Scheme or the relevant Section (under Clause 13).

8.8 The Trustees shall have power (whether as Trustees or Administrator) to give undertakings to the Board of Inland Revenue.

8.9 The Trustees shall secure that such arrangements as are required by or under Section 50 of the Pensions Act 1995 for the resolution of disagreements between persons prescribed for the purposes of that section about matters related to the Scheme or any Section are made and implemented.

8.10 Subject always to Clause 8.9 above, the Trustees shall have power to determine all questions and matters of doubt arising in connection with the Scheme or any Section whether relating to the contributions thereto or the benefits thereunder or otherwise and also to settle compromise or submit to arbitration any claims relating to the Scheme or to the rights of any Member or other beneficiary thereunder and no decision of or exercise of a power or discretion by the Trustees shall be invalidated or questioned on the ground that any of the Trustees had a direct or personal interest in the result of any such decision or in the exercise of any such power or discretion, provided always that in the event of any dispute arising as between the Trustees and any person entitled to or claiming to be entitled to any benefit under the Scheme or any Section such dispute may be referred by such person to a single arbitrator to be named by the President for the time being of the Law Society of England and Wales and the arbitrator so names shall have all the powers conferred on arbitrators by the Arbitration Act 1996(**a**).

8.11 The Trustees shall have power to insure any or all of the assets of the Scheme for such amount and against such eventualities or risks as they consider appropriate, including the power to effect insurance against any potential loss of or depreciation in such assets and insurance in respect of any loss to the Fund caused by or arising out of any action claim or demand made against the Trustees for loss suffered by the Trustees (or their agents delegated or appointed officers). The premiums for any such insurances shall be apportioned by the Trustees in accordance with Clause 13, provided that no amount shall be paid out of the Section Assets attributable to a Section for the payment of premiums under an insurance policy where the risk is or includes a fine or penalty to which section 31 of the Pensions Act 1995 applies.

8.12 The Trustee shall have power from time to time whenever to do so will in their opinion operate to the advantage of the Fund (either alone or jointly with any other person, body, company or corporation) to form cause to be formed or authorise the formation or winding-up in any part of the world of any company or companies controlled directly or indirectly by the Trustees for any purpose whatsoever relating to the management and administration of the Fund (or of the Fund and other trust funds) or for the supply of financial, technical or professional advice and services of any kind whatsoever to the Trustees (or to the Trustees and other trustees) and the Trustees shall have power to pay out of the relevant Section Assets all or any of the expenses of such formation or winding-up including the preliminary or other expenses of any such company and to acquire hold and dispose of in any manner whatsoever any of the share or loan capital of any such company. A Trustee may hold any office (including without limitation the office of director or secretary) with any such company but shall not be entitled to be paid any remuneration in respect thereof provided that nothing herein contained shall prevent a Trustee from being paid all reasonable and proper expenses incurred by him in and about the performance of his duties in connection with any such office.

(**a**) 1996 c.23.

9. SCHEME SECRETARY

9.1 The Trustees shall appoint a secretary to the Scheme, such person being a person whom the Trustees consider to be suitably qualified for such appointment. The Trustees may at any time terminate the appointment of the Secretary. The Trustees shall fill every vacancy in the office of the Secretary to the Scheme as soon as practicable by appointing a suitably qualified person to that office.

10. AUDITOR AND ACCOUNTS

10.1 The Trustees shall appoint as auditor to the Scheme an individual or a firm who or which satisfies the requirements of the Pensions Act 1995 in relation to auditors of occupational pension schemes. Any such appointment shall be on such terms as to remuneration and otherwise as shall be agreed between the Trustees and such auditor subject always to the provisions of section 47 of the Pensions Act 1995.

10.2 The Trustees may remove and replace such auditor as they deem necessary subject always to the provisions of section 47 of the Pensions Act 1995.

10.3 The Trustees shall keep such accounts, entries, registers and records as are necessary for the proper working of the Scheme and each Section and shall cause the Scheme accounts to be audited annually by the auditor appointed under Clause 10.1.

The auditor shall have access to all books, papers, vouchers, accounts and documents connected with the Scheme and each Section and shall certify in writing the result of each audit.

10.4 The Trustees shall arrange for the production of an annual report on the Scheme, such report to be divided into separate schedules for each Section. Each schedule shall incorporate the accounts and an actuarial statement based on the most recent investigation of the relevant Section referred to in Clause 12.1 and contain such other information as is required to satisfy the provisions of the Pension Schemes Act 1993(**a**) and the Pensions Act 1995.

10.5 A copy of such annual report or the relevant schedules contained or incorporated in such annual report and a copy of the actuarial report referred to in Clause 12.1 shall be made available:

(a) upon request, if applicable, to those persons or bodies who have a right to inspect or receive a copy of it in accordance with the Pension Schemes Act 1993 and the Pensions Act 1995, the Trustees being entitled to make such charge (if any) as is permitted under the Disclosure Regulations(**b**);

(b) to the Board of Inland Revenue and the Department of Social Security if such is necessary respectively for the continued recognition of the Scheme as an exempt approved scheme for the purposes of the Taxes Act and the continuance of any contracting-out certificate issued in connection with the Scheme.

A copy of such annual report shall be given to the Sponsoring Section Employers and to the other Employers in each Section.

10.6 The Trustees shall, in addition, comply with the Disclosure Regulations relating to, among other things, the provision of the following information, (and subsequent changes thereto), the Trustees being entitled to make such charge (if any) as is permitted under the Disclosure Regulations:

(a) details of this Deed and the Rules;

(b) basic information about the Scheme and each Section;

(c) details of an individual's benefit under each Section when it becomes payable;

(d) information about Member's benefits under each Section;

(e) rights and options in respect of death benefits under each Section;

(f) rights and options available to persons who leave any Section;

(g) details of transfer values and cash equivalents in respect of each Section;

(h) information to be supplied in the event of the Scheme or a Section being wound up.

10.7 The Trustees shall provide such information to the Pensions Ombudsman, the Registrar of Occupational and Personal Pension Schemes, the Occupational Pensions Regulatory Authority and the Pensions Compensation Board as may be required in accordance with the provisions of the Pension Schemes Act 1993 and the Pensions Act 1995.

(**a**) 1993 c.48.
(**b**) S.I. 1996/1655, amended by S.I. 1997/786, 1997/819, 1997/3038.

11. APPOINTMENT OF ACTUARY

11.1 The Trustees shall, without prejudice to the generality of Clause 8, appoint an actuary to the Scheme who shall be a Fellow of the Institute of Actuaries and/or the Faculty of Actuaries. Any such appointment shall be on such terms as to remuneration and otherwise as shall be agreed between the Trustees and such Actuary subject always to the provisions of section 47 of the Pensions Act 1995.

11.2 The Trustees may remove and replace such Actuary as they deem necessary, subject always to the provisions of section 47 of the Pensions Act 1995.

12. ACTUARIAL VALUATION

12.1 The Trustees shall instruct the Actuary to investigate the financial position of the Scheme and each Section by carrying out an actuarial investigation such as to satisfy the relevant provisions of the Pensions Act 1995 within a period prescribed (and at intervals required) for the purposes of sections 41 and 57 of that Act, such that the effective date of any such valuation shall be not later than three years after the previous one or such later date as shall satisfy the relevant provisions of the Pensions Act 1995. The actuarial valuation must show the Section Assets and the Section Liabilities in respect of each Section separately.

12.2 The Trustees shall also require the Actuary to submit certificates from time to time as required for the purposes of the Pensions Act 1995.

12.3 The Trustees shall make any such valuation report and certificate or copies of them available to any other persons or bodies entitled to receive them in the circumstances and in the manner specified in the Disclosure Regulations.

12.4 The Actuary shall in making a report upon the financial position of the Scheme and each Section make any recommendations he thinks fit to the Trustees who shall submit a copy of it together with any recommendations they may wish to make in regard thereto to the relevant Sponsoring Section Employer as soon as may be practicable.

13. EXPENSES

13.1 All costs, charges and expenses (including for the avoidance of doubt expenses relating to investment) incurred solely in connection with the establishment, administration and management of a particular Section shall be dealt with in accordance with the Rules of that Section.

13.2 All other costs, charges and expenses shall be allocated between the Sections as the Trustees determine, and met either out of the relevant Section Assets, or by one or more Employers (which may or may not include the Sponsoring Section Employer) in the relevant Section, as the Trustees decide, provided that any such amounts which consist of professional or other charges (as referred to in Clause 16) of the Trustees who are Employers' Trustees shall be paid by the Sponsoring Section Employer with whom the relevant Employers' Trustee is mostly closely identified.

14. APPOINTMENT AND DUTIES OF FUND MANAGERS AND CUSTODIANS

14.1 Where the Fund consists of or includes investments (within the meaning of the Financial Services Act 1986(**a**)) the Trustees shall, without prejudice to the generality of Clause 8, appoint as fund manager or fund managers of the Scheme one or more corporate bodies, firms or individuals which or who satisfy the requirements of the Pensions Act 1995(**b**) in relation to fund managers of occupational pension schemes. Any such appointment shall be upon such terms as to remuneration and otherwise as the Trustees shall agree with the fund managers subject always to the provisions of section 47 of the Pensions Act 1995.

14.2 A fund manager appointed under Clause 14.1 shall be empowered to exercise or carry out the powers of investment set out in this Deed including the holding of investments, monies and other assets of the Fund in its or his name or the name of its or his nominees as the nominees of the Trustees.

14.3 Each fund manager so appointed shall exercise the powers referred to above in such a way as to comply with the relevant provisions of Part I of the Pensions Act 1995 in so far as they apply to fund managers of occupational pension schemes.

14.4 The Trustees shall, without prejudice to the generality of Clause 8, have the power to appoint one or more firms or corporate bodies as custodians. The investments, monies and other assets of the Fund may be placed by the Trustees in the name or under the control of such custodians to the extent and in such proportions as the Trustees shall determine.

(**a**) 1986 c.60.
(**b**) 1995 c.26.

15. POWERS OF INVESTMENT AND OTHER TRANSACTIONS

15.1 The Trustees shall have the following powers in respect of the whole or a part of any amounts held by them which are not immediately paid or applied for the purposes of the Scheme namely:

(a) power to place or retain the same in any current account (with or without requiring any interest) in any bank or building society of good repute;

(b) power to deposit the same with any bank or building society of good repute at such rate of interest and on such terms as the Trustees shall think fit;

(c) power to invest in or apply the same in the acquisition or upon the security of such stocks funds bonds shares debentures debenture stocks securities unit trust units share warrants and options on shares traded options financial futures or other investments (including works of art or other property whether real or personal and whether or not of a wasting nature) of whatsoever nature and wheresoever situate whether or not income producing and whether or not involving liability and whether or not authorised by law for the investment of trust funds, and in such loans (other than loans to any of the Employers or to any Member or other person entitled to benefit from the Scheme in respect of a Member) whether secured or unsecured as the Trustees in their absolute discretion shall decide;

(d) power to invest or apply the same in effecting with any United Kingdom office or branch of any Authorised Insurance Company any deferred or immediate annuity assurance sinking fund deposit administration managed fund or other policies or contracts;

(e) power to underwrite any investments or securities whether on issue or sale and whether jointly with other persons or not;

(f) power to enter into any transaction involving financial futures, forwards, forward foreign exchange contracts, traded options, contracts for difference, over-the-counter options, swaps or other derivative instruments of whatsoever nature and wheresoever situate whether or not these impose contingent liabilities on the Scheme and whether or not authorised by law for the investment of trust funds as the Trustees in their absolute discretion shall decide;

(g) power to enter into any transaction affecting all or any part of the Fund with any company or corporation or with the trustees of any other trust notwithstanding that the Trustees (or any of them) may be or be included among the directors of such company or the members of the governing body of such corporation or the trustees of such other trust or be the directors of any body corporate being trustees of such other trust, provided always that this power shall not be exercised to permit a transaction with any of the Employers or any Subsidiary Company or Associated Company except upon the recommendation of a competent consultant appointed by the Trustees who shall be independent of the Employers and of any Subsidiary Company or Associated Company and of any trustees referred to above, except that the recommendation of such consultant may be overruled by a unanimous decision of the Trustees, which requirement of unanimity shall not prejudice any other requirement of unanimity for a decision of the Trustees;

(h) power to lease mortgage exchange sell or otherwise deal with any land or interest in land forming part of the Fund in like manner as if the Trustees were absolutely entitled thereto beneficially;

(i) power to enter into any scheme either alone or with others and either directly or indirectly for the development of land or buildings whether or not owned by the Trustees.

15.2 The Trustees shall have the power to sell convert vary or transpose any investments monies and other assets of the Fund in all respects as if the Trustees were absolutely entitled to them beneficially.

15.3 The Trustees shall hold all the investments, monies and other assets of the Fund in their name and under their legal control except in so far as such investments, monies and other assets have been placed in the name or under the control of one or more fund managers or their nominees as described in Clause 14.2 or in the name or under the control of one or more custodians as described in Clause 14.4.

15.4 The Trustees shall exercise their powers under this Clause 15 to operate a bank account as required under section 49 of the Pensions Act 1995(**a**).

15.5 The Trustees shall secure that there is prepared, maintained and from time to time revised a written statement of the principles governing decisions about investments for the purposes of the Scheme in accordance with the provisions of section 35 of the Pensions Act 1995 and shall exercise their powers of investment with a view to giving effect to the principles contained in such statement so far as reasonably practical.

15.6 Notwithstanding anything contained herein to the contrary the Trustees shall not make any direct investment of any part of the Fund in any of the Employers or in any property occupied by any of the Employers and shall otherwise comply with such restrictions as may be prescribed in accordance with the Pensions Act 1995 with respect to the proportion of its resources that may at any time be invested in, or in any description of, employer-related investments (as defined in section 40 of that Act).

(**a**) Section 49 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 10(1) and 18 and Schedule 2, paragraph 12.

Power to Borrow

15.7 The Trustees may raise or borrow any monies upon such terms as they think fit (including the arrangement of an overdraft with any bank or building society of good repute) and may secure such monies by charging all or any part of any Section Assets. The monies so raised or borrowed may be applied for all or any of the purposes of the Scheme including without prejudice to the generality thereof the purchase of any investment authorised by this Deed.

16. TRUSTEES' ENTITLEMENTS

16.1 Any Trustee not being an Employee shall be entitled to charge and be paid all usual professional or other charges for business done or services rendered or time spent by him (or by a firm of which he is an employee or partner) in relation to the trusts hereof or to the administration of the Scheme or a Section.

16.2 Any Trustee who is a Member shall be entitled to retain for his absolute benefit any benefits to which he is or becomes entitled by virtue of his membership of any Section of the Scheme.

17. POWER OF AMENDMENT

17.1 Where a proposed amendment relates solely to the provisions of one Section, then that proposed amendment shall be subject to the Rules of that Section, and the rest of this Clause 17 shall not apply to it. Where a proposed amendment does not relate solely to the provisions of one Section then the rest of this Clause 17 shall apply to it. Amendments relating to the benefits and contributions of Members shall be subject to and only amended in accordance with the Rules of the relevant Section in which the Member participates.

17.2 Subject to Clause 17.3, the Principal Employer may with the consent of the Trustees at any time by supplemental deed amend the provisions of the Scheme by modifying altering deleting or adding to the provisions of it or by substituting new provisions to the exclusion of or in addition to all or any of the provisions for the time being in force:

(a) in order that the provision of the trust deeds governing the Scheme shall conform with the requirements of a scheme capable of approval by the Board of Inland Revenue under Chapter I of Part XIV of the Taxes Act(**a**) or to obtain and maintain a contracting-out certificate under the Pension Schemes Act 1993(**b**) in respect of the employment of the Members or any class of the Members or in order that the provisions of the said trust deeds shall effectively carry out the intentions of the Interim Deed and shall define and regulate the Scheme in accordance with the terms of any announcement made to Members and those eligible for membership prior to the 20th day of November 1976,

(b) for any other purpose,

but no amendment shall alter the primary purpose of the Scheme or be such as to contravene the provisions of the Pensions Act 1995 in relation to the modification of schemes, and an amendment for any purpose other than those specified in paragraph (a) above shall not:

(i) make any monies of the Fund payable to the Employers except in so far as they are a surplus remaining after the termination of a Section;

(ii) affect in any way prejudicially the benefits and interests accrued or secured of any person in the S Category or reduce the accrued or prospective benefits of existing Members other than those in the S Category,

(iii) result in the provisions of the Rules ceasing to fulfil the terms and conditions contained in paragraphs 1 and 2 of the Outline set out in the Third Schedule to the Interim Supplemental Deed dated 20 February 1979 made between the Principal Employer of the one part and the Trustees then in office of the other part without the consent of every person in the S Category adversely affected by such amendments.

The Trustees shall have the right subject, where required in accordance with section 68 of the Pensions Act 1995(**c**), to the consent of the Principal Employer, to modify the Scheme by resolution for the purposes described in that section. Any such modification shall be subject to the provisions of that section and of any regulations made thereunder.

17.3 In proposing an amendment under Clause 17.2, the Principal Employer will consult with the Sponsoring Section Employer of the NATS Section and will not propose an amendment which would prejudice that Sponsoring Section Employer's business and operational interests.

17.4 Without prejudice to the powers of the Principal Employer under this Clause 17, HIAL with the consent of the Principal Employer and the Trustees may amend the provisions of the Scheme in so far as they relate to HIAL Members. Any such amendment shall be subject otherwise to the provisions of Clause 17.2.

(**a**) 1988 c.1.
(**b**) 1993 c.48.
(**c**) Section 68 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 54.

17.5 As soon as practicable after agreeing or deciding to amend the provisions of this Deed or the Rules in accordance with this Clause 17, being amendments to the documents constituting the Scheme or to information which any person has a right to receive in accordance with the Disclosure Regulations, the Trustees shall arrange for the relevant person or persons to be notified. If such person is a Member the Trustees shall notify or arrange for the notification of each Member affected thereby individually in writing or by exhibiting a notice at the relevant locations of work or employment and make the appropriate amendment taking into account any requirements of the Board of Inland Revenue, the Occupational Pensions Regulatory Authority or the Department of Social Security in respect thereof.

18. LIABILITY OF TRUSTEES

18.1 No Trustee shall be liable for any actions claims or demands arising out of anything done or caused to be done or omitted by him in connection with the Scheme and costs arising therefrom, except for:

(a) an act or omission which he knew to be a breach of trust and which he knowingly and wilfully committed or omitted as the case may be; and

(b) an act or omission in respect of which a Trustee incurs a fine or penalty as referred to in section 31 of the Pensions Act 1995; and

(c) an act or omission for which liability in relation to the investment of the Fund cannot be excluded or restricted in accordance with section 33 of the Pensions Act 1995.

Trustee indemnity

18.2 Where any action, claim or demand arises in connection with one Section only out of anything done or caused to be done or omitted (whether by way of investment or otherwise) by the Trustees and the Secretary, and employees of the Employers acting under the instructions of the Trustees or the Secretary, those persons are indemnified by the Employers participating in that Section against such actions, claims or demands, and costs arising from them (except an act or omission which any such person knew to be a breach of trust and which he knowingly and wilfully committed or omitted, as the case may be). Such indemnity shall be in proportion to the values of the accrued interests of those Employers' employees who are Current Members and the Pensioners in that Section, or on another basis determined by the Trustees which would not prejudice approval of the Scheme under Chapter I of Part XIV of the Taxes Act.

18.3 Where any action, claim or demand arises in connection with more than one Sections out of anything done or caused to be done or omitted (whether by way of investment or otherwise) by the Trustees and the Secretary, and employees of the Employers acting under the instructions of the Trustees or the Secretary, those persons are indemnified by the Employers participating in those Sections against such actions, claims or demands, and costs arising from them (except an act or omission which any such person knew to be a breach of trust and which he knowingly and wilfully committed or omitted, as the case may be). Such indemnity shall be in proportion to the values of the accrued interests of those Employers' employees who are Current Members and the Pensioners in those Sections, or on another basis decided by the Trustees which would not prejudice approval of the Scheme under Chapter I of Part XIV of the Taxes Act.

18.4 To the extent that they are not indemnified by the Employers under Clause 18.2 or 18.3, any such person shall be indemnified out of the Section Assets of the relevant Section or Sections, but not in respect of acts or omissions referred to in paragraphs (a) to (c) in Clause 18.1 above.

18.5 The Trustees shall not be liable in respect of any payment to any person erroneously made by them in good faith in the belief (having regard to Rule 22) that the person was entitled to it. A receipt issued to the Trustees by any person for any payment made to such person shall be a good and sufficient discharge of the obligations of the Trustees.

18.6 The Trustees shall be liable only for such monies and assets as they shall actually receive and shall in no event be liable for any interest in respect of such monies or if the Section Assets of the relevant Section are insufficient to pay the benefits under that Section whether by reason of the contributions payable by Employers into the Section being insufficient or by reason of any Employer failing to pay the contributions or by reason of any loss or depreciation of any of the assets of the Scheme.

Trustee insurance

18.7 The Trustees shall have power to take out insurance against any loss caused by or arising out of any action, claim or demand made against any Trustee or former Trustee or any of their delegates or any officer or employee of a corporate trustee. The Trustees may also insure themselves and any of those persons against liability for breach of trust not involving the personal conscious wrongdoing or fraud of the person concerned. The premiums of any such insurance shall be treated as an expense of the Scheme, and dealt with in accordance with Clause 13.2, but subject to section 31 of the Pensions Act 1995.

19. ESTABLISHING NEW SECTIONS

19.1 An Employer currently participating in a Section or a Subsidiary Company or Associated Company or Non-Associated Company (the ***applicant***) may establish a new Section within the Scheme, with the consent of the Trustees and the Sponsoring Section Employers of the CAA Section and the NATS Section, subject to the provisions of this Clause, except that where an applicant wishes to establish a new Section in respect of the continued participation in the Scheme of a Protected Member, who would otherwise cease to be a Current Member, the consent of the Sponsoring Section Employers shall not be required to the applicant's participation in respect of that Protected Member.

19.2 If the applicant is permitted under Clause 19.1 above to establish a new Section, it must enter into a deed of establishment and participation with the Trustees in which it agrees to comply with the Trust Deed and Rules, establishing and naming its Section of the Scheme; identifying itself as the employer who is to be treated as the Sponsoring Section Employer for its Section; adopting and agreeing to comply with rules in substantially the form of the CAA Rules or the NATS Rules as appropriate.

20. CHANGE OF PRINCIPAL EMPLOYER

20.1 If legislation is passed for the reconstruction or reconstitution of the Principal Employer or if the Principal Employer is absorbed by or amalgamated with a company or another body or if the undertaking of the Principal Employer (or the major part thereof) is assigned to or vested in a company or other body the Trustees may make such arrangements or enter into such agreements (not being arrangements or agreements of such a kind as to prejudice the continued approval of the Scheme) as they think fit for the continuance of the Scheme and for such reconstructed or amalgamated or other company or body to take the place of and become the Principal Employer for all purposes of the Scheme from the date agreed with the Trustees provided that such company or body shall undertake to perform all the obligations of the Principal Employer under the Trust Deed.

20.2 If the Principal Employer gives notice in writing to the Trustees of termination of its liability to contribute to the Scheme as described in Rule 44 or of termination of its willingness to continue as Principal Employer in relation to the Scheme, the Trustees may, provided that recognition of the Scheme as an exempt approved scheme for the purposes of Chapter 1 of Part XIV of the Taxes Act is not thereby prejudiced, request one of the other Employers to assume the obligations and duties of the Principal Employer and if such other Employer is willing to do so such employer shall take the place of and become the Principal Employer for all purposes of the Scheme from a date agreed with the retiring Principal Employer and the Trustees;

20.3 If it appears to the Principal Employer that the Trustees will be unable to make arrangements as described in Clause 20.1 the Principal Employer may, after consultation with the Trustees, request one of the other Employers to assume the obligations and duties of the Principal Employer on the basis described in Clause 20.2 and subject to the proviso to that Clause.

21. INSOLVENCY: POWERS OF INDEPENDENT TRUSTEES

21. In the circumstances when an insolvency practitioner or the official receiver is appointed and acts as described in Part I of the Pensions Act 1995(**a**), any powers under the Scheme which are vested in the Trustees, the Administrator or any of the Employers and which are exercisable at their discretion shall, to the extent set out in that Part, be exercisable by one or more Trustees who are independent trustees for the purposes of that Part.

APPENDIX 1—DEFINITIONS

Acceptable Residual Benefits means benefits falling within either of the following categories, viz:

(1) Benefits for widows or dependants;

(2) Guaranteed minimum pension benefits under retirement benefits schemes contracted-out in accordance with the Pension Schemes Act 1993(**b**).

Actuary means the person appointed to be the actuary to the Scheme in accordance with Clause 11 of the Trust Deed.

A D Deferred Pensioner means a Member who was admitted to membership of the Scheme on 1 October 1978 who has an entitlement under the Previous Scheme Provisions to a pension from the Scheme corresponding to a deferred pension to which he became entitled under the A D Scheme.

Administrator means the person or persons who is or are the administrator of the Scheme in accordance with Clause 8.1 of the Trust Deed.

A D Scheme means the Civil Aviation Authority Airworthiness Division Superannuation Scheme.

(**a**) 1995 c.26.
(**b**) 1993 c.48.

Approved Policy means an annuity contract or policy issued by an Authorised Insurance Company in a form approved by the Board of Inland Revenue for the purposes of section 591(2)(g) of the Taxes Act(**a**) under which such Authorised Insurance Company assumes an enforceable obligation to pay the benefits as and when they fall due to or for the benefit of such persons (or to or for the benefit of the widows, widowers, dependants or personal representatives of such persons) in respect of whom such contract or policy is issued and under which the following conditions are met:

(1) Any annuity benefits provided are non-assignable and except to such extent as may be certified by the Authorised Insurance Company non-commutable; and

(2) The benefits provided do not exceed the maximum amount approvable under the relevant Section by the Board of Inland Revenue; and

(3) The maximum amount which can be taken as a lump sum at Normal Pension Date or on previous death is shown in monetary terms.

Associated Company means any body corporate which is or shall hereafter be allied to or associated in business with the Sponsoring Section Employer and is for the time being for the purposes of the Scheme and the relevant Section so designated by the Sponsoring Section Employer.

Associated Employment means an employment which is a relevant associated employment for the purposes of section 590A of the Taxes Act.

Associated Scheme means a retirement benefits scheme approved or seeking approval under Chapter I of Part XIV of the Taxes Act(**b**) which is a connected scheme or which provides benefits in respect of Service or in respect of Associated Employments.

Authorised Insurance Company means any insurance company to which Part II of the Insurance Companies Act 1982(**c**) applies and which is authorised by or under section 3 or 4 of that Act to carry on ordinary long-term insurance business as defined in that Act or any other insurance company acceptable for the purposes of section 19 of the Pension Schemes Act 1993.

Averaged Fluctuating Earnings means in respect of a Member for any period the annual average of the Member's fluctuating earnings (including fluctuating remuneration for overtime and other fluctuating remuneration but excluding Non-Pensionable Earnings) from the Employers for the period of 36 consecutive calendar months which ends on the last day of such period or in the case of a Member who at such date has been a Current Member for less than 36 calendar months over the whole of such lesser period.

CAA means the Civil Aviation Authority, a body corporate established by statute whose chief office is at CAA House, 45/59 Kingsway, London, WC2B 6TE.

CAA Rules means the Rules of the CAA Section, as set out in Appendix 2.

CAA Section means the Section of the Scheme established under Clause 3.1 which is attributable to those persons attributed under Clause 3.3 and persons who join that Section after the Effective Date.

Cash Value means in respect of a Member (1) the cash value, determined by the Trustees with the advice of the Actuary being not less, where appropriate, than an amount required in accordance with the Pension Schemes Act 1993, of the whole or a specified part of the benefits payable or prospectively payable from the relevant Section in respect of him and (2) where the final sentence in Rule 32.1 applies, the amount therein described.

Civil Aviation Act means the Civil Aviation Act 1971(**d**) or the Civil Aviation Act 1982(**e**) as the context requires.

Civil Service Scheme means the Principal Civil Service Pension Scheme 1974 made under section 1 of the Superannuation Act 1972(**f**) and includes the prior civil service superannuation provisions replaced by such scheme.

Class A Member means a Member who has elected the option under Rule 40 whereby he becomes a Member to whom the 1989 Inland Revenue limits regime for occupational pension schemes (which is summarised in Section A of Appendix 4) applies.

(**a**) Section 591(2)(g) was amended by the Finance Act 1994 (c.9), sections 107 and 258 and Schedule 26, Part V(12).
(**b**) 1988 c.1.
(**c**) 1982 c.50.
(**d**) 1971 c.75.
(**e**) 1982 c.16.
(**f**) 1972 c.11; section 1 was amended by the Pensions (Miscellaneous Provisions) Act 1990 (c.7), sections 8(1) and (2) and the Pension Schemes Act 1990 (c.48), section 190 and Schedule 8, paragraph 6.

Class B Member means a Member who is a Member to whom the pre-1989 Inland Revenue limits regime for occupational pension schemes (which is summarised in Section B of Appendix 4) applies in accordance with Rule 40.1.

Connected Scheme means a retirement benefits scheme which is regarded as being connected with the Scheme in accordance with the provisions of section 590A of the Taxes Act.

Continued Rights Member means:

(1) a Member who before becoming a Member was before 1 June 1989 a member of a different retirement benefits scheme which commenced prior to 14th March 1989 and who became a Member as a result of either a reconstruction of one or more retirement benefits schemes or a reconstruction or amalgamation of employers, and

(2) any other Members acceptable to the Board of Inland Revenue as falling within this definition for the purposes of these Rules.

Contracted-out Membership means that part (if any) of a Member's last or only period of Service during which he was for the purposes of the Pension Schemes Act 1993 in contracted-out employment by reference to the relevant Section; provided that it shall also include any earlier period of such Service which has under the provisions of the Pension Schemes Act 1993 not been treated as terminated, but not so that any part of such Service shall be counted more than once for the purpose of determining the total benefits payable in respect of him under the relevant Section.

Contracting-out Regulations means The Occupational Pension Schemes (Contracting out) Regulations 1996(**a**) and any other regulations made in relation to contracting out.

Contributions Equivalent Premium means in respect of a Member the premium payable in respect of him in accordance with section 55(2) of the Pension Schemes Act 1993.

Controlling Director means a Member whose Employer is a company and who at any time on or after 17 March 1987 is or in the last ten years of his Service has been both (i) a director as defined in section 612(1) of the Taxes Act, and (ii) within paragraph (b) of section 417(5) of the Taxes Act, in relation to such company.

Current Member means a Member who, having been admitted to membership of the Scheme:

(1) is within the eligibility category described in Rule 21; and

(2) has not retired or withdrawn from membership of the relevant Section; and

(3) is not a Class B Member who has received any benefit from the relevant Section while in Service on or after Normal Pension Date in accordance with Rules 27.3.

Deed of Consolidation means the trust deed dated 20 June 1991 and made between the Principal Employer, Highlands and Islands Airports Limited and the Trustees therein named.

Dependant means in respect of a Member any person who in the opinion of the Trustees is or was at the relevant time dependent on the Member for all or part of the necessaries of life.

Disclosure Regulations means the Occupational Pension Schemes (Disclosure of Information) Regulations 1996(**b**).

Earnings means in respect of each Member for any period an amount calculated or estimated by the Trustees for that period in such manner and on such basis as they shall determine having regard to the Member's remuneration from the Employers for that period which is assessable to tax under Schedule E but excluding Non-Pensionable Earnings.

Effective Date means the date of disposal by the Civil Aviation Authority to National Air Traffic Services (No. 2) Limited of the shares it holds in National Air Traffic Services Limited;

Employee means (1) a person employed by the Employers under a contract of employment and (2) a Member of the Civil Aviation Authority appointed by the Secretary of State under Schedule 1 to the Civil Aviation Act who is treated as if his service as a Member of the Civil Aviation Authority were service in the employment of the Employer.

Employers means the Principal Employer, the Sponsoring Section Employers, HIAL and any Associated Company or Non-Associated Company or Subsidiary Company which enters into an agreement with the Sponsoring Section Employer and the Trustees binding itself to observe and perform the relevant provisions and obligations of the relevant Section or the Scheme, and in relation to any particular person "Employer" means that one or more of the Employers of which he is (or was at the relevant time) an employee or director. In relation to any particular Section, Employer means that one or more of the Employers which participates in that Section in accordance with the Trust Deed and Rules.

(**a**) S.I. 1996/1172, amended by S.I. 1996/1577, 1996/1977, 1997/786, 1997/819, 1997/3038, 1998/1397.
(**b**) S.I. 1996/1655, amended by S.I. 1997/787, 1997/819, 1997/3038.

Employers' Pensioner Trustee means a Member in receipt of a pension from the Scheme, other than a Members' Trustee, an Employers' Trustee and the Members' Pensioner Trustee, who is appointed by the Principal Employer as a trustee of the Scheme.

Employers' Schemes means all retirement benefits schemes of any of the Employers or to which any of the Employers contributes or has contributed and all other schemes which provide benefits in respect of Service, being schemes approved or seeking approval under Chapter I of Part XIV of the Taxes Act and for the purpose of Appendix 4 includes Associated Schemes but only in respect of Class B Members who became Current Members on or after 1 June 1989 (other than Continued Rights Members).

Employers' Trustees means persons other than Members' Trustees, the Members' Pensioner Trustee and the Employers' Pensioner Trustee, who are appointed by the Principal Employer as trustees of the Scheme.

Existing Trust Deeds means the Interim Deed and any deeds supplemental to it executed prior to the date of the trust deed to which this Appendix is attached.

Family Benefit Contributions means in respect of a Member the aggregate of:

(1) that part (if any) of the contributions paid by the Member to the Scheme prior to 1st April 1988 which were regarded under the Previous Scheme Provisions as being contributions for family benefits, and

(2) any voluntary contributions paid by the Member under Rule 23.3 which in the opinion of the Trustees represent the continuation of contributions described in (1) above, and

(3) any part of the Member's contributions under Rule 23.1 which are at a rate in excess of 4.5% (6% prior to 1 April 1997) of his Earnings or such reduced amount as the Trustees with the advice of the Actuary shall consider to be appropriate following a reduction or suspension of contributions in accordance with Rule 23.7.

Final Pensionable Earnings means in respect of each Member at any date the greatest of:

(i) the Member's remuneration from the Employers for the year ending on that date other than fluctuating earnings together with his Averaged Fluctuating Earnings for that year; and

(ii) the Member's highest total remuneration from the Employers for any period of 12 consecutive calendar months as a Current Member within the five years ending on that date, such total remuneration comprising his remuneration other than fluctuating earnings for any such period together with his Average Fluctuating Earnings for that period; and

(iii) the highest annual average of the Member's total remuneration other than fluctuating earnings from the Employers over any period of 36 consecutive calendar months as a Current Member ending within the period of 10 years which ends on that date, together with his Averaged Fluctuating Earnings for that 36 month period:

provided always that:

(1) for the purposes of this definition Non-Pensionable Earnings shall be excluded; and

(2) the amount to be ascertained for the purposes of this definition in relation to any period of a Member's absence other than on full pay, shall be determined in relation to the provisions of Rule 36.8; and

(3) the amount of remuneration (other than fluctuating earnings) from the Employers taken for the purposes of sub-paragraph (i) above in respect of a Member whose Service is less than a year shall be calculated by deeming the Member to have been in Service for a year at the rate of remuneration equal to the average rate of his remuneration (other than fluctuating earnings) for the period of his Service; and

(4)(a) the amounts of remuneration (other than fluctuating earnings) in relation to any period of 12 consecutive months taken for the purposes of sub-paragraph (ii) above and in relation to each of the three periods of 12 consecutive calendar months comprising the period of 36 calendar months taken for the purpose of sub-paragraph (iii) above shall be increased in proportion to the increase in the Index over the period commencing at the end of the said period of 12 consecutive months and ending on the date as at which the calculation of amounts in accordance with this definition is made; and

(b) the amount of Averaged Fluctuating Earnings in relation to any period taken for the purposes of sub-paragraphs (ii) and (iii) above shall be increased in proportion to the increase in the Index over the period commencing at the end of the period of 36 calendar months (or lesser period as appropriate) over which such Averaged Fluctuating Earnings have been calculated in accordance with the definition thereof and ending on the date as at which the calculation of amounts in accordance with this definition is made; and

(5) in respect of Class A Members and Class B Members who became Current Members on or after 1 Just 1989 (other than Continued Rights Members) any part of the amount calculated in accordance with this definition which exceeds the Permitted Maximum at the relevant date shall be disregarded; and

(6) in respect of a Member who is a Reclassified Member any amount of his remuneration relating to any period prior to his Transfer Date which is taken into account for the purposes of this definition shall consist of basic annual salary from the Employers with the addition of any pay supplements from the Employers for the time being in payment excluding bonuses, commissions and other fluctuating emoluments.

Final Remuneration has the meanings set out in Section A and Section B of Appendix 4.

Former Civil Servant means a Member who was treated as a former civil servant for the purposes of the Previous Scheme Provisions and any other Member who having been a civil servant immediately before becoming employed by the Principal Employer is notified by the Principal Employer as falling within this definition.

Fund means the monies investments policies of insurance and other property for the time being held by the Trustees subject to the provisions of the Trust Deed and the Rules.

Guaranteed Minimum Pension means in respect of a Member the pension to which he is or is to be entitled from the Scheme in accordance with the provisions of Section B of Appendix 5.

HIAL means Highlands and Islands Airports Limited.

HIAL Member means a Member who is a Current Member in the employment of HIAL on or after 1 April 1995.

Index means the General Index of Retail Prices for "all items" shown in the monthly Digest of Statistics published by the Central Statistical Office or such other index as shall, with the agreement of the Board of Inland Revenue, be determined by the Trustees from time to time to apply to the Scheme and notified by the Trustees to the Members Affected thereby.

Intended Benefits means the benefits to be provided in respect of each Member in accordance with the Rules, and in relation to any particular Section, means the Intended Benefits under that Section.

Interim Deed means the interim deed dated 1 October 1973 and made between the Principal Employer and the then trustees whereby the Principal Employer established the Scheme.

Investment Policy Committee means the committee of Trustees established under Clause 7.2.

Latest Option Date means in respect of a Member whichever is first to occur of the following:

(i) the date on which his pension from the relevant Section is due to commence or, if earlier, the date of payment to the Member of a cash sum in accordance with Rule 27.3;

(ii) the date on which the Cash Value of his benefits is applied to provide benefits under an insurance policy in accordance with Rule 33; and

(iii) the date on which the Member's entitlement under the relevant Section is transferred to another retirement benefits arrangement in accordance with Rule 34 (other than to any of the Employers' Schemes).

Lower Rate Contributor means a Member whose ordinary contributions to the relevant Section are at the lower of the two rates specified in Rule 23.1 or Rule S4(a) or in accordance with the corresponding terms of the Previous Scheme Provisions.

Medical Adviser means any duly registered medical practitioner appointed by the Trustees for any purpose of the Scheme.

Member means any person who was a member of the Scheme in accordance with the Previous Scheme Provisions at midnight on the day immediately preceding the Effective Date or who joins the relevant Section on or after the Effective Date in accordance with the provisions of the relevant Section applicable from time to time, and includes any such person so long as (but only so long as) any benefit remains payable from the relevant Section to or in respect of him, and in respect of any particular Section, Member shall mean a ***Member*** of that Section.

Members' Pensioner Trustee means a Member in receipt of a pension from the Scheme who is appointed by the Principal Employer as a trustee of the Scheme on the joint nomination of the organisation or organisations with which the Authority is under a duty to seek consultation on matters referred to in paragraph 14 of Schedule 1 to the Civil Aviation Act and the organisation or organisations accepted by the Principal Employer as representing the interests of Pensioners.

Members' Trustees means Current Members who are appointed by the Principal Employer as trustees of the Scheme on the nomination of the organisation or organisations with which the Authority is under a duty to seek consultation on the matters referred to in paragraph 14 of Schedule 1 to the Civil Aviation Act and the Principal Employer shall use its best endeavours to ensure that the persons so appointed are as far as practicable representative of all classes of Current Members.

Minor means a person under the age of 18 years.

NATS means National Air Traffic Services Limited, a company registered in England and Wales whose registered office is at 1 Kemble Street, London WC2B 4AP.

NATS Rules means the Rules of the NATS Section, set out in Appendix 3.

NATS Section means the Section of the Scheme established under Clause 3.1 which is attributable to those persons attributed under Clause 3.2 and persons who join that Section after the Effective Date.

1975 Act means the Social Security Pensions Act 1975(**a**)

Non-Associated Company means any body corporate which is not an Associated Company.

Non-Associated Employer means an Employer which is a Non-Associated Company.

Non-Pensionable Earnings means the aggregate of (1) that part (if any) of a Member's remuneration from the Employers which is declared by the Employers to the Trustees to be non-pensionable and (2) the value of any benefits in kind received by the Member from the Employers.

Normal Pension Date means in respect of each Member the 60th anniversary of birth or any other date specified in these Rules or notified to a category of employees by the Employer provided that such date is acceptable to the Board of Inland Revenue

Paid Maternity Absence means a period of paid maternity absence as defined in paragraph 5 of Schedule 5 to the Social Security Act 1989(**b**).

Pensionable Service means in respect of each Member at any date the period of his Service as a Current Member completed by such date (excluding any period under Rule 36) with the addition of:

(a) any additional period provided in return for the Member's voluntary contributions to the Scheme; and

(b) any additional period conferred on the Member as a result of a transfer into the Scheme; and

(c) any other additional period granted by the Trustees and notified to the Member, whether by way of augmentation in accordance with Rule 12 or otherwise,

provided that:

(i) for the purpose of calculating any pension benefit payable from the Scheme on the death of a Member any Service in relation to which the Member was a Lower Rate Contributor shall be excluded; and

(ii) Pensionable Service in the Scheme prior to the Effective Date shall not be deemed to have been terminated by reason of the establishment on the Effective Date of the CAA Section and the NATS Section and the allocation on the Effective Date of the Current Member to one of those Sections and such Pensionable Service shall be treated as continuous with Pensionable Service which commences on the Effective Date in either of the Sections by virtue of this Deed; and

(iii) on any transfer between Sections Pensionable Service shall not be deemed to be continuous except in respect of a Protected Member whose employment has transferred by operation of law or whose Employer has ceased to be an Associated Company, and the Member transfers between Sections as a consequence of either of those events or where the Trustees determine that such Pensionable Service shall not been deemed to be broken.

Pensioner means any person who is not a Current Member for whom any benefit remains payable from the relevant Section.

(**a**) 1975 c.60.
(**b**) 1989 c.24.

Permitted Maximum means at any date the permitted maximum as defined in section 590C(2) of the Taxes Act(**a**) for the year of assessment in which such date falls.

Personal Pension Scheme means a personal pension scheme as described in Chapter IV of Part XIV of the Taxes Act.

Pooled Fund means a common investment fund established or to be established by the Trustees under Clause 7.

Preservation Regulations means the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991(**b**).

Previous Definitive Deed means the supplemental deed dated 18 March 1998 which amended the provisions of the Scheme for the purpose of incorporating in it changes deriving principally from the Pensions Act 1995 and other amendments to the Scheme notified to members.

Previous Scheme Provisions means the provisions of the Scheme effective before the Effective Date which are set out in the Existing Trust Deeds and any amendments to such documents (including any alterations to such provisions notified to Members as being effective before the Effective Date in respect of which formal documentation was pending at that date) and at any particular date means those of such provisions which were effective (or pending as described above) at such date.

Principal Employer means the Civil Aviation Authority or its successors in title or any company or body which assumes responsibilities in relation to the Scheme in accordance with the provisions of Clause 20.

Protected Member means a person who was a Current Member employed by NATS on the Effective Date or on the date on which a private public partnership of National Air Traffic Services Limited is effected. The status of Protected Member shall continue after the Effective Date until the earliest of the dates when:

(a) the Protected Member voluntarily terminates his status of Protected Member;

(b) the Protected Member voluntarily terminates his Pensionable Service; and

(c) the Protected Member ceases to be an Employee in circumstances other than where his new employer is eligible to participate in the Scheme pursuant to Clause 19.

Protected Rights means in respect of a Member his protected rights as described in Chapter I of Part III of the Pension Schemes Act 1993 under an appropriate personal pension scheme, a scheme contracted-out on a money purchase basis or a money purchase scheme to which section 53 of the Pension Schemes Act 1993(**c**) applies.

Qualifying Child means in respect of a Member any child of the Member (except a child born more than nine months after the date on which the Member ceased to be a Current Member) and it includes also his step-child (other than a step-child by reason of a marriage after the date on which the Member ceased to be a Current Member) and a child legally adopted either by the Member alone or jointly by the Member and his spouse, or by the spouse alone (except a child adopted after the date on which the Member ceased to be a Current Member) provided that a child of a female Member who ceased to be a Current Member before 1 April 1995 who had elected in accordance with the Previous Scheme Provisions to accept benefit on restricted terms shall be included in this definition only if such child was also a Dependant of the Member immediately prior to the Members death.

Qualifying Leaver means:

(1) a Member who at the date of ceasing to be within the eligibility category described in Rule 21 has completed two or more years of Qualifying Service (or in the case of a Member who ceased to be within the eligibility category described in Rule 21 prior to 6 April 1988, five or more years of Qualifying Service); and

(2) a Member in respect of whom there has been a transfer into the Scheme from a Personal Pension Scheme in respect of a period of employment.

Qualifying Service means in respect of a Member at any date that part of his last or only period of Service up to that date which was pensionable under the Scheme at the time such Service was given together with any period of employment in respect of which he is entitled to benefits under the relevant Section by virtue of a transfer into the relevant Section, provided that for the purposes of this definition:

(1) any period of his Service which is separated from a succeeding period by one or more of the following:

(a) an interval not exceeding one month,

(**a**) 1988 c.1; section 590C was amended by the Finance Act 1993 (c.9), section 107(1), (4), (5) and (8).

(**b**) S.I. 1991/167, amended by S.I. 1992/1531, 1992/1577, 1993/1822, 1994/1062, 1995/35, 1995/3067, 1996/1655, 1996/1847, 1996/2131, 1997/784, 1997/786.

(**c**) 1993 c.48; section 53 was amended by the Pensions Act 1995 (c.26), sections 151 and 177, Schedule 5, paragraphs 18 and 48 and Schedule 7, Part III and the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c.2), section 1(1) and Schedule 1, paragraphs 52 and 53.

(b) an absence from work wholly or partly because of pregnancy or confinement after which the Member returns to work in exercise of a right under the Employment Rights Act 1996(**a**) and returns to pensionable service no later than one month after returning to work, and

(c) an absence from work in furtherance of a trade dispute as defined in section 27(3)(b) of the Social Security Contributions and Benefits Act 1992(**b**)

shall be deemed to be part of such succeeding period; and

(2) there shall be included in Service any earlier period of the Member's Service which gave rise to a leaving Service entitlement to which he has retained an entitlement under the relevant Section; and

(3) if the Trustees think fit after consultation with the Actuary there shall be included within this definition any period of service not included within Pensionable Service which would have been taken into account for the purpose of determining the Member's eligibility for benefits under a retirement benefits fund scheme or arrangement of which the Member was a member before admission to membership of the relevant Section; and

(4) any period during which the Member was deemed to be in Service for the purposes of the Scheme while not actually in the employ of the Employer shall be excluded.

Reclassified Member means a Member who having been an S Category Member has elected the option described in Rule S3 and includes such a Member who in accordance with that Rule is deemed to have elected that option.

Relevant Pension has the meaning set out in Rule 25.4.

Rules means the Rules as described in Clause 2.

S Category Deferred Member means a Member other than an S Category Member who was admitted to membership of the Scheme on 1 October 1978 and who immediately before 1 October 1978 was a member of the A D Scheme.

S Category Member means, subject always to the provisions of Rule S3, a Member who was a Current Member of 1 April 1988 who was admitted to membership of the Scheme on 1 October 1978 and who immediately before 1 October 1978 was a member of the AD Scheme.

Schedule E means Schedule E set out in section 19 of the Taxes Act.

Scheme means the Civil Aviation Authority Pension Scheme.

Secretary means the person appointed for the time being as secretary to the Scheme in accordance with Clause 9.

Section means any section of the Scheme established under Clause 3 or Clause 19.

Sections means the CAA Section and the NATS Section and any other Section or Sections established under Clause 19.

Section Assets means, in relation to a Section, the part or proportion of the Fund in respect of or relating to the Members associated with that Section.

Section Liabilities means, in relation to a Section, the liabilities of the Section in respect of or relating to the Members associated with that Section, and any expenses attributable to that Section in accordance with Clause 13.

Section 53 Scheme means a scheme which the Department of Social Security has the power to supervise under section 53 of the Pension Schemes Act 1993.

Section Strategic Asset Allocation Committee means in respect of a Section, the committee established for that Section in accordance with Clause 7.

Service means service as an Employee in the employment of any of the Employers. For the purpose of these Rules:

(1) transfer of a person from one to another of the Employers within a Section shall not be construed as termination of his Service;

(2) a person who leaves the Scheme while actually remaining in the employment of the Employer shall be treated as having left Service to the extent described in Rule 31;

(3) the provisions of Rule 32.6 shall apply in respect of a Member who has more than one period of Service; and

---

(**a**) 1996 c.18.
(**b**) 1992 c.4.

(4) where a Member has Service with more than one of the Employers within a Section and one of such Employers is not an Associated Company or a Subsidiary Company the extent to which such Member's Service shall be treated as one continuous period of Service shall be determined by the Trustees having regard to the requirements of the Board of Inland Revenue.

Special Member means a Member who became a Member before 1 April 1984.

Sponsoring Section Employer means:

(a) in respect of the CAA Section, the Civil Aviation Authority or its successor appointed under Rule 17 of the CAA Rules;

(b) in respect of the NATS Section, NATS or its successor appointed under Rule 17 of the NATS Rules; and

(c) in respect of any other Section, the employer named in the relevant deed of establishment and participation as the Sponsoring Section Employer of that Section or its successor appointed under the rules of that Section.

Spouse means in relation to a deceased Member the widow or widower (if any) of his or her last or only marriage provided that:

(1) unless the Trustees determine otherwise there can be only one such person for the purposes of this definition in respect of any one deceased Member and in the event of two or more persons claiming to be the widow or widower of the same deceased Member the Trustees shall have absolute discretion to decide which one or more of such persons shall be recognised for the purposes of this definition and if the Trustees exercise their discretion to recognise more than one such person they shall except in respect of benefit described in Appendix 5 have power in respect of benefit from the Scheme which would otherwise have been payable to one person to decide the proportions of such benefit to be payable to the persons so recognised; and

(2) the widower of a deceased Member who ceased to be a Current Member before 1 April 1995 and who had elected in accordance with the Previous Scheme Provisions to accept benefit on restricted terms shall be included in this definition for benefit in excess of benefit under Appendix 5 only if at the date on which the Member ceased to be a Current Member the widower was:

(a) married to the Member, and

(b) either living with the Member or being supported by her, and

(c) in the opinion of a Medical Adviser disabled by bodily or mental infirmity in such a way as to be incapable of earning his own living and provided that he was by reason of such incapacity wholly or mainly financially dependent upon the Member at the date of the Member's death.

Spouse's Guaranteed Minimum Pension means to respect of a Member the pension to which his or her widow or widower is entitled in accordance with the provisions of Section B of Appendix 5.

State Pensionable Age means age 65 in the case of males and 60 in the case of females.

Subsidiary Company means a subsidiary of any Employer within the meaning of section 736 of the Companies Act 1985(**a**).

Taxes Act means the Income and Corporation Taxes Act 1988(**b**).

Test Pilot means a person who is or was at the relevant time employed by the Employer in the capacity of test pilot and includes, where the context so admits, such a person who is a Member.

Transfer Date means in respect of each Reclassified Member the effective date at which he became or was deemed to have become a Reclassified Member in accordance with Rule S3.

Transferred Contributions means in relation to any Member in respect of whom the Trustees have accepted a transfer payment to the Scheme that part (if any) thereof which is treated as Member's contributions (other than voluntary contributions) under Rule 35.4 or under the Previous Scheme Provisions.

Trust Deed means the trust deed to which the Rules are scheduled and any addition or alteration thereto duly made.

Trustees means the trustees or trustee for the time being of the Scheme.

Unitised Section Assets means those Section Assets attributable to a particular Section which are represented by notional units in a Pooled Fund.

(**a**) 1985 c.6.
(**b**) 1988 c.1.

APPENDIX 2—RULES OF THE CAA SECTION

PART 1: ADMINISTRATIVE PROVISIONS

1. APPOINTMENT OF TRUSTEES

1.1 The provisions relating to the appointment, removal and resignation of Trustees are set out in Clause 5.

2. GENERAL POWERS OF THE TRUSTEES

2.1 The provisions relating to the general powers of the Trustees are set out in Clause 8. Without prejudice to the powers in connection with the Scheme referred to in Clause 8, the Trustees shall have all powers rights and privileges in connection with the CAA Section requisite or proper to enable them to carry out or execute or do any transaction act deed or thing arising under or in connection with the CAA Section.

3. PROCEEDINGS OF THE TRUSTEES

3.1 The provisions relating to the proceedings of the Trustees are set out in Clause 6.

4. LIABILITY OF THE TRUSTEES

4.1 The Provisions relating to the liability of the Trustees are set out in Clause 18.

5. DISPUTES

5.1 The provisions relating to disputes about matters related to the CAA Section are set out in Clauses 8.9 and 8.10.

6. POWER TO INSURE SECTION ASSETS

6.1 The provisions relating to the powers of the Trustees to insure Section Assets are set out in Clause 8.11.

7. SECTION ACCOUNTS

7.1 The provisions relating to Section accounts are set out in Clause 10.3.

8. TRUSTEE REPORTS

8.1 The provisions relating to the preparation of trustees reports and the provision of information are set out in Clause 10.

9. INTERIM SECTION ASSESSMENTS

9.1 If the Sponsoring Section Employer so requests, the Trustees may instruct the Actuary to prepare an actuarial valuation report of the CAA Section (an ***Interim Section Assessment***) as at any date or dates other than as required for the preparation of the Scheme valuation under Clause 12. If so instructed by the Trustees, the Actuary shall consult with the Sponsoring Section Employer and the Trustees as appropriate, including as to the basis, methodology and assumptions to be used in preparing an Interim Section Assessment. Clause 12 shall not apply to an Interim Section Assessment.

9.2 The Trustees shall make any such Interim Section Assessment available to the Sponsoring Section Employer and any other Employers in the CAA Section within seven days of receiving it, and shall also make it available to any other persons or bodies entitled to receive it in the circumstances and in the manner specified in the Disclosure Regulations.

9.3 The costs associated with the preparation of such Interim Section Assessment shall be born by the Sponsoring Section Employer which requests the Interim Section Assessment, or between the Employers in the relevant Section in proportions determined by the Sponsoring Section Employer of that Section.

10. TREATMENT OF DEFICIENCY AND SURPLUS

10.1 If any actuarial investigation under Clause 12 reveals the existence of a deficiency in the CAA Section, the Employers shall make to the CAA Section for the account of the CAA Section an annual deficiency contribution of such an amount as shall be certified by the Actuary to be required to make good the deficiency over such period determined by the Sponsoring Section Employer, but being a period not greater than that required in accordance with Part I of the Pensions Act 1995(**a**) which are relevant to the amount and circumstances of the deficit.

(**a**) 1995 c.26.

10.2(a) Subject as provided in paragraph (c) below, if any actuarial investigation under Clause 12 reveals the existence of a disposable surplus in the CAA Section on a basis prescribed for the purposes of sections 602 and 603 of and Schedule 22 to the Taxes Act(**a**), the Trustees shall arrange for the reduction or elimination of the surplus in a way or ways prescribed in that Act for the purpose of such provisions and selected by the Sponsoring Section Employer.

(b) Subject as provided in paragraph (c) below, after making the arrangements described in (a) above (or where the provisions of (a) above do not apply), if any actuarial investigation under Clause 12 reveals a disposable surplus on a basis other than as described in (a) above, the Sponsoring Section Employer may make arrangements for the reduction or elimination of the surplus in one or more of the following ways which are recommended by the Actuary and acceptable to the Board of Inland Revenue for the purposes of this Rule:

(i) arrangements to provide that the amount or the outstanding term of any existing annual deficiency contribution to the CAA Section be reduced to such extent that the reduction in the capital value at the valuation date of the outstanding payments of the deficiency contribution does not exceed but may be less than the amount of the disposable CAA Section surplus; and

(ii) arrangements to provide for a reduction in the contributions of Members or any of them and an augmentation of any of the benefits provided by the CAA Section or for either such reduction or such augmentation.

(c) This Rule 10.2 shall be operated in such a way as to comply with the relevant provisions of Part I of the Pensions Act 1995.

10.3 The disposal surplus or any balance which remains after carrying out such (if any) arrangements as have been made under paragraphs (a) or (b) of Rule 10.2 shall be retained in the CAA Section and the contributions of the Employers to the CAA Section may, subject always to the relevant provisions of Part I of the Pensions Act 1995, be reduced to the extent certified by the Actuary to be required to dispose of such surplus, or the said balance or such part of it as the Sponsoring Section Employer may decide by annual sums over a period not exceeding forty years from the date of valuation.

10.4 The Trustees shall also operate this Rule 10 if required to do so in order to satisfy the provisions of Schedule 22 to the Taxes Act.

11. SCHEDULE OF CONTRIBUTIONS AND PAYMENT OF EXPENSES

11.1 The Actuary shall certify the sum or sums (inclusive of any ordinary contributions of Members) required from time to time to enable the Trustees to maintain the CAA Section and provide the Intended Benefits under the CAA Section. The Trustees shall arrange for written notice to be given to the Employers in the CAA Section specifying the proportions of such sum or sums certified to be applicable to their respective employees and the instalments (if any) by which the Trustees require the same to be paid.

11.2 The Trustees shall maintain a schedule of contributions in accordance with section 58 of the Pensions Act 1995 showing the rates of contributions payable to the CAA Section and the dates on or before which such contributions are to be paid. The information shown on the schedule of contributions shall have been previously agreed between the Trustees and the Employers and shall be made available to those persons or bodies entitled to receive it in the circumstances and in the manner specified in the Disclosure Regulations.

11.3 Each Employer shall pay the amounts required under Rule 11.1 and Rule 11.2 above on or before the date or dates set out in the schedule of contributions referred to above and shall, unless otherwise agreed with any of the Members, forward any voluntary contributions of the Members who are their respective employees and any additional amounts which the Actuary shall determine to be necessary, to make provision for any augmented or additional benefits granted in accordance with the provisions of Rule 12.

11.4 Each Employer may also, subject to the consent of the Trustees and the Sponsoring Section Employer, pay to the Trustees to form part of the Section Assets at any time such additional sum or sums as such Employer shall at its discretion decide, provided always that this would not prejudice the continued approval of the Scheme as an exempt approved scheme for the purposes of Chapter 1 of Part XIV of the Taxes Act.

11.5 The Trustees shall pay all costs charges and expenses incurred in connection with the establishment, administration and management of the CAA Section out of the Section Assets unless the Sponsoring Section Employer determine that these should be paid by the Employers, in which event they shall be paid by the Employers in such proportions as the Trustees shall on the advice of the Actuary

---

(**a**) Schedule 22 was amended by the Taxation of Chargeable Gains Act 1992 (c.12), section 290(1) and Schedule 10, paragraph 14(1) and (60).

determine. Costs, charges and expenses not attributable solely to the CAA Section shall be dealt with in accordance with Clause 13, provided that any such amounts which consist of professional or other charges (as referred to in Clause 16.1) of the Trustees who are Employers' Trustees shall be paid by the Sponsoring Section Employer to whom they are recognised as being most closely associated.

12. AUGMENTATION

12.1 If the Sponsoring Section Employer, or any other Employer with the consent of the Sponsoring Section Employer, requests or if the Trustees with the consent of the Sponsoring Section Employer so determine having regard to any special circumstance and if the Section Assets from time to time in the hands of the Trustees so permit or if arrangements satisfactory to the Trustees have been made for the payment of any additional amounts in accordance with Rule 11 the Trustees shall, subject always to Appendix 4, apply the appropriate part of the Section Assets in one or more of the following ways:

(a) in augmenting the Intended Benefits or in the provision of benefits in a different form but of equal or greater value than the Intended Benefits payable to or on the death of any Member; and

(b) in providing pension for a Spouse, Qualifying Child or Dependant of a Member who died in Service or whilst receiving a pension from the CAA Section; and

(c) in providing a lump sum benefit payable on the death of any Member of the CAA Section who is a former employee of any of the Employers and is not in receipt of a pension from the CAA Section or has not received a cash retirement benefit or a cash sum in lieu of pension under the CAA Section,

provided always that a Member who on leaving Service is a Qualifying Leaver shall, subject to the provisions of the CAA Section, be entitled, in addition to any benefits in respect of him under the CAA Rules, to the whole or such proportion of any benefits under (a) or (b) above in respect of him (other than any part thereof payable on death in Service prior to Normal Pension Date) as the Trustees shall after consultation with the Actuary decide, being not less than such proportion as the period from the date such benefit was awarded to the date on which he left Service (but ignoring any part of such period in respect of which a refund of contributions is elected by the Member) bears to the period from the said date such benefit was awarded to the Member's Normal Pension Date.

13. INVESTMENT OF SECTION ASSETS

13.1 The Section Strategic Asset Allocation Committee (appointed in accordance with Clause 7) shall from time to time decide the proportion of Section Assets which shall be held in each Pooled Fund or other investment approved by the Trustees.

14. POWER TO BORROW

14.1 The provisions relating to the Trustees' powers to borrow monies are set out in Clause 15.7.

15. SECTION AMENDMENTS

15.1 This Rule applies where a proposed amendment relates solely to the provisions of the CAA Section (as referred to in Clause 17.1).

15.2 The Sponsoring Section Employer with the consent of the Trustees may at any time by supplemental deed amend the provisions of the CAA Section by modifying, altering, deleting or adding to the provisions of the CAA Section or by substituting new provisions to the exclusion of or in addition to all or any of the provisions for the time being in force:

(a) in order that the provisions of the trust deeds governing the Scheme shall conform with the requirements of a scheme capable of approval by the Board of Inland Revenue under Chapter I of Part XIV of the Taxes Act or to obtain and maintain a contracting-out certificate under the Pension Schemes Act 1993(**a**) in respect of the employment of the Members or any class of the Members or in order that the provisions of the said trust deeds shall effectively carry out the intentions of the Interim Deed and shall define and regulate the Scheme in accordance with the terms of any announcement made to Members and those eligible for membership prior to 20 November 1976;

(b) for any other purpose,

but no amendment shall alter the primary purpose of the Scheme or be such as to contravene the provisions of the Pensions Act 1995 in relation to the modification of schemes, and an amendment for any purpose other than those specified in paragraph (a) above shall not:

(a) make any monies of the Fund or the CAA Section payable to any Employer except in so far as they are a surplus remaining after the termination of the CAA Section and the dissolution of the Section Assets;

(b) affect in any way prejudicially the benefits and interests accrued or secured of any person in the S Category or reduce the accrued or prospective benefits of existing Members other than those in the S Category;

(c) result in the provisions of the Rules ceasing to fulfil the terms and conditions contained in

---

(**a**) 1993 c.48.

paragraphs 1 and 2 of the Outline set out in the Third Schedule to the Interim Supplemental Deed dated 20 February 1979 made between (1) the Sponsoring Section Employer and (2) the Trustees then in office without the consent of every person in the S Category adversely affected by such amendments,

provided always that:

(i) an amendment to the provisions of the Scheme or the CAA Section (other than by operation of Rule 15.4) which would vary the rate of a HIAL Member's ordinary contributions to the CAA Section or the benefits accruing under the CAA Section to a HIAL Member may be made only with the consent of HIAL or on the expiry of six months' written notice to HIAL of the proposed amendment; and

(ii) an amendment to the provisions of the Scheme which would amend the provisions of the CAA Section in relation only to HIAL Members shall not be made without the prior consent of the Board of Inland Revenue.

15.3 The Trustees shall have the right subject, where required in accordance with section 68 of the Pensions Act 1995(**a**), to the consent of the Sponsoring Section Employer, to modify the CAA Section by resolution for the purposes described in that section. Any such modification shall be subject to the provisions of that section and of any regulations made under it.

15.4 Without prejudice to the powers of the Sponsoring Section Employer under this Rule 15, HIAL with the consent of the Sponsoring Section Employer and the Trustees may amend the provisions of the CAA Section in so far as they relate to HIAL Members. Any such amendment shall be subject otherwise to the provisions of this Rule 15.

15.5 As soon as practicable after agreeing or deciding to amend the provisions of the CAA Section in accordance with this Rule 15, being amendments to the documents constituting the CAA Section or to information which any person has a right to receive in accordance with the Disclosure Regulations, the Trustees shall arrange for the relevant person or persons to be notified. If such person is a Member the Trustees shall notify or arrange for the notification of each Member affected thereby individually in writing or by exhibiting a notice at the relevant locations of work or employment and make the appropriate amendment taking into account any requirements of the Board of Inland Revenue, the Occupational Pensions Regulatory Authority or the Department of Social Security in respect thereof.

16. ADMISSION AND REMOVAL OF OTHER EMPLOYERS

16.1 The Sponsoring Section Employer shall have power with the consent of the Trustees to admit to participation in the CAA Section any Subsidiary Company or Associated Company or Non-Associated Company which the Sponsoring Section Employer and the Trustees shall agree (the ***New Employer***) provided that:

(a) as a condition of admission the New Employer shall execute a deed by which it covenants with the Trustees and the Sponsoring Section Employer to comply with and to observe the provisions of the Trust Deed and the CAA Rules insofar as they apply to Employers in the CAA Section other than the Sponsoring Section Employer, and

(b) the approval of the Scheme as an exempt approved scheme for the purposes of Chapter I of Part XIV of the Taxes Act would not thereby be prejudiced.

16.2 The Sponsoring Section Employer shall have power with the consent of the Trustees to remove from participation in the CAA Section any Employer subject to giving six months' previous notice in writing to the Trustees (or such shorter period of notice as shall be acceptable to the Trustees).

17. CHANGE OF SPONSORING SECTION EMPLOYER

17.1

(a) If legislation is passed for the reconstruction or reconstitution of the Sponsoring Section Employer or if the Sponsoring Section Employer is absorbed by or amalgamated with a company or another body or if the undertaking of the Sponsoring Section Employer (or the major part of it) is assigned to or vested in a company or other body, the Trustees may make such arrangements or enter into such agreements (not being arrangements or agreements of such a kind as to prejudice the continued approval of the Scheme) as they think fit for the continuance of the CAA Section and for such reconstructed or amalgamated or other company or body to take the place of and become the Sponsoring Section Employer for all purposes of the CAA Section from a date agreed with the Trustees provided that such company or body shall undertake to perform all the obligations of the Sponsoring Section Employer under the Trust Deed and the CAA Rules;

(b) if the Sponsoring Section Employer gives notice in writing to the Trustees of termination of its liability to contribute to the CAA Section as described in Rule 44 or of termination of its willingness to continue as Sponsoring Section Employer in relation to the CAA Section, the

---

(**a**) Section 68 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 54.

Trustees may, provided that recognition of the Scheme as an exempt approved scheme for the purposes of Part I of Chapter XIV of the Taxes Act is not thereby prejudiced, request one of the other Employers participating in the CAA Section to assume the obligations and duties of the Sponsoring Section Employer and if such other Employer is willing to do so such Employer shall take the place of and become the Sponsoring Section Employer of the CAA Section for all purposes of the Scheme and the CAA Section from a date agreed with the retiring Sponsoring Section Employer and the Trustees,

provided always that no arrangement or agreement made under this Rule 17.1 shall be operated in such a manner that any person to whom a benefit is in course of payment from the CAA Section shall receive lower benefits than if the CAA Section were to be wound up at the expiry of a period of six months from the date such arrangement or agreement takes effect.

17.2 If it appears to the Sponsoring Section Employer that the Trustees will be unable to make arrangements as described in paragraph (a) of Rule 17.1 the Sponsoring Section Employer may, after consultation with the Trustees, request one of the other Employers participating in the CAA Section to assume the obligations and duties of the Sponsoring Section Employer on the basis described in paragraph (b) of Rule 17.1 and subject to the proviso to Rule 17.1.

17.3 If the Sponsoring Section Employer ceases to contribute to the CAA Section and if at the date of such cessation it shall appear to the Trustees, after taking advice from the Actuary, that the CAA Section is insolvent with regard to the benefits of persons then in receipt of pensions from the CAA Section and to the then value of benefits which have accrued to the Members of the CAA Section at that date, the Sponsoring Section Employer shall pay to the Trustees within a period of seven days an amount calculated by the Actuary as being sufficient to restore the solvency of the CAA Section or of the appropriate part of it.

18. EVENTS LEADING TO WINDING-UP OF THE CAA SECTION

Triggering events

18.1 Except as provided in Rule 18.2 below, the CAA Section shall be terminated and wound-up in accordance with Rule 19 upon the happening of any of the following events (whichever shall first occur):

(a) if it shall appear to the Trustees that the CAA Section is insolvent or if the Trustees shall have received advice from the Actuary to that effect and there are no proposals acceptable to the Trustees which in the opinion of the Actuary would restore the solvency of the CAA Section, and the Trustees resolve to terminate the CAA Section;

(b) if the Sponsoring Section Employer terminates its liability to contribute to the CAA Section by notice to the Trustees as described in Rule 17 and no other Employer participating in the CAA Section assumes the obligations and duties of the Sponsoring Section Employer in relation to the CAA Section as provided for in that Rule within a period of three months (or such longer period as the Trustees shall determine) from the date of such notice;

(c) if the Sponsoring Section Employer shall at any time fail to pay to the Trustees any sum or sums on or within seven days after the date on which the Trustees shall have required the same to be paid under Rule 11 or shall fail to observe and perform any other of its obligations under the Trust Deed or in the CAA Rules or in any deed or agreement supplemental hereto and (in either case) the Trustees resolve to terminate the CAA Section;

(d) if legislation is passed whereby the Sponsoring Section Employer shall cease to carry on business and no company, other body or Employer assumes the obligations and duties of the Sponsoring Section Employer in relation to the CAA Section as described in Rule 17 within a period of three months (or such longer period as the Trustees shall determine) from the date of the order or resolution or cessation of business as appropriate;

(e) if the Occupational Pensions Regulatory Authority, pursuant to section 11 of the Pensions Act 1995(**a**), directs or authorises the CAA Section to be wound up;

provided always that if any of the above events other than that described in paragraph (c) above occurs and no other Employer assumes the obligations of the Sponsoring Section Employer under the CAA Section, the Trustees shall at their discretion either apply to the Secretary of State for directions and comply with those directions or proceed to the winding-up of the CAA Section in accordance with Rule 19.

Deferment of winding-up

18.2 Upon the occurrence of any of the events described in Rule 18.1 (other than the events described in paragraphs (a) and (e) of that Rule), the Trustees may at their discretion decide to defer giving effect to the winding-up of the CAA Section and may continue to administer the CAA Section on the basis that no further employees shall be admitted to membership of the CAA Section. They may also determine:

(a) that there shall be no liability on the Employers participating in the CAA Section or, where appropriate, on the Members to make further contributions to the CAA Section, and

---

(**a**) 1995 c.26.

(b) that no further benefits are to accrue under the CAA Section to or in respect of Members.

The CAA Section shall subsequently be wound up upon the happening of any of the events described in paragraphs (a) and (e) of Rule 18.1 or at any earlier date determined by the Trustee.

19. WINDING-UP OF THE CAA SECTION

Cessation of death benefits and of further accrual

19.1 Unless the winding-up is deferred in accordance with Rule 18.2, the CAA Section shall be wound up and the trusts of the CAA Section shall be determined upon the happening of any of the events described in Rule 18.1 (whichever shall first occur) and such date shall be the effective date of winding-up of the CAA Section for the purposes of this Deed.

With effect from the effective date of winding-up:

(a) Pensionable Service in respect of all Members of the CAA Section shall terminate and no pension benefit shall accrue under the CAA Section in respect of Service on and after the effective date of winding-up and in respect of such Service, Current Members shall be treated as Members who have left Service on that date; and

(b) any death benefit payable under Rule 26 shall be provided on the basis that all Current Members are treated as Members who have left Service on the effective date of winding-up (and for such purpose Rule 26.2(a) shall be disregarded).

Giving effect to winding-up

19.2 If the CAA Section is to be wound up, the Trustees shall arrange for all Members and other persons in receipt of benefit from the CAA Section (and any other persons or bodies who or which are entitled to information in the circumstances and in the manner specified in the Disclosure Regulations) to be notified and shall give effect to the winding-up in the following manner:

(a) The Trustees shall be entitled to reserve out of the Section Assets of the CAA Section such amount as they consider may be necessary to meet any expenses of the administration and winding-up of the CAA Section which in their opinion may not be recoverable from the Employers, and to meet any tax, duty or other payments for which they may be accountable under the CAA Section.

(b) The Trustees shall, with the advice of the Actuary, apply the balance of the Section Assets of the CAA Section in securing, so far as the available amount permits, the payment of benefits and refunds of contributions firstly in the order of priority set out in Section A of Rule 19.3 below and secondly, as regards any part of the Section Assets then remaining, in the order of priority set out in Section B of that Rule, in both cases having regard to the requirements of the Board of Inland Revenue as to the maximum benefits which the Scheme may provide and to the provisions of the Pensions Act 1995.

Return to Employers

(c) Subject as provided in Rule 19.4 below and to the Trustees giving notice to Members as provided in section 76 of the Pensions Act 1995 and complying with any requirements set out in or prescribed pursuant to that section, any part of the Section Assets remaining unexpended after effect has been given to the preceding provisions of this Rule shall be paid to the Employers in such proportions having regard to any requirements of the Board of Inland Revenue as the Trustees with the advice of the Actuary shall decide, provided that the Trustees shall first deduct and account to the Inland Revenue for any tax liability under Schedule 22 to the Taxes Act(**a**).

Transfer of remainder of Section Assets

(d) As an alternative to applying the Section Assets as described above in this Rule 19.2, the Trustees may, after applying paragraph (a) above and with the advice of the Actuary and at the request of or with the agreement of the Sponsoring Section Employer, transfer the whole of the remainder of the Section Assets to one or more retirement benefits schemes which relate to the same employment or to another employment with the same Employer or the Employer's successor. Any such transfer shall be subject to the conditions set out in paragraphs (a), (c) and (d) in Rule 34.2

19.3 Order of Priority

Section A—Pensions Act 1995 Priorities

(a) Pensions and other benefits which in the opinion of the Trustees are derived from the payment of voluntary contributions to the CAA Section by Members.

(b) Benefits (other than any included in (a) above) required to satisfy section 73 of the Pensions Act

---

(**a**) 1988 c.1; Schedule 22 was amended by the Taxation of Chargeable Gains Act 1972 (c.12), section 290(1) and Schedule 10, paragraph 14(1) and (60).

1995(**a**) and any other provisions of that Act relating to the application of assets of the CAA Section upon its winding-up, being benefits corresponding to the amounts of the liabilities and the order in which they are to be secured in accordance with the provisions of the Pensions Act 1995.

Section B—Other Priorities

The order of priority in this Section B is as follows, provided that (1) where the balance of assets to be applied as aforesaid is insufficient to secure the whole of the benefits within any of the following numbered sub-paragraphs the benefits within that sub-paragraph shall be secured on a proportionate basis and (2) none of the following sub-paragraphs shall include benefits already included within a higher priority and (3) except as provided below, any pensions under this Section B shall include increases and prospective increases to such pensions in accordance with Rule 39:

(a) Pensions and other benefits for Members, their Spouses, Qualifying Children and Dependants and for any other persons to which entitlement to payment has arisen hereunder prior to the effective date of winding-up of the CAA Section including any associated death benefits.

(b) Pensions and other benefits which have been postponed beyond Normal Pension Date (such benefits to be payable as at the effective date of winding-up of the CAA Section) including any associated death benefits.

(c) Pensions and other benefits to which entitlement to payment has not arisen prior to the effective date of winding-up of the CAA Section payable from the CAA Section to or in respect of any Members who are A D Deferred Pensioners whose entitlement to a deferred pension under the A D Scheme arose before 6 April 1978.

(d) That proportion of the pensions and other benefits payable from the CAA Section to or in respect of:

(i) S Category Members; and

(ii) S Category Deferred Members; and

(iii) A D Deferred Pensioners whose entitlement to a deferred pension under the A D Scheme arose after 6 April 1978, which in the opinion of the Trustees with the advice of the Actuary corresponds to a pension under the A D Scheme relating to service prior to 6 April 1978.

(e) Guaranteed minimum pensions and accrued rights to guaranteed minimum pensions, benefits excluded from guaranteed minimum pensions by virtue of section 13(6) of the Pension Schemes Act 1993(**b**), and Contributions Equivalent Premiums.

(f) Benefits which have been conferred on Members under the CAA Section in respect of transfers to the CAA Section (other than in respect of transfers from retirement benefits schemes of any of the Employers or from another Section of the Scheme).

(g) In respect of Members who have not reached Normal Pension Date and have not received any retirement benefits from the CAA Section, the benefits to which those Members are entitled from the CAA Section or, in the case of Current Members, the benefits or refunds of contributions to which they would have been entitled from the CAA Section if they had left Service at the effective date of winding-up of the CAA Section such benefits being non-assignable benefits payable to such Members, their Spouses, Qualifying Children and Dependants,

provided always that in respect of S Category Members, increases under Rule 39 arising after the effective date of winding-up of the CAA Section to pensions falling within paragraphs (a) to (d) above inclusive shall not be included within those paragraphs but shall be included within paragraph (g) above.

Purchase of additional benefits

19.4 If any part of the Section Assets remains after application of the aforesaid provisions of this Rule 19, then before making any payment to the Employers as described in paragraph (c) of Rule 19.2, the Trustees after consultation with the Actuary:

(a) may purchase such other or additional benefits as they shall determine for Members, former Members, their Spouses, Qualifying Children and Dependants or any other person acceptable for the purposes of this Rule to the Board of Inland Revenue, or any one or more of such persons, subject always to the requirements of the Board of Inland Revenue; and

(b) shall by application of a part or all of the remaining Section Assets (if any) increase the annual rates of pension payable or to be paid from the CAA Section in accordance with the relevant provisions of the Pensions Act 1995.

Methods of securing benefits

19.5 Any benefits to be provided under this Rule 19 may be secured by the Trustees in either or both of the following ways:

(a) by the purchase in respect of any Member of appropriate benefits under an Approved Policy (or

---

(**a**) Section 73 was amended by S.I. 1996/3126, regulation 3.
(**b**) 1993 c.48.

any other policy or annuity contract acceptable to the Board of Inland Revenue for the purposes of this Clause) subject, with the necessary alterations in point of detail, to the provisions of Rule 33; or

(b) by the transfer of an amount in respect of any Member to secure appropriate benefits under a retirement benefits arrangement of which he becomes a member subject, with the necessary alterations in point of detail, to Rule 34,

provided always that:

(i) benefits in respect of a Member shall be deemed to be appropriate for the purposes of (a) and (b) above if they are, in the opinion of the Trustees with the advice of the Actuary, not less in value than the benefits in respect of the Member under this Rule 19 and subject to conditions which the Trustees consider to be as similar as may be practicable although not necessarily identical to the conditions applicable to such benefits under the CAA Section or, if after consultation with the Actuary the Trustees decide that it would be more expedient and, provided that such conditions are acceptable to the Board of Inland Revenue and to the Occupational Pensions Regulatory Authority, on conditions which differ from the conditions applicable to such benefits under the CAA Section; and

(ii) a transfer under (b) above shall not be subject to the consent of the Member if the transfer is to another Section of the Scheme or to another retirement benefits scheme relating to the same employment or to another employment with the same Employer or the Employer's successor, and if the Actuary makes the relevant certification described in the Preservation Regulations; and

(iii) where any benefit to be secured does not at the effective date of winding-up of the CAA Section exceed the limit set out in Rule 29.1 the Trustees may elect to make immediate payment of a cash sum of an amount to be determined by the Trustees subject, with the necessary alterations in point of detail, to the provisos to that Rule; and

(iv) in any application of the above provisions the Trustees shall comply with the provisions of section 74 of the Pensions Act 1995(**a**) and with the requirements of the Board of Inland Revenue.

20. PARTIAL WINDING-UP OF THE CAA SECTION

Employer ceasing to participate

20.1 The participation in the CAA Section of an Employer other than the Sponsoring Section Employer shall cease upon the happening of any of the following events (whichever shall first occur):

(a) if such Employer terminates its liability to contribute to the CAA Section as described in Rule 44;

(b) if such Employer at any time fails to pay to the Trustees any sum or sums on or within seven days after the date on which the Trustees in accordance with Rule 11 have required the same to be paid or fails to observe and perform any other of its obligations under the Scheme and the Trustees thereupon give notice in writing of not less than 28 days to such Employer that its participation in the CAA Section shall cease;

(c) if the Sponsoring Section Employer has given six months' previous notice in writing to the Trustees (or such shorter period of notice acceptable to the Trustees) that the participation of the Employer is to cease and such period expires;

(d) if an order is made or an effective resolution is passed for the winding-up of such Employer (other than for the purpose of reconstruction or amalgamation with any other company) or such Employer ceases to carry on business;

(e) if the degree of association between the Sponsoring Section Employer and such Employer ceases to be sufficiently great to justify the continued participation of such Employer in the CAA Section;

(f) if the continued approval of the Scheme as an exempt approved scheme for the purposes of Chapter I of Part XIV of the Taxes Act would be prejudiced,

provided that the participation of the Employer in the CAA Section may be continued until such date as the Employer, the Sponsoring Section Employer, the Trustees and the Board of Inland Revenue may agree.

Partial winding-up of the CAA Section

20.2 If an Employer ceases to participate in the CAA Section as described in Rule 20.1 or if a part of the undertaking of any of the Employers shall be assigned to or vested in any other company or body (other than in circumstances where the Trustees make arrangements under Rule 17), then:

(**a**) 1995 c.26; section 74 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 56.

(a) if at the date of the relevant event it shall appear to the Trustees after taking advice from the Actuary that the appropriate part of the CAA Section is insolvent with regard to the benefits of persons then in receipt of pensions from the CAA Section and to the then value of benefits which have accrued to Members at that date (being respectively persons and Members whose benefits from the CAA Section derive from employment with the relevant Employer) the relevant Employer shall pay to the Trustees within a period of seven days an amount calculated by the Actuary as being sufficient to restore the solvency of the appropriate part of the CAA Section; and

(b) the Trustees shall ascertain the Relevant Fund Assets (as defined in paragraph (c) below) in respect of such Employer and shall, with the necessary alterations in point of detail, apply the provisions of Rule 19 (or, if they so determine and subject to any requirements of the Board of Inland Revenue, Rule 18.2) but in relation only to the Relevant Fund Assets in respect of such Employer and to the Members in relation to whom such Relevant Fund Assets have been calculated, provided always that a transfer as in paragraph (b) of Rule 19.5 may be made without the Member's consent only where this is permissible under the Preservation Regulations and subject always to the provisions of such Regulations;

(c) for the purposes of this Rule, ***Relevant Fund Assets*** means in respect of an Employer, subject as provided below, that part of the Section Assets which in the opinion of the Trustees in consultation with the Sponsoring Section Employer and with the advice of the Actuary can be related to the Members whose membership of the CAA Section derives from employment with such Employer (or, as appropriate, with the relevant part of the undertaking of such Employer) and to the Spouses, Qualifying Children and Dependants of such Members. That part of the Section Assets shall be calculated on whichever of the following bases the Trustees, after consultation with the Sponsoring Section Employer and the Actuary, shall determine:

(i) the aggregate of the Cash Values as at the date on which the Employer ceased to participate in the CAA Section of the benefits to which the said Members are entitled from the CAA Section or, in the case of Current Members, of the benefits to which they would have been entitled from the CAA Section if they had left Service at such date;

(ii) the aggregate of the Cash Values of the benefits described in (i) above but including, for the purposes of calculation in respect of Current Members, increases which the Trustees with the advice of the Actuary consider would be made to such Members' remuneration between the effective date of the calculation and the relevant Members' Normal Pension Dates;

(iii) the proportion of the total Section Assets which, in the opinion of the Trustees, with the advice of the Actuary relates to that Employer;

(iv) some other basis recommended by the Actuary,

provided that if the Trustees with the advice of the Actuary shall so determine the amount calculated in accordance with (i) or (ii) above shall not exceed the amount which could be calculated in accordance with (iii) above.

Alternatively the Relevant Fund Assets may, if the Trustees after consultation with the Sponsoring Section Employer and the Actuary so determine, be calculated as described above but in relation only to Members who are currently in Service and to the Spouses, Qualifying Children and Dependants of such Members.

PART 2: BENEFITS AND THE ADMINISTRATION OF BENEFITS

21. JOINING THE CAA SECTION

21.1 With effect on and from the Effective Date and subject to the following provisions of this Rule 21, males and females who are aged not less than 16 years but are aged less than 60 years and who are full-time or part-time Employees who are employed by an Employer in the CAA Section in a category of employment which is expressed in their contract of employment to be pensionable are eligible to join the CAA Section.

21.2 Persons who become eligible to join the CAA Section on or after the Effective Date shall be admitted to membership on the day on which they become eligible and shall make application for membership in such form as the Trustees may require. Such persons may, alternatively, notify the Trustees of their decision not to be admitted to membership.

Persons who become eligible to join the CAA Section but who do not apply for membership of the CAA Section as soon as they become eligible to join shall be admitted to membership of the CAA Section on such conditions and on such dates as the Trustees shall decide.

Discretionary entry

21.3 In special circumstances, a person who has not otherwise become eligible to join the CAA Section may, by permission of his Employer and the Trustees, be admitted to membership of the CAA Section on such conditions and on such terms as to benefits and otherwise and with effect from such date as may be agreed with his Employer and the Trustees, provided that the approval of the Scheme under the Taxes Act is not prejudiced by it.

Restrictions on Membership

21.4 A person shall not be eligible to join the CAA Section if he is and remains a current member of a Personal Pension Scheme in respect of the source of income to which the CAA Section relates.

21.5 Notwithstanding Rules 21.1 to 21.4 above, for as long as any of the Employers other than the Sponsoring Section Employer is neither an Associated Company nor a Subsidiary Company, no person shall be eligible for membership of the CAA Section who is currently accruing benefits under or who becomes a member of another Section of the Scheme or another retirement benefits scheme of the Employer, except in circumstances where such person's membership of the CAA Section is acceptable to the Board of Inland Revenue.

21.6 Following the admission of a Controlling Director to membership of the CAA Section, the Administrator shall notify the Board of Inland Revenue within such time as is prescribed in accordance with the Taxes Act.

22. FURNISHING OF PARTICULARS AND EVIDENCE

22.1(a) A Member shall furnish evidence of health at such times and in such form as the Trustees require for the purposes of the CAA Section. If such evidence is not furnished, or is not acceptable to the Trustees for the purposes of the CAA Section, the Trustees may, until the Member produces evidence acceptable to the Trustees for the purposes of the CAA Section and except as otherwise specifically provided in these CAA Rules, withhold the benefits which would otherwise be payable on his death or incapacity or modify them in such manner as they consider appropriate.

(b) Any medical examination or other medical opinion required for the purposes of the CAA Section shall if practicable be conducted or given by a Medical Adviser (or, if this is not practicable, by a medical practitioner instructed by such Medical Adviser) and such person's report shall be available to the Member's doctor. If the Member's doctor informs the Trustees that he is dissatisfied with such report an examination shall be conducted by a duly qualified medical practitioner nominated for the purpose by the Trustees after consultation with the Member's doctor and the Medical Adviser. The report of such nominated medical practitioner shall be regarded as conclusive for the purposes of the CAA Section.

(c) The charges and expenses of the examination and report or opinion of any medical practitioner instructed by the Medical Adviser or nominated by the Trustees in accordance with this Rule shall be borne by the Member unless either the Employers or the Trustees in their discretion agree to pay such charges and expenses.

22.2 A Member and any other person (or the parent or guardian in the case of a minor) who is or may be entitled to benefit from the CAA Section deriving from such Member's membership of the CAA Section shall furnish such particulars, including proof of date and birth and where appropriate of marriage, and complete such forms at such times as shall be required by the Trustees for the purposes of the CAA Section. If these particulars are not furnished or are later found to be incorrect, the Trustees may withhold the benefits in respect of the Member or modify them in such manner as they consider appropriate.

22.3 Payment of any benefit under the CAA Section to any person shall be subject to the production by or in respect of that person of evidence of identity and entitlement to benefit and such other evidence and information as the Trustees may require.

22.4 Any notice required to be given under the CAA Section (whether by a Member, the Trustees, an Employer or otherwise) shall be in writing and may be given personally or by sending it through the post to the person for whom it is intended at his registered or last known address whether in the United Kingdom or elsewhere and any notice so sent shall in the absence of evidence that it was received by such person at an earlier date be deemed to have been received on the fourth day after posting.

23. CONTRIBUTIONS TO THE CAA SECTION

Member's ordinary contributions

23.1 On and after the Effective Date each Current Member shall, subject to Rules 23.7 and 23.8 and except as provided in Rule 36.3, pay contributions to the CAA Section at the rate of 6 per cent of his Earnings or 4.5 per cent in the case of Members who were contributing at the rate of 6 per cent immediately prior to 1 April 1997, provided always that:

(a) prior to 1 April 1997 the corresponding rates on and after 1 April 1988 were 7.5 per cent and 6 per cent respectively; and

(b) in respect of Class A Members and Class B Members who became Current Members on or after 1 June 1989 (other than Continued Rights Members) any part of a Member's Earnings to which a percentage would be applied under this Rule 23.1 and which exceeds the Permitted Maximum shall be disregarded.

The contributions of a Member under this Rule 23.1 shall be made by way of deductions by the Employer from the payments of such Member's remuneration as they are made.

Employer's contributions

23.2 Each Employer shall, subject to the provisions of Rule 44 and to Rule 23.7, contribute the balance of the cost of providing the benefits of the CAA Section for its own employees under the CAA Section and for the spouses, children and dependants of its own employees.

The Employers shall forward the total of the Employers' and the Members' contributions to the Trustee on such dates as the Trustees shall require in accordance with Rule 11.

Members' voluntary contributions

23.3 A Current Member may, subject as hereinafter provided, make voluntary contributions to the CAA Section in order to provide benefits under the CAA Section which shall be additional to those otherwise specified in these CAA Rules (or, in the case of Family Benefit Contributions, to provide the appropriate benefits payable from the CAA Section upon the death of the Member), provided that the provisions relating to voluntary contributions and to the benefit thereby provided shall not be such as to prejudice approval of the Scheme under Chapter I of Part XIV of the Taxes Act(**a**) and, in particular, voluntary contributions made under arrangements first entered into by the Member on or after 8 April 1987 shall not be used to provide a cash sum in accordance with Rule 29.

The voluntary contributions of a Member under this Rule 23.3 shall be made either by way of deductions by the Employer from the payments of such Member's remuneration as they are made or as otherwise agreed between the Member and the Trustees.

Subject as aforesaid, the types of benefit under the CAA Section to be provided in return for a Member's voluntary contributions shall be such and, except as provided below, on such terms and conditions as may be arranged by the Member with the Trustees acting on the advice of the Actuary and may take the form, inter alia, of additional years to be included within Pensionable Service in the CAA Section or of additional benefit under the CAA Section to be payable upon the death of the Member or of additional pension benefits determined on a money purchase basis; provided always that the amount of benefit to be provided in return for a Member's voluntary contributions shall be the equivalent of those contributions as determined by the Trustees acting on the advice of the Actuary and provided further that in respect of additional pension benefits determined on a money purchase basis:

(a) the additional pension benefits shall be equivalent on a money purchase basis to the voluntary contributions paid; and

(b) the benefits shall be limited to those which are capable of being provided by the Rules; and

(c) if the Trustees so determine, the assets and liabilities relating to such voluntary contributions to the CAA Section shall be identifiable and retained separately from other assets and liabilities of the CAA Section.

The benefits provided from such voluntary contributions shall not become payable earlier than the other Scheme benefits nor later than age 75.

Notwithstanding the above provisions and the provisions of Rule 22, a Member who starts paying voluntary contributions on a date within three months of first becoming eligible to become a Current Member shall not be required to produce evidence of health.

Limit on Members' contributions

23.4 No Current Member shall, during any year of assessment to tax under Schedule E, pay to the CAA Section contributions of such amounts that the aggregate of such contributions and of any contributions paid by him in respect of his Service during that year to any other retirement benefits schemes in respect of that Member which are approved or seeking approval under Chapter I of Part XIV of the Taxes Act would exceed 15 per cent (or such higher percentage as the Board of Inland Revenue may in a particular case prescribe) of his total remuneration from the Employers in that year which is assessable to tax under Schedule E, provided always that for the purposes of this Rule:

(a) there shall be excluded from total remuneration anything in respect of which tax is chargeable under Schedule E and which arises from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares, or anything in respect of which tax is chargeable by virtue of section 148 of the Taxes Act(**b**); and

(b) in respect of Class A Members and Class B Members who became Current Members on or after 1 June 1989 (other than Continued Rights Members):

(**a**) 1988 c.1.

(**b**) Section 148 was substituted by the Finance Act 1998 (c.36), section 58(1) and (4).

(i) the reference above in this paragraph to "other retirement benefits schemes" shall be taken to include any Associated Scheme or any other Section of the Scheme and the references to "total remuneration" shall be taken to include emoluments in respect of Associated Employment or any Connected Scheme; and

(ii) remuneration in excess of the Permitted Maximum shall be disregarded.

Cessation of Members' contributions

23.5 A Member shall stop paying contributions to the CAA Section on ceasing to be a Current Member of the CAA Section or, if earlier, upon completion of the shortest period of Pensionable Service for which the pension payable from Normal Pension Date calculated in respect of the Member under Rule 24.1 would be equal to 2/3rds of the Member's Final Pensionable Earnings, except that a Current Member may continue to pay voluntary contributions to the CAA Section prior to the payment to him of any retirement benefit from the CAA Section for so long as he remains in Service in the CAA Section after Normal Pension Date if the Trustees so agree, subject always to the other provisions of this Rule and provided that the approval of the Scheme under Chapter I of Part XIV of the Taxes Act shall not be prejudiced by it.

Return of surplus voluntary contributions

23.6(a) The provisions of the CAA Section permitting a Member to make voluntary contributions to the CAA Section shall be subject to the provisions of Part III of Schedule 6 to the Finance Act 1989(**a**) relating to the return of surplus funds.

(b) The Administrator shall comply with the requirements of Regulation 5 of The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993(**b**) and where the CAA Section is the leading scheme in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern main schemes. If those Regulations are amended or replaced by any other Regulations then this paragraph will have effect as if it had been amended or replaced accordingly.

The terms ***leading scheme*** and the ***main scheme*** shall have the same meaning as is given to them in those Regulations.

Suspending or reducing contributions

23.7 If a report from the Actuary discloses a surplus in the CAA Section at any date sufficient to permit the suspension or reduction of contributions, the Sponsoring Section Employer may, as an arrangement to be made in accordance with the provisions of Rule 10.3 and subject always to the provisions of the Pensions Act 1995, authorise the suspension or reduction of payment of contributions to the CAA Section under Rule 23.2 and/or under Rule 23.1 above for a period not exceeding forty years from the date at which the surplus arose. Any suspension of contributions in accordance with this paragraph shall not be regarded as a termination of liability to contribute to the CAA Section as described in Rule 44.

A suspension or reduction of contributions payable to the CAA Section under Rule 23.1 by one or more Members specified by the Sponsoring Section Employer may be authorised by the Sponsoring Section Employer upon the basis that there shall be a corresponding increase in the contributions payable to the CAA Section by the Employer for such period as the Actuary shall advise. The contributions of a Member which have been suspended or reduced in accordance with this paragraph may be increased as determined by the Sponsoring Section Employer but not to a level greater than the level of the Member's ordinary contributions applicable under Rule 23.1.

Members' Contribution Options

23.8(a) With effect from 1 April 1995 a Member whose contributions under Rule 23.1 were at the rate of 7.5% of Earnings and who satisfied the conditions notified to Members by the Trustees could elect by notice in writing to the Trustees before 30 September 1995 that his ordinary contributions to the Scheme under Rule 23.1 should be at the reduced rate of 6% of Earnings with effect from 17 May 1990. Such reduced rate is reduced further to 4.5% with effect from 1 April 1997.

The additional 1.5% of Earnings paid by such a Member under Rule 23.1 from 17 May 1990 up to the date of such election shall be treated as voluntary contributions paid by the Member and applied under Rule 23.3 to purchase additional Pensionable Service or, at the discretion of the Trustees having regard to the requirements of the Board of Inland Revenue, shall be regarded as Family Benefit Contributions and dealt with as described in Rule 48.2 or if appropriate Rule S14.

(b) A Member whose contributions under Rule 23.1 were at the rate of 6% of Earnings could before 30 September 1995 elect by notice in writing to the Trustees to pay contributions to the Scheme at the rate of 7.5% of Earnings. Any such election made after 1 April 1995 would be in respect

---

(**a**) 1989 c.26.
(**b**) S.I. 1993/3016.

of Earnings from 17 May 1990. Any arrears of contributions for the period from 17 May 1990 up to the date of such election should be paid either in the form of a lump sum equal to the amount of the contribution arrears accumulated with compound interest at the rate of 3% per annum or in instalments as agreed with the Trustees having regard to the requirements of the Board of Inland Revenue.

With effect from 1 April 1997 the rate of 7.5% referred to above in this paragraph is replaced by 6 per cent.

24. AMOUNT OF MEMBERS' PENSIONS AT NORMAL PENSION DATE

Current Members

24.1 A pension payable from the CAA Section under Rule 27.1 to a Member who ceases to be a Current Member of the CAA Section at Normal Pension Date shall, subject to Appendix 4 and to any other provisions of the CAA Section which may apply in respect of a particular Member, be a yearly amount equal to 1/59th of Final Pensionable Earnings for each complete year of Pensionable Service (with the addition of a proportionate amount for each completed day where such Pensionable Service is not an integral number of years) subject to a maximum of 2/3rds of Final Pensionable Earnings.

Members who have ceased to be Current Members

24.2 A pension payable at Normal Pension Date to a Member who has ceased to be a Current Member in the CAA Section before Normal Pension Date (referred to as a ***deferred pension***) shall, subject to Rule 32 and Appendix 4 and to any other provisions of the CAA Section which may apply in respect of a particular Member, for the purposes of Rule 32.2 be calculated in accordance with Rule 24.1 above but with reference to Final Pensionable Earnings and Pensionable Service at the date of such cessation and increased as described below.

Increases in deferred pensions

24.3 The said pensions payable under the CAA Section shall be increased in each year on 1 April by the percentage increase in the cost of living over the past year as shown in the Index for the month of February prior to the relevant 1 April or, in the case of a pension to which a Member became entitled within the year to 31 March by a proportional amount calculated on a basis determined by the Trustees with the advice of the Actuary; provided always that if there is a percentage decrease in the cost of living as shown in the Index references in this Rule 24.3 to increases and increasing a Member's pension shall be taken to be references to decreases and decreasing a Member's pension but such decreases shall be such as the Trustees with the consent of the Employers may determine and shall not apply:

(a) to pensions of a Member who became entitled to a deferred pension hereunder upon ceasing after 1 January 1985 to be a Current Member more than 365 days before Normal Pension Date; or

(b) so as to reduce a Member's pension from the Scheme below the level of such pension at the date on which the Member ceased to be a Current Member.

25. AMOUNT OF DEATH BENEFITS

Lump sum

25.1 A lump sum death benefit payable from the CAA Section under Rule 26.1 in respect of a Current Member shall, subject to Appendix 4 and to any other provisions of the CAA Section which may apply in respect of a particular Member be of an amount equal to four times the Member's Final Pensionable Earnings at the date of his death.

Pension

25.2 A pension under the CAA Section payable to a Spouse or to or in respect of Qualifying Children under Rule 26 or Rule 28 on the death of a Member of the CAA Section shall, subject to Appendix 4 and to any other provisions of the CAA Section which may apply in respect of a particular Member, be of a yearly amount, with a minimum of £104, equal to the proportion of the Member's Relevant Pension (as defined in rule 25.4 below) applicable in accordance with the relevant provision of the CAA Rules; provided always that:

(i) if the Trustees exercise their discretion under Rule 25.3 below the amount or amounts of pension payable under the CAA Section to a Member's Spouse or other beneficiary shall be as described in that paragraph; and

(ii) notwithstanding proviso (i) above or any other provision of the CAA Rules, that part of the pension payable from the CAA Section to a Member's widow or widower which relates to the Member's Service prior to 6 April 1997 shall not be less than the amount described in paragraphs 2.3(a)(ii) or 2.3(a)(iii) of Section B of Appendix 5 in respect of the Member; and

(iii) in respect of a Member who was a Lower Rate Contributor for part or all of his Service as a Current Member the pension payable from the CAA Section under Rule 26 or Rule 28 on the

Member's death in relation to such Service on or after 6 April 1997 shall not be less than the amount payable in respect of the Member under paragraph 1.3 of Section A of Appendix 5 on the assumption that the benefits of all such Members are equal to those which would be provided by a reference scheme as described in section 12B of the Pension Schemes Act 1993(**a**); and

(iv) in respect of a Member who has received a refund of Family Benefit Contributions in accordance with Rule 48 or an additional amount of pension under that Rule and who subsequently remarries and who does not repay the amounts due under Rule 48.2(c), the pension payable under Rule 26 or Rule 28 on the Member's death in relation to Service on or after 6 April 1997 shall not be less than the amount (if any) payable in respect of the Member under paragraph 1.3 of Section A of Appendix 5 on the assumption that the benefits of all such members are equal to those which would be provided by a reference scheme as described in section 12B of the Pension Schemes Act 1993.

25.3 The Trustees shall have power at their absolute discretion to determine that the pension payable from the CAA Section to the Spouse of a Member of the CAA Section other than a Special Member shall not exceed the amount (if any) in respect of him under paragraphs 2.3(a)(ii) or 2.3(a)(iii) of Section B of Appendix 5. The balance (or the whole, as appropriate) of the pension which would, but for the application of this paragraph, have become payable under the CAA Section to that Member's Spouse shall be paid subject to such terms and conditions as the Trustees shall determine in their absolute discretion and in such shares as they shall think fit to such one or more of the following persons, viz:

(a) any former spouse of the Member who has been financially dependent upon him since the dissolution of the marriage with him; and

(b) any person to whom the Member has not been married who has been financially dependent upon him and who has lived with him as his spouse;

provided that if a Special Member has so requested the Trustees may, at their absolute discretion, apply the provisions of this Rule 25.3 in respect of the pension which would become payable to such Special Member's Spouse.

25.4 For the purposes of this Rule ***Relevant Pension*** means:

(a) in the case of a Member who dies while he is a Current Member of the CAA Section and before Normal Pension Date, the annual amount of pension which would have been paid to him from the CAA Section if he had retired on his Normal Pension Date in accordance with Rule 27.1(a) based on his Final Pensionable Earnings at the date of his death; or

(b) in the case of a Member who dies after leaving Service but before commencement of pension from the CAA Section in respect of him, the pension to which he became entitled under Rule 32 including the increases to such pension in accordance with Rule 24.3 added up to the date of the Member's death; or

(c) in the case of a Member who dies on or after the date on which a pension commenced to be payable to him from the CAA Section the annual rate of pension to which he was entitled from the CAA Section at the date of his death; or

(d) in the case of a Member who dies on or after Normal Pension Date but before any pension has become payable to him from the CAA Section, the pension which would have been payable to him at its commencement under the CAA Rules if he had commenced to receive his pension under the CAA Section on the day preceding the date of his death (or on Normal Pension Date if that was the date of his death),

provided always that for the purposes of this Rule 25.4 a Member's pension shall not, unless previously arranged otherwise between the Trustees and the Member, include any pension provided by voluntary contributions paid by him to the CAA Section, but shall be deemed to include any pension commuted under Rules 29.2 or 29.3 or surrendered under Rule 30 or any adjustment arising from the application of Rule 38.5(b).

26. DEATH BEFORE PAYMENT OF RETIREMENT BENEFIT

Lump sum

26.1 If a Current Member of the CAA Section dies while in Service before any retirement benefit has become payable to him from the CAA Section a lump sum death benefit calculated in accordance with Rule 25.1 shall be payable in accordance with Rule 37.

26.2 If a Member who has ceased to be a Current Member of the CAA Section and is not a Current Member of the CAA Section in respect of any subsequent period of membership of the CAA Section dies before any retirement benefit has become payable to him from the CAA Section, the Trustees shall pay in accordance with Rule 37 an amount equal to whichever is the greater of:

(a) his Final Pensionable Earnings at the date on which he ceased to be a Current Member increased on the basis described in Rule 24.3 but in respect of the period from the date on which he ceased to be a Current Member up to the date of his death; and

---

(**a**) 1993 c. 48; section 12B was amended by S.I. 1997/819, regulation 2.

(b) the total of the contributions paid by him to the CAA Section under Rule 23.1 (and under the Previous Scheme Provisions) together with such of his voluntary contributions as the Trustees shall determine and his Transferred Contributions (if any), with the addition of 3 per cent per annum compound interest on it up to the date of the Member's death calculated by the Trustees with the guidance of the Actuary;

provided always that if such a Member dies on or after Normal Pension Date before any retirement benefit has become payable to him from the CAA Section the amount described above in this Rule 26.2 shall not be payable but the Member shall be treated for the purposes of the CAA Section as if he had retired on the day before his death and the benefits payable from the CAA Section shall be as if the Member had elected to receive the maximum cash sum permissible under Rule 29.2, any such cash sum to be not less than the amount described in paragraph (a) above and to be payable in accordance with Rule 37.

26.3 If a Member who has paid voluntary contributions to the CAA Section dies before any retirement benefit has become payable to him from the CAA Section, and if the benefit basis previously arranged with the Trustees includes provision for a payment on death the Trustees shall make payment in accordance with Rule 37 of the amount they determine to be appropriate in accordance with that provision.

Spouse's pension

26.4 If a Member of the CAA Section dies before any benefit has become payable to him from the CAA Section in respect of the current period of Pensionable Service and is survived by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3), the pension described in Rule 25.2 and equal to:

(i) 2/3rds of the Relevant Pension of a Member who dies while he is a Current Member of the CAA Section; and

(ii) 60 per cent of the Relevant Pension of any other Member to whom this paragraph applies,

shall, subject to Rule 25.3 and Appendix 4, become payable to the Spouse (or other beneficiary as aforesaid) from the date of the Member's death, provided that in respect of a Member who dies while he is a Current Member of the CAA Section, an additional amount shall be paid for a period of three months commencing on the date of his death such that the total payable in respect of the Member under this Rule 26.4 shall, for each such month, be equal to 1/12th of the Member's Earnings as at the date of his death, disregarding in respect of a Class A Member and a Class B Member who became a Current Member on or after 1 June 1989 (other than a Continued Rights Member) any part of such Earnings which exceeds the Permitted Maximum at that date.

Children's pensions

26.5 If a Member of the CAA Section dies before any benefit has become payable to him from the CAA Section and is survived by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) and by one or more Qualifying Children the pension described in Rule 25.2 shall become payable from the date of the Member's death (or, if the Member was a Current Member of the CAA Section at the date of his death, from the end of the period of three months mentioned in Rule 26.4 above) and shall be paid or applied by the Trustees as hereinafter described.

The amount of pension under this Rule 26.5 in respect of each Qualifying Child (up to a maximum of two) shall be 1/6th of the Relevant Pension of a Member who dies while he is a Current Member of the CAA Section and 1/4 of the Relevant Pension of any other Member to whom this Rule 26.5 applies, provided always that:

(a) if the Member's Spouse (or other beneficiary as aforesaid) dies during the period of three months referred to above or while a pension under this paragraph is in course of payment; or

(b) if, for exceptional reasons, the Trustees in their discretion so direct,

the pension under this Rule 26.5 shall thereupon commence or, as appropriate, continue to be payable in the amount described in Rule 26.6 below, and provided further that the maximum under this Rule 26.5 where there are two or more Qualifying Children of a Member who is not a Current Member of the CAA Section at the date of his death shall be 40% of the Member's Relevant Pension.

26.6 If a Member of the CAA Section dies before any benefit has become payable to him from the CAA Section and is survived by one or more Qualifying Children but not by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the pension described in Rule 25.2 and equal to 1/3rd of the Member's Relevant Pension in respect of each Qualifying Child (up to a maximum of two) shall become payable out of the CAA Section from the date of the Member's death and shall be paid or applied by the Trustees as hereinafter described, provided always that:

(a) if the Trustees so direct the amount of pension payable under this Rule 26.6 shall be as described in Rule 26.5 above; and

(b) the Trustees may in their discretion augment any pension payable under this Rule 26.6 by such amount as they determine but not so that the aggregate of any augmentation in respect of the Member under this paragraph (b) and of any pensions payable to Dependants under Rule 26.9 below would exceed the pension which would have been payable under Rule 26.4 above if the Member had been survived by a Spouse.

26.7 Any pension payable under Rules 26.5 or 26.6 above shall be paid from the CAA Section by the Trustees to or for the benefit of the Qualifying Child and if and so long as there are two or more Qualifying Children to or for their benefit in equal shares subject to Rule 42.

26.8 Notwithstanding the previous provisions of this Rule, the Trustees may at their discretion pay or continue to pay for such period as they think fit a pension of an amount determined by the Trustees to a child of a deceased Member of the CAA Section whether such child is not or has ceased to be a Qualifying Child if in the opinion of a Medical Adviser such child is incapable of earning his own living by reason of bodily or mental infirmity.

Dependants' pensions

26.9 If a Member of the CAA Section dies before any benefit has become payable to him from the CAA Section and is survived by one or more Dependants but not by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the Trustees may in their discretion decide whether a pension such that the aggregate of it and of any augmentation of pension payable under Rule 26.6 above in respect of the Member's Qualifying Children would not exceed the pension which would have been payable under Rule 26.4 above if the Member had been survived by a Spouse shall become payable from the date of the Member's death (or from the cessation of any pension payable under Rule 26.6 in respect of the Member's Qualifying Children) and, if so, such pension shall be paid or applied by the Trustees to or for the benefit of such one or more of the Member's Dependants at such rate and in such shares as the Trustees shall from time to time decide.

27. COMMENCEMENT OF MEMBER'S PENSION

At Normal Pension Date

27.1(a) A Current Member of the CAA Section who ceases to be in Service at Normal Pension Date shall be entitled to receive a pension from the CAA Section at Normal Pension Date calculated in accordance with Rule 24.1.

(b) A Member of the CAA Section who has become entitled before Normal Pension Date to a pension described in Rule 32 other than a Member whose benefit from the CAA Section has become payable before Normal Pension Date shall be entitled to receive from the CAA Section at Normal Pension Date a pension calculated in accordance with Rule 24.2 or, in the case of a Member in respect of whom the Cash Value of a part of his benefits has been applied in accordance with Rule 33 or Rule 34, the appropriate part of such pension.

Before Normal Pension Date

27.2(a) A Member of the CAA Section who on leaving Service or retiring before Normal Pension Date becomes entitled to a pension under Rule 32 may with the consent of the Trustees commence to receive such pension at any time on or after his 50th birthday, or earlier if he is retiring because of incapacity.

Such pension shall include the increases described in Rule 24.3 calculated up to the date on which the pension is to commence, the total pension for that Member being, subject always to Appendix 4, reduced to such extent (if any) as the Trustees shall, on the advice of the Actuary, consider to be reasonable and determine to be appropriate having regard to, among other things, the period between the date of its commencement and Normal Pension Date but so that the reduced pension shall be not less than the actuarial equivalent of the pension which would have been payable under Rule 32 from the Member's Normal Pension Date, provided always that in special circumstances specifically approved by the Sponsoring Section Employer the pension payable under the preceding provisions of this Rule 27.2 shall not, if the Sponsoring Section Employer so determines and subject as hereinafter provided, be reduced as described above in this Rule and the provision of such unreduced pension shall be regarded as augmentation of benefit in accordance with Rule 12 and shall be subject to payment by the Employer of the appropriate additional contribution to the CAA Section.

Incapacity

(b) On ceasing to be a Current Member of the CAA Section on the grounds of ill-health before attaining Normal Pension Date in consequence of incapacity (which is expected to be permanent) to perform his duties resulting from accident or mental or physical infirmity not resulting from his own misconduct a Member may commence to receive his pension immediately upon his retirement, provided that a Member may not make a claim to receive a pension under this paragraph (b) later than 90 days after the date on which he ceased to be a Current Member of the CAA Section. Such pension shall be calculated as described in Rule 24.1 except that the

Member's Pensionable Service shall be increased by an additional equal to 50% of the amount of his Pensionable Service immediately before such addition (exclusive of any part of it provided in return for a Member's voluntary contributions under Rule 23.3) or 100% of it, if the Trustees so determine, upon his retirement or at any other date prior to Normal Pension Date that the medical advice referred to in (c) below indicates that the Member is incapable of gainful employment (except to an extent acceptable to the Trustees) or such greater amount as the Trustees at their absolute discretion shall in exceptional circumstances decide, provided always that no such addition shall cause the Members total pension from the CAA Section to exceed 2/3rds of Final Pensionable Earnings or, if less, a pension equal to that fraction of Final Pensionable Earnings which the Member would have received at Normal Pension Date if he had remained a Current Member of the CAA Section until that date.

The Administrator shall give prior notice to the Board of Inland Revenue in accordance with the Taxes Act before commencing to pay a pension from the CAA Section on the retirement prior to Normal Pension Date on account of incapacity of a Member of the CAA Section who is a Controlling Director.

Payment of pensions under Rule 27.2

(c) Payment of a pension described in paragraph (b) above shall be subject to the Member submitting himself for medical examination by a Medical Adviser whenever the Trustees require him to do so. The Trustees may withhold payment of such pension for such period as the Member refuses or fails to submit himself to any such examination or in any way obstructs the same.

The 100% addition of Pensionable Service as described in (b) above shall be subject to the Member providing such confirmation in such manner as the Trustees may reasonably require that he has not been in receipt of remuneration from any other employment (or alternatively that he has been in receipt only of remuneration which the Trustees have decided may be ignored) and the Trustees may withhold payment of a pension in respect of any period during which the Member refuses or fails to provide such confirmation or in any way obstructs the obtaining of such confirmation and if at any time the Trustees are of the opinion that as from a certain date the Member no longer qualifies for the 100% addition in accordance with (b) above the pension from that date shall be calculated as if the Member qualifies for the 50% addition in accordance with (b) above but without prejudice to the power of the Trustees to reverse that decision at a later date.

(d) Where as a result of evidence supplied in respect of a Member in accordance with paragraph (c) above the Trustees are of the opinion that the Member would be able before Normal Pension Date to resume employment with his Employer or to take up employment with any other Employer, the Trustees shall inform the Employers and if an Employer offers such Member employment in which he would become eligible for membership of the CAA Section, the pension payable from the CAA Section in accordance with this Rule 27.2 shall cease to be payable upon his commencing such employment or, if earlier, at the end of three months (or such further period as the Trustees in their discretion shall allow) from the date of the said offer of employment, provided always that if a Member's remuneration (taken for this purpose as remuneration other than Non-Pensionable Earnings) at the date on which his pension would cease to be payable as described above in this paragraph (d) is less than his corresponding former remuneration at the date on which the Member ceased to be a Current Member of the CAA Section, a proportion of his pension payable under this Rule 27.2 shall continue to be payable, such proportion being the proportion of that pension which the reduction in the Member's remuneration bears to his former remuneration, and provided further that upon the subsequent cessation of membership of such a Member the pension payable from the CAA Section to the Member shall not be less than the pension previously payable to him under this Rule 27.2.

(e) If a Member in receipt of a pension under Rule 27.2 other than a pension to which paragraph (d) above applies but being a pension not subject to a reduction as described above in this Rule is offered employment with any of the Employers in which he becomes eligible for membership of the CAA Section, payment of such pension shall cease upon his commencing such employment or, if earlier, at the end of three months (or such further period as the Trustees in their discretion shall allow) from the date of the said offer of employment.

(f) The payment of a pension in respect of a Member to whom this Rule 27.2 applies shall be subject otherwise to the provisions of Rule 38.

(g) If a Member of the CAA Section who is offered employment with an Employer in accordance with paragraph (d) or (e) above in this Rule returns to such employment within the period described in those paragraphs, he may recommence membership of the CAA Section as a Current Member on such terms as the Trustees on the advice of the Actuary shall determine. Such a Member who does not recommence membership as a Current Member and such a

Member who does not return to the employment within the period described shall become entitled to such deferred or reduced pension as the Trustees on the advice of the Actuary shall determine provided that such determination does not prejudice approval of the Scheme as an exempt approved scheme for the purposes of Part I of Chapter XIV of the Taxes Act(**a**).

After Normal Pension Date

Service after Normal Pension Date

27.3(a) The pension of a Member who is a Current Member of the CAA Section immediately before Normal Pension Date and whose Service continues beyond that date shall be postponed until the date of cessation of his Service (or, in the case of a Class A Member, his 75th birthday if earlier) provided that such a Member who is a Class B Member may by notice in writing to the Trustees elect to receive a cash sum in accordance with Rule 29.2 or to commence receiving his pension or the balance of it as appropriate at any date on or after Normal Pension Date but not later than the date of his actual retirement from Service. The amount of pension of a Member to whom this paragraph applies shall, subject to Appendix 4 and except as provided below in this Rule, be calculated in accordance with Rule 24.1 as at the date of its commencement or, if greater, but only in the case of a Member whose pension so calculated would have been 2/3rds of Final Pensionable Earnings, an amount of 2/3rds of Final Pensionable Earnings as at the later of the Member's Normal Pension Date and the date of completion of the shortest period of Pensionable Service for which the pension calculated in respect of the Member under Rule 24.1 would be equal to 2/3rds of the Member's Final Pensionable Earnings, with the addition of an amount determined by the Trustees with the advice of the Actuary having regard to the date of commencement of the pension and/or such other factors (if any) as the Actuary shall consider to be relevant. The amount of pension calculated in accordance with Rule 24.1 as aforesaid shall be reduced by the value, determined by the Trustees with the advice of the Actuary, of any benefit paid to the Member in accordance with the proviso above in this paragraph.

Postponement of deferred pensions

(b) Payment of a pension to which a Member of the CAA Section becomes entitled under Rule 32 may at his request be postponed beyond Normal Pension Date until such date not later than his 75th birthday as shall be agreed between the Trustees and the Member; provided always that:

(i) in the case of a Class A Member who has ceased to be a Current Member of the CAA Section while remaining in Service in accordance with Rule 31, the Member's pension from the CAA Section may not commence to be paid before he ceases to be in Service; and

(ii) in the case of a Class B Member, the Member's pension from the CAA Section may be postponed only for so long as his retirement from all employment is postponed.

The amount of pension of a Member to whom this paragraph (b) applies shall, subject to Appendix 4, be calculated in accordance with Rule 24.2 as at Normal Pension Date increased by such amount as the Trustees with the advice of the Actuary shall determine having regard to the period for which payment of the pension has been postponed.

28. DEATH AFTER PENSION STARTS

Lump sum

28.1 When a Class B Member, or a Class A Member who ceased to be in Service before 1 September 1991, (in either case, of the CAA Section) in respect of whom no pension will become payable in accordance with any other paragraph of this Rule dies after commencement of his pension from the CAA Section, the Trustees shall pay in accordance with Rule 37 a sum equal to the amount (if any) by which:

(a) the total of the contributions (other than voluntary contributions) paid by him to the CAA Section (and under the Previous Scheme Provisions) together with such of his voluntary contributions to the CAA Section (and under the Previous Scheme Provisions) as the Trustees shall determine and his Transferred Contributions (if any) with the addition of 3% per annum compound interest thereon up to the date on which the Member left Service or, if earlier, the date of commencement of his pension hereunder,

exceeds

(b) the aggregate of:

(i) the total of the instalments of the Member's pension from the CAA Section paid before his death; and

(ii) any cash sum paid to the Member under Rule 29 and under any other provision of the CAA Rules.

(**a**) 1988 c.1.

28.2 If a Member of the CAA Section who opted under Rule 27.3 to receive a pension from the CAA Section while remaining in Service after Normal Pension Date and to defer receiving a cash sum under Rule 29.2 dies before receiving such cash sum he shall be treated for the purposes of this Rule as having retired on the day before he died and the Trustees shall pay in accordance with Rule 37 a lump sum equal to the said cash sum with the addition of interest up to the day before the Member's death at a rate which the Trustees with the advice of the Actuary consider to be reasonable.

Spouse's pension

28.3 If a Member of the CAA Section dies after a pension has become payable to him from the CAA Section or after receiving a cash sum after Rule 29.2 while remaining in Service on or after Normal Pension Date and is survived by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the pension described in Rule 25.2 shall, subject to Rule 25.3, become payable to the Spouse (or other beneficiary as aforesaid) from the first day of the month following the Member's death. Such pension shall:

(a) for a period of three months from its commencement or, if longer, for the balance of the period of five years beginning at the commencement of payment of the Member's pension from the CAA Section, be equal to 1/12th of the Member's Relevant Pension for each month in the said period; and

(b) thereafter, be equal to 60% of the Member's Relevant Pension.

Children's pension

28.4 If a Member of the CAA Section dies after a pension has become payable to him under these Rules or after receiving a cash sum under Rule 29.2 while remaining in Service on or after Normal Pension Date and is survived by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) and by one or more Qualifying Children, the pension described in Rule 25.2 and equal to 1/4 of the Member's Relevant Pension if there is one Qualifying Child and equal to 40% of the Member's Relevant Pension if there are two or more Qualifying Children shall become payable from the date on which the pension at the rate described in Rule 28.3(b) commences to be payable and shall be paid or applied by the Trustees as hereinafter described; provided always that:

(a) if the Member's Spouse (or other beneficiary as aforesaid) dies while a pension is payable under Rule 28.3; or

(b) if, for exceptional reasons, the Trustees so direct

the pension under this Rule 28.4 shall commence or, as appropriate, continue to be payable in the amount described in Rule 28.5

28.5 If a Member of the CAA Section dies after a pension has become payable to him under these CAA Rules or after receiving a cash sum under Rule 29.2 while remaining in Service on or after Normal Pension Date and is survived by one or more Qualifying Children but not by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the pension described in Rule 25.2 and equal to 1/3rd of the Member's Relevant Pension in respect of each Qualifying Child (up to a maximum of two) shall become payable from the date of the Member's death and shall be paid or applied by the Trustees as hereinafter described; provided always that:

(a) if the Trustees so direct the amount of pension payable under this Rule 28.5 shall be as described in Rule 28.4; and

(b) the Trustees may in their discretion augment any pension payable under this Rule 28.5 by such amount as they determine but not so that the aggregate of any augmentation in respect of the Member under this paragraph (b) and of any pensions payable to Dependants under Rule 28.8 below would exceed the pension which would have been payable under Rule 28.3 if the Member had been survived by a Spouse.

28.6 Any pension payable under Rules 28.4 or 28.5 shall be paid by the Trustees to or for the benefit of the Qualifying Child and if and so long as there are two or more Qualifying Children to or for their benefit in equal shares subject always to the provisions of Rule 42.

28.7 Notwithstanding the previous provisions of this Rule the Trustees may at their discretion pay or continue to pay for such period as they think fit a pension of an amount determined by the Trustees to a child of a deceased Member of the CAA Section whether such child is not or has ceased to be a Qualifying Child if in the opinion of a Medical Adviser such child is incapable of earning his own living by reason of bodily or mental infirmity.

Dependants' pensions

28.8 If a Member of the CAA Section dies after any pension has become payable to him from the CAA Section and is survived by one or more Dependants but not by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the Trustees may in their discretion decide whether a pension such that the aggregate of it and of any augmentation of pension payable under Rule 28.5 in respect of the Member's Qualifying Children would not exceed the pension which would have been payable under Rule 28.3 if the Member had been survived by a Spouse, shall become payable from the date of the Member's death (or from the cessation of any pension payable under Rule 28.5 in respect of

the Member's Qualifying Children) and, if so, such pension shall be paid or applied by the Trustees to or for the benefit of such one or more of the Member's Dependants at such rate and in such shares as the Trustees shall from time to time decide.

29. CASH SUM IN LIEU OF PENSION

Commutation of trivial pensions

29.1 If at the date when a pension becomes payable from the CAA Section to or for the benefit of any person such pension together with the annuity equivalent of all other retirement benefits to which such person is entitled from the Employers' Schemes or other Sections of the Scheme does not exceed £260 per annum (or such higher amount as may have been prescribed by regulations made under section 91 of the Pensions Act 1995(**a**) and is acceptable to the Board of Inland Revenue), the Trustees may commute that pension for a cash sum payable to or for the benefit of such person. If the Trustees commute a Member's pension as described above and if there is a pension contingently payable from the CAA Section on such Member's death which could (if the Member had died on the date his pension became payable) have been commuted in accordance with this Rule 29.1, then the Trustees will forthwith commute such pension for a cash sum payable to the Member, provided always that in the case of a Member whose pension from the CAA Section becomes payable before Normal Pension Date:

(a) if such Member is a member of more than one retirement benefits scheme relating to the same employment (including any other Section of the Scheme), commutation under this Rule 29.1 shall be permissible only if he is treated by all such schemes as having retired and if provisions corresponding to this Rule 29.1 apply under such other schemes; and

(b) in determining the amount of the Member's pension for the purposes of this paragraph the Trustees shall with the advice of the Actuary take due account of:

(i) increases in the Member's Guaranteed Minimum Pension (if any) required to be made up to State Pensionable Age in such a way as to satisfy the provisions of section 21 of the Pension Schemes Act 1993(**b**) and any regulations made for the purposes of that section; and

(ii) increases to that part of the Member's pension hereunder which exceeds the Member's Guaranteed Minimum Pension (if any) which would, in the opinion of the Trustees, be made to the Member's pension hereunder up to Normal Pension Date in accordance with Schedule 3 to the Pension Schemes Act 1993 if such pension had become payable at Normal Pension Date.

Tax free cash sum

29.2 Subject to Appendix 4, a Member of the CAA Section may by giving notice in writing to the Trustees before any pension becomes payable to him from the CAA Section elect to commute for a cash sum at the date his pension becomes payable or, in the case of a Class B Member, on or after his Normal Pension Date if earlier, the whole or a proportion of that part of such pension which exceeds the Guaranteed Minimum Pension in respect of him or, where such date is before the Member's State Pensionable Age, which exceeds the amount which the Trustees with the advice of the Actuary estimate will be the Member's Guaranteed Minimum Pension at his State Pensionable Age.

Serious ill-health

29.3 If at the date when any pension becomes payable to a Member under the CAA Section the Trustees are satisfied by such evidence as they may require that the Member is in exceptional circumstances of serious ill-health, the Trustees may at their discretion pay a cash sum to the Member in commutation of the whole of that part of his pension which exceeds the Guaranteed Minimum Pension or if the Member has elected the option under Rule 29.2 above in commutation of the balance (if any) of such pension.

The Administrator shall give prior notice to the Board of Inland Revenue in accordance with the Taxes Act before making a payment under this Rule 29.3 to a Member of the CAA Section who is a Controlling Director.

General

29.4 The amount of any cash sum payable under this Rule in lieu of any amount of pension shall be determined from time to time by the Trustees after consultation with the Actuary and shall be either as certified as reasonable by the Actuary or in accordance with commutation factors acceptable to the Board of Inland Revenue as suitable for the CAA Section.

29.5 A cash sum payable in respect of any person under this Rule other than any which could be payable in respect of such person under Rule 29.2 above shall be reduced by the amount of tax (if any) for which the Trustees are liable in respect thereof.

(**a**) 1995 c.26; section 91 is amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 57.
(**b**) 1993 c.48.

30. OPTIONAL SPOUSE'S OR DEPENDANT'S PENSION

30.1 Subject to the following provisions of this Rule, a Member of the CAA Section may elect not less than 28 days before the date when any pension becomes payable to him from the CAA Section to surrender the whole or a proportion of his pension from the CAA Section which exceeds the Guaranteed Minimum Pension in respect of him in order to provide a non-commutable and non-assignable pension payable after his death which in the opinion of the Trustees on the advice of the Actuary is equal in value to the pension so surrendered.

30.2 Exercise of this option shall be by notice given in writing to the Trustees and shall be in respect of the person to whom the Member is married at the date on which the notice is given or in accordance with Rule 30.6. In the event of:

(a) the Member or the said person dying before Normal Pension Date and before the commencement of the Member's pension under these Rules; or

(b) the said person dying at or after Normal Pension Date while the Member's pension is postponed in accordance with these Rules; or

(c) the commutation of the whole of the Member's pension for a cash sum,

the exercise of the option shall be cancelled.

In the event, where applicable, of the marriage of the Member and the said person being terminated by divorce or annulment, or the Member and the said person being judicially separated, before the commencement of his pension under these Rules the exercise of the option shall be cancelled if the Member requests the Trustees by notice in writing to that effect.

30.3 Except as above mentioned, the exercise of the option may not be cancelled except with the special consent of the Trustees and then only before commencement of the Member's pension. If an exercise of the option is cancelled, the benefits will be as if the Member had not exercised the option. If after the Member has commenced to receive a pension from the CAA Section the person in respect of whom the option has been exercised predeceases the Member or, where applicable, their marriage is terminated by divorce or annulment, or they become judicially separated, the unsurrendered portion of the Member's pension and no more will continue to be paid to the Member.

30.4 The amount of pension surrendered by a Member under this Rule must not be so great that the pension described in Rule 30.1 above would be greater than the pension remaining payable to the Member (before any surrender of part of his pension for a cash sum).

30.5 The pension described in Rule 30.1 above shall, unless the option has been cancelled as described above, be payable to the person in respect of whom the option has been exercised and shall commence to be payable one month after the final instalment of the pension payable from the CAA Section to the Member. Where the said person is the person to whom the Member was married at the date on which the notice was given the pension shall cease with the last instalment falling due before that person's death.

30.6 The option described in Rule 30.1 above may be exercised by a Member of the CAA Section in favour of any one or more of his dependants other than (or in addition to) the person to whom the Member is married at the date on which the notice if given. In such case the terms and conditions of payment relating to the pension for the person or persons in respect of whom such option is exercised shall be as notified by the Trustees to the Member.

31. CEASING TO BE ELIGIBLE AND VOLUNTARY WITHDRAWAL

Ceasing to be eligible

31.1 A Member of the CAA Section who while remaining in Service ceases to be within the eligibility category described in Rule 21 shall be treated for the purposes of the CAA Section (other than for the purposes of Rule 27) as having left Service.

Voluntary withdrawal

31.2 A Member of the CAA Section may give written notice to the Trustees that he wishes to withdraw from membership of the CAA Section while otherwise remaining eligible. Such notice shall be for a minimum period of one month expiring at the end of a calendar month and the Member shall be treated for the purposes of the CAA Section (other than for the purposes of Rule 27) as having left Service at the date of expiry of the notice.

Notwithstanding the provisions of Rule 21, such a Member shall not be readmitted to membership of the CAA Section except with the permission of the Trustees and on such basis as the Trustees shall determine and provided that the continued approval of the Scheme under Chapter I of Part XIV of the Taxes Act is not prejudiced by this.

32. MEMBERS WHO CEASE TO BE IN SERVICE

Refund of contributions

32.1 A Member who ceases to be a Current Member of the CAA Section before Normal Pension Date and who at the date of such cessation is not a Qualifying Leaver shall be entitled to elect in lieu of any other benefits from the CAA Section a refund of any contributions paid by him to the CAA Section (and under the Previous Scheme Provisions) (other than any voluntary contributions) and his Transferred Contributions (if any), with the addition of 3% per annum compound interest thereon up to the date of payment of the refund. Such refund shall be subject to any deduction in accordance with Rule 43.

If such Member has been in Contracted-out Membership the Trustees will pay a Contribution Equivalent Premium in respect of him and the liability of the Trustees to provide a Guaranteed Minimum Pension or Spouse's Guaranteed Minimum Pension in respect of the Member shall thereupon be extinguished. For such a Member the amount of refund described in the previous paragraph shall be reduced by a proportion of the Contributions Equivalent Premium being the amount recoverable under section 61 of the Pension Schemes Act 1993(**a**).

If a Member to whom this Rule applies has paid voluntary contributions to the CAA Section the amount payable under the first paragraph of this Rule will, if previously arranged with the Trustees, be increased by an amount determined by the Trustees in accordance with the basis so arranged.

A Member to whom the first paragraph of this Rule applies may, in lieu of receiving a refund as described above, elect that amount payable under that paragraph be transferred to an insurance policy or to a different retirement benefits scheme in accordance with the provisions of Rule 33 or Rule 34 respectively and such amount shall be the Member's Cash Value for the purposes of those Rules.

Deferred pension

32.2 A Member who ceases to be a Current Member of the CAA Section before Normal Pension Date and who is a Qualifying Leaver at the date of such cessation shall, except as provided in Rule 32.4, be entitled to a pension commencing from Normal Pension Date calculated in accordance with Rule 24.2 together with any benefit secured by voluntary contributions made by him to the CAA Section and any interest or other return accruing thereto.

32.3 Any pension to which a Member of the CAA Section is entitled under this Rule shall, except where stated otherwise, be subject to the same terms conditions and options as would apply to the pension or pensions which would be payable to or in respect of him from the CAA Section if he were a Current Member until his Normal Pension Date.

Option for buy-out or transfer

32.4 Except as provided below in this Rules, a Member to whom Rule 32.2 applies shall have the option to arrange for the whole or a part of his entitlement under the CAA Section to be transferred to an insurance policy or to a different retirement benefits scheme in accordance with Rule 33 or Rule 34 respectively or to one or more insurance policies and/or retirement benefits schemes as the Member requires. Such option may be elected at any time before any benefits become payable in respect of him from the CAA Section and prior to the later of:

(i) the commencement of the year which ends on the day before Normal Pension Date; and

(ii) the date which occurs twelve months after the cessation of the Member's Service (or such later date as shall be agreed by the Member with the Trustees).

Restriction on option

32.5 In respect of a Member of the CAA Section who has withdrawn from membership of the CAA Section in accordance with Rule 31.2 and remains in the employ of any of the Employers the option available under Rule 32.4 shall, if the Trustees in their absolute discretion so decide, be available in respect of only a part of the Member's entitlement under the CAA Section. Such part shall be calculated by the Trustees as not less than the proportion which the Member's Service in the CAA Section after 5 April 1988 bears to his total actual Service.

Separate periods of Pensionable Service

32.6(a) If a Member of the CAA Section is entitled to benefit from the CAA Section in respect of separate periods of Pensionable Service, then for the purpose of determining the amount of his entitlement to such benefit each such period shall except insofar as the provisions of Appendix 4 are concerned, and except as described paragraph (b) below, be treated separately as though it were his only period of Pensionable Service, provided always that:

(i) in a case where the earlier of any two periods of Pensionable Service was one during which the Member was for the purposes of the Pension Schemes Act 1993 in contracted-out employment by reference to the CAA Section and which has under the provisions of that

---

(**a**) Section 61 was amended by the Pensions Act 1995 (c.26), section 151 and Schedule 5, paragraphs 18 and 55.

Act not been treated as terminated, the foregoing shall not apply and the two periods of Pensionable Service shall for the purposes of calculating the total benefits in respect of the Member under the CAA Section be treated as continuous; and

(ii) in respect of a Class A Member who is Controlling Director who has a period of Service with more than one Employer, any period of his Service with an Employer which is associated with another Employer by virtue of a permanent community of interest rather than because one Employer is controlled by the other or both are controlled by a third party (control for this purpose having the meaning in section 840 of the Taxes Act(**a**) or, in the case of a close company, section 416 of that Act) shall be treated separately from any other period of the Member's Service for the purposes of Appendix 4.

(b) Notwithstanding paragraph (a) above, a Member of the CAA Section who on ceasing to be in the employment of any of the Employers retained an entitlement to benefit under the CAA Section and who recommences Pensionable Service under the CAA Section within one year (or such longer period as the Trustees may in their discretion allow) may, provided that Rule 33 or 34 has not been applied in respect of him and that he is not in receipt of a pension from the CAA Section, elect by notice in writing to the Trustees that such earlier and later periods of Pensionable Service shall be deemed to be one continuous period of Pensionable Service subject to the following conditions:

(i) any amounts included within the earlier period by virtue of sub-paragraphs (a) and (c) of the definition of Pensionable Service (or the corresponding terms of the Previous Scheme Provisions) shall be excluded;

(ii) the Member shall complete such forms of discharge of liability in respect of any entitlement to benefit relating to such earlier period of Pensionable Service as the Trustee shall require;

(iii) the Member shall pay to the Trustees a sum equal to any amount paid to him from the CAA Section in respect of his earlier period of Pensionable Service and any amounts of tax for which the Trustees became liable as a result of such payment together with compound interest on such amount at 3% per annum (but excluding any amount relating to periods of Pensionable Service excluded in accordance with condition (i) above).

33. PROVISION OF BENEFITS UNDER APPROVED POLICIES

33.1 Subject as hereinafter provided, upon receipt, before any benefits become payable in respect of him under the CAA Section and prior to the commencement of the year which ends on the day before Normal Pension Date (or such later date as shall be agreed by the Member with the Trustees), of the written request of a Member to whom Rule 32.2 or the final sentence of Rule 32.1 applies, the Trustees shall make arrangements to apply such Member's Cash Value to the purchase of appropriate benefits under an Approved Policy issued to the Member by an Authorised Insurance Company chosen by the Member.

33.2 In their application of this Rule 33 the Trustees shall have regard to the provisions of the Pension Schemes Act 1993(**b**).

33.3 The Trustees may at their discretion make arrangements as described above other than at the request of the Member but not without his consent and may choose an Authorised Insurance Company for the purposes of Rule 33.1 above if the Member fails to do so.

33.4 Prior to the completion of arrangements made in accordance with this Rule the Member shall complete such forms (if any) as the Trustees shall request and upon payment from the CAA Section of the Member's Cash Value the Member and any other person or persons to whom any benefit would have been payable in consequence of the Member's membership of the CAA Section shall cease to have any claim on the CAA Section in respect of the amount so paid and in respect of the benefit (determined by the Actuary) to which such amount relates.

34. TRANSFERS FROM THE CAA SECTION

34.1 Subject to Rule 34.2 and to any undertaking given to the Board of Inland Revenue for the purposes of this Rule, if any Member to whom Rule 32.2 or the final sentence of Rule 32.1 applies become or is to become a member of any other retirement benefits arrangement approved or approvable under the Taxes Act, or becomes or is to become a member of another Section of the Scheme, then, in substitution for and in satisfaction of the whole or a specified part of the benefits which would otherwise arise under the CAA Section in consequence of his membership of it, the Trustees shall at the written request of the Member or with his consent pay such Member's Cash Value (or the equivalent in assurance contracts or policies or other assets forming part of the Section Assets) in respect thereof or such greater amount as the Trustees shall determine to such other retirement benefits arrangement or Section provided that the trustees of or persons administering such other retirement benefits arrangement are willing to accept such payment. Any payment made under this Rules shall be made upon the basis that the Member shall be entitled under such other arrangement or Section to such benefits (consistent with the existing

---

(**a**) 1988 c.1.
(**b**) 1993 c.48.

formal approval of that retirement benefits arrangement or Section, as appropriate, by the Board of Inland Revenue) in respect of such payment as the Trustees may in their discretion arrange with the trustees of or persons administering the other retirement benefits arrangement, provided that such benefits shall be such as to satisfy the provisions of the Pension Schemes Act 1993.

34.2 Any payment made under this Rule shall be subject to the following conditions:

(a) where making a transfer to another retirement benefits scheme (as opposed to another Section), before making such a payment the Trustees shall ascertain from the trustees of or persons administering such other retirement benefits arrangement under which section of which Act such retirement benefits arrangement is approved or capable of approval by the Board of Inland Revenue;

(b) no payment relating to less than the whole of the benefits in respect of the Member under the CAA Section shall be made from the CAA Section without the consent of the Board of Inland Revenue unless the benefits which are to remain payable in respect of him under the CAA Section are Acceptable Residual Benefits;

(c) no such payment shall be made unless the Trustees are satisfied that such part, but only such part, of the value thereof as is derived from contributions (if any) of the Member to the CAA Section (and under the Previous Scheme Provisions) will be treated in such other retirement benefits arrangement or Section as member's contributions and the Trustees shall certify to the trustees of or persons administering such other arrangement the amount to be so treated;

(d) a payment under this Rule relating to a Member's Guaranteed Minimum Pension shall be made only if:

(i) the other retirement benefits arrangement or Section is a contracted-out occupational pension scheme, an appropriate Personal Pension Scheme as described in Chapter I of Part III of the Pension Schemes Act 1993, or any other scheme approved for the purpose by the National Insurance Contributions Office of the Inland Revenue; and

(ii) where the payment is made to an occupational pension scheme, the Member has entered employment with an employer which is or, in the case of a Section 53(**a**) Scheme, was contributing to such scheme;

(e) when making a payment under this Rule to an approved Personal Pension Scheme the Administrator shall provide a certificate of the maximum lump sum payable on retirement in respect of such payment if the Member:

(i) was aged 45 or more at the time that the payment was made, or

(ii) has at any time within the 10 years preceding the date on which the right to the payment being made arose been in respect of any employment to which the payment or any part of it relates, either

(a) a Controlling Director, or

(b) in receipt of annual remuneration in excess of an amount equal to the Permitted Maximum for the year of assessment in which the date of payment falls; or

(iii) is entitled to benefits included in the payment which arise from a retirement benefits scheme under which the normal retirement age is 45 or less.

34.3 At the written request of a Member to whom Rule 32.2 or the final sentence of Rule 32.1 apply the Trustees shall make a payment of the Member's Cash Value to a pension arrangement (other than one approved or approvable under the Taxes Act) of any type and on any terms regarded by the Board of Inland Revenue and where applicable by the Department of Social Security as being appropriate for the purposes of this Rule.

34.4 Upon a payment being made under this Rule the Member and any other person or persons to whom any benefit would have been payable in consequence of the Member's membership of the CAA Section shall cease to have any claim on the CAA Section to the extent that such benefit has been substituted and satisfied by such payment.

35. TRANSFERS TO THE CAA SECTION

35.1 Subject to Rule 35.2 below and to any undertaking given to the Board of Inland Revenue for the purposes of this Rule if any Member of if any group of Members of the CAA Section is entitled to benefit under any other retirement benefits arrangement or another Section of the Scheme then, in accordance with the provisions of the other arrangement or Section or at the written request of any Member, the Trustees may:

(a) accept from the other arrangement or Section any cash sum that the trustees thereof or persons having the necessary powers thereunder may be authorised to pay to them in substitution for the benefit for or in respect of the Member thereunder or for a part of such benefits, and/or

---

(**a**) 1993 c.48; section 53 was amended by the Pensions Act 1995 (c.26), sections 151 and 177 and Schedule 5, paragraphs 18 and 48 and the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c.2), section 1(1) and Schedule 1, paragraphs 52 and 53.

(b) accept from the other arrangement or Section an assignment or transfer to the Trustees of such annuity or assurance contracts or policies on the life of the Member or such other assets or investments which the Trustees are empowered to acquire or retain in accordance with the provisions of the CAA Section as may be included within such other arrangement, and/or

(c) accept a new annuity or assurance contract or policy or an amendment of an existing annuity or assurance contract or policy which will secure, among other things, benefits on the life of the Member.

35.2 Before accepting any payment or transfer to the CAA Section or any annuity or assurance contract or policy or any amendment or assignment thereof and before conferring any right or benefit under the CAA Section under this Rule the Trustees shall satisfy themselves that such acceptance or conferment will not prejudice the approval of the Scheme under the Taxes Act.

35.3 Upon such acceptance as aforesaid the Trustees shall, subject to Rules 35.4, 35.5 and 35.6 of this Rule and Appendix 5, confer on the Member such rights and benefits under the CAA Section as they shall determine on the advice of the Actuary having regard to the nature and value of the assets so received and shall notify the Member accordingly; provided always that:

(a) the benefits arising on retirement from a payment or transfer shall not be capable of commutation nor shall they be paid in lump sum form if the payment or transfer is accompanied by a certificate from the administrator of the other arrangement or Section to the effect that the payment or transfer is not to be used to provide benefits in lump sum form; and

(b) for Continued Rights Members pension benefits on retirement arising from a payment or transfer (other than from another scheme of the Employer or any company firm or individual which is or may become associated in business with the Sponsoring Section Employer) may be commuted only if and to the extent that a certificate has been obtained from the administrator of the other arrangement showing the maximum lump sum payable from the payment or transfer. The amount so certified may be increased in proportion to any increase in the Index since the date the payment or transfer was received; and

(c) where the payment or transfer is in respect of a Former Civil Servant and is from one of the Civil Service Schemes the benefit conferred on the Member shall be a number of additional years of Pensionable Service equal to the number of years prior to the date on which he became a Member which were regarded as reckonable service for superannuation purposes under such scheme in respect of him,

except that provisos (a) and (b) above shall not apply where the Trustees have conferred an additional period of Pensionable Service in the CAA Section on the Member in respect of the payment or transfer.

35.4 Such part, but only such part, of the assets so received as is derived from the contributions (if any) made by the Member under the other arrangement or Section (as certified by the trustees thereof or other person or persons administering the other arrangement) shall be treated in the CAA Section as Member's contributions and such part thereof as is derived from voluntary contributions of the Member (certified as aforesaid) shall, at the option of the Member and if agreed between the Member and the Trustees, be treated in the CAA Section as Member's voluntary contributions.

35.5 The Trustees shall not assume liability in respect of a Member of the CAA Section for

(a) an Equivalent Pension Benefit (as defined in the National Insurance Act 1965)(**a**); or

(b) a Guaranteed Minimum Pension; or

(c) Protected Rights

unless the payment or transfer to the CAA Section is in their opinion on the advice of the Actuary sufficient to secure the said benefit and before assuming such liability they shall ascertain from the trustees of or persons administering the other arrangement or Section the amount of such benefit. Upon assuming such liability they shall impose such restrictions on the options available to the Member as shall be necessary to comply with the requirements of the National Insurance Act 1965 or the Pension Schemes Act 1993 as appropriate.

35.6 In the event of the Member leaving Service in the CAA Section before Normal Pension Date for any reason except death he shall be entitled to the full amount of the benefit conferred upon him by the Trustees as aforesaid unless the Member in accordance with the Rules is to receive a return of his own contributions in lieu of other benefit. In that event the return of any of the contributions which are referred to in Rule 35.4 above shall be in lieu of the whole of the benefits conferred upon the Member by the Trustees as aforesaid.

(**a**) 1965 c.51.

36. TEMPORARY ABSENCE FROM WORK

36.1 If a Current Member of the CAA Section is temporarily absent from work, he may with the consent of his Employer and subject to the following paragraphs of this Rule, be deemed for the purposes of these Rules to remain a Current Member of the CAA Section in the Service of the Employers:

(a) for any period before Normal Pension Date during which the absence is due to his injury or illness, or to secondment to a United Kingdom Government Department or work of national importance of a like nature; or

(b) for any other period before Normal Pension Date not exceeding three years or ten years if the Member remains resident in the United Kingdom (or such longer period as shall be acceptable to the Board of Inland Revenue).

36.2 Rule 36.1 shall not apply in respect of any period after the Member has become a member of any other retirement benefits scheme or another Section of the Scheme unless prior confirmation has been obtained from the Board of Inland Revenue that approval of the Scheme under the Taxes Act will not thereby be prejudiced.

Continuation or suspension of contributions

36.3 Where the Employer notifies the Trustees that a Member of the CAA Section is temporarily absent on full pay or that he is on sick leave on full pay or on half pay such Member shall be deemed to remain in Service under the CAA Section in accordance with Rule 36.1 and shall continue to pay contributions under Rule 23.1 together with the proportion (if any) of the Member's voluntary contributions to the CAA Section agreed between the Trustees and the Member.

For the purposes of this Rule in relation to the calculation of benefit hereunder the Trustees shall treat as conclusive any statement made by the Employers in writing that a Member is or was in receipt of full pay or half pay for any period or part of a period of absence.

If the Member's contributions to the CAA Section are continued in whole or in part during any such period as aforesaid, the whole of such period shall be included in the Member's Pensionable Service, provided always that no such period shall be included in Pensionable Service which would conflict with the requirements of the Board of Inland Revenue.

36.4 A person who is deemed to remain a Current Member of the CAA Section in accordance with this Rule 36 (other than a person to whom Rule 36.3 applies) may, with the consent of the Trustees suspend his contributions (if any) to the CAA Section or may continue to pay contributions on any basis agreed with the Trustees and acceptable to the Board of Inland Revenue, provided that in respect of any period of Paid Maternity Absence a Member shall not be required to pay contributions calculated with reference to remuneration in excess of the amount of contractual remuneration or statutory maternity pay actually paid to or for her in respect of that period.

If no contributions are paid by such Member to the CAA Section during any period throughout which he is deemed to be a Current Member in accordance with this Rule 36 the Trustees shall exclude such period from the Member's Pensionable Service except as provided below.

If the Member's contributions to the CAA Section are continued in whole or in part during any such period as aforesaid the whole or, respectively, an appropriate proportion of such period (determined by the Trustees) shall be included in the Member's Pensionable Service, provided always that no such period shall be included in Pensionable Service which would conflict with the requirements of the Board of Inland Revenue.

Maternity leave

Paid Maternity Absence

36.5(a) If a female Member of the CAA Section is absent from work during any period which is Paid Maternity Absence she shall be deemed to remain a Current Member in Service throughout such period. The provision of death benefits from the CAA Section in respect of her shall continue throughout such period and such period shall be included within her Pensionable Service. Such Member's remuneration for the purpose of calculating any benefit from the CAA Section shall be not less than an amount calculated with reference to the remuneration to be attributable to such period in accordance with paragraph 5 of schedule 5 to the Social Security Act 1989(**a**).

Maternity leave after Paid Maternity Absence

(b) If a female Member of the CAA Section is absent from work on maternity leave she shall continue to be deemed to be a Current Member in Service in accordance with Rule 36.1 after the cessation of her period of Paid Maternity Absence until the expiry of the period during which she may exercise her right under the said Act to return to work or, if earlier, the date of her notice

---

(**a**) 1989 c.24.

to the Employer of her intention not to return to work and the provisions of this Rule 36 other than paragraph (a) above shall apply in respect of that part of her absence which follows the period of her Paid Maternity Absence.

Concurrent membership of sick pay scheme

36.6 A Member of the CAA Section who is absent from employment and whether or not there is in respect of him a clear expectation of returning to Service may at the discretion of the Trustees be deemed to remain a Current Member in accordance with Rule 36.1 during any period during which he is in receipt of benefit which will not continue beyond Normal Pension Date from a sick pay scheme of the Employer.

Continuation of death benefits

36.7 Death benefits under the CAA Section shall continue in force in respect of Members who are deemed to be Current Members of the CAA Section in accordance with this Rule 36.

Adjustment of remuneration

36.8 If the remuneration of a Member of the CAA Section to whom this Rule 36 has been applied is reduced or suspended during any period of absence, the amount of any benefit which is to be calculated in respect of the Member by reference to such remuneration shall, except as provided in Rule 36.5(a), be calculated during any period of absence for six months or less, or absence for sick leave, having regard to the remuneration which the Trustees in their discretion determine that the Member would have received had he been in active employment on full pay, and during any period of absence in excess of six months, other than absence for sick leave, shall be such other amount or rate of remuneration which the Employer, with the consent of the Trustees, considers to be appropriate.

36.9 If at the expiry of the appropriate period specified in this Rule 36 the Member has not returned to work, he shall cease to be a Current Member of the CAA Section.

37. APPLICATION OF DEATH BENEFITS

37.1 In respect of any benefit which is expressed to be payable under the CAA Section in accordance with this Rule the Trustees shall, subject to Rule 37.3, as soon as practicable after the Member's death pay such benefit to the Member's personal representatives and/or pay or apply such benefit to or for the benefit of any one or more of the Member's Dependants and Relations living or conceived but not yet born at the Member's death and/or such persons or bodies as the Member may have notified in writing to the Trustees (as being persons or bodies whom the Member wishes the Trustees to consider as possible recipients of any benefit payable from the CAA Section on the Member's death) and/or people who would be entitled to benefit from the Member's estate (whether by testamentary disposition or under the law relating to intestacy) in such shares and in such manner as the Trustees shall decide. In exercising this discretion the Trustees may have regard to but shall not be bound by any wishes notified to the Trustees by the Member. The Trustees may in exercise of their discretion under this Rule pay such lump sum or any part thereof to trustees to hold upon such trusts and subject to such powers and provisions as the Trustees may direct and in this connection the Trustees shall have power to declare trusts and appoint separate trustees thereof and provide for their remuneration.

37.2 If at the end of the period of two years after the Member's death the Trustees shall not have made the said payment or shall have made payment of only part of the benefit aforesaid the Trustees shall pay the whole or the balance (as the case may be) of such benefit to the Member's personal representatives, except that if the residuary estate of the Member falls to be treated as bona vacantia belonging to the Crown or to the Duchy of Lancaster or to the Duchy of Cornwall the said benefit or such balance thereof shall not be payable but shall fall into and form part of the assets of the CAA Section for all the purposes of the CAA Section.

37.3 In the case of a Member of the CAA Section who has died while in Service and who at the date of his death was a Controlling Director who had reached his 75th birthday, Rule 37.1 shall not apply and the said benefit shall instead be paid to his Spouse (if any), or if he leaves no Spouse then to his personal representatives.

37.4 In this Rule 37:

Dependents means in respect of a Member of the CAA Section, the persons included within the definition of Dependant in Appendix 1 and also includes any other person or persons towards whose maintenance or education the Member has contributed in cash or otherwise; and

Relations means in respect of a Member of the CAA Section:

(a) the widow or widower of the Member or any former spouse of the Member,

(b) any Child or other descendant of the Member and the spouse or widow or widower of any such Child or other descendant,

(c) the father or mother (whether natural or adoptive) or other ancestor of the Member or his spouse and the widow or widower of such father or mother or other ancestor,

(d) any brother or sister (whether of the whole blood or the half blood and whether natural or adoptive) of the Member or his spouse and the widow or widower of any such person, and

(e) the children and grandchildren of the Member's grandparents and of the grandparents of his spouse, and the spouse of any such child or grandchild

(and for this purpose Child includes a stepchild, a legally adopted child and a child to whom in the opinion of the Trustees the Member of other person as appropriate stands or would but for the Member's death have stood in the place of a parent).

37.5 Before making any payment in accordance with this Rule 37 the Trustees shall have regard, where appropriate, to any order of the Court made in accordance with the Matrimonial Causes Act 1973(**a**).

38. PAYMENT OF PENSIONS

Payment of pensions

38.1 Pensions from the CAA Section shall be payable by monthly instalments in advance, the first payment being due on the day on which the pension becomes payable.

38.2 Subject always to Rule 39, the amount of each instalment of pension hereunder shall be 1/12th of the annual amount, provided that the annual amount of any pension payable from the CAA Section shall where it is not a multiple of 12 pence be rounded up to the next multiple of 12 pence above.

38.3 A pension payable from the CAA Section to or in respect of a Member of the CAA Section shall cease with the last instalment falling due before the death of the recipient of such pension, except as described in Rule 27.2 and Rule 38.4.

38.4 A pension payable from the CAA Section to or in respect of a Qualifying Child shall cease with the last instalment falling due before the earlier of (i) the attainment of age 18 by the Qualifying Child, and (ii) the death of the Qualifying Child, provided always that:

(i) if at the date of (i) above the Qualifying Child is in receipt of full-time educational or full-time or substantially full-time vocational training of at least two years' duration the emoluments for which (if any) receivable by the Qualifying Child are of such amount as should in the opinion of the Trustees be ignored the pension shall continue to be payable until such education or training ceases or until the Qualifying Child attains age 25 whichever is the earliest; and

(ii) for the purposes of this Rule education or training shall not be regarded as ceasing upon the occurrence of any break therein which the Trustees consider to be of short duration or incidental in the course of such education or training.

Change in manner of payment and variable pension option

38.5(a) Subject always to Appendix 4 and Appendix 5, at the request of or with the consent of a Member or other beneficiary a benefit payable from the CAA Section to or in respect of him may at the discretion of the Trustees be payable in a different manner or in a different form from that described in these CAA Rules and the amount thereof may be adjusted appropriately provided always that:

(i) the total benefits in respect of him shall not be less than the Trustees after consultation with the Actuary consider to be actuarially equivalent; and

(ii) this Rule shall not be operated in such a way as to cause the pension to which a Member or his Spouse is entitled in accordance with Appendix 5 to be payable for less than such person's lifetime.

(b) The provisions of paragraph (a) above may at the request of a Member be applied to increase the amount of the Member's pension in course of payment from the CAA Section prior to State Pensionable Age so that such pension immediately prior to that age shall, as far as may be practicable, be equal to the aggregate immediately after that age of the Member's pension from the CAA Section and the State pension payable to the Member. For this purpose the State pension payable to the Member shall be taken to be the full rate of basic State pension payable to a single person as at the date of commencement of the Member's pension from the CAA Section.

The application of this paragraph (b) shall be subject to paragraph (a) above except that:

(i) it shall be applied at the option of the Member and not at the discretion of the Trustees; and

(ii) by request in writing to the Trustees, a Member who did not cease to be a Current Member before 13 December 1994 may exercise such option or cancel the exercise of such option within the period of three months after commencement of payment of his pension from the CAA Section subject to any terms imposed by the Trustees in order to satisfy the requirements (if any) of the Board of Inland Revenue.

Any alteration to a Member's pension from the CAA Section as a result of the application of this paragraph (b) shall be disregarded in the calculation of the Member's Relevant Pension.

(**a**) 1973 c.18.

Method of payment of benefits

38.6 Every person entitled to receive a pension or other benefit under the CAA Section shall notify the Trustees, or as they may direct, of the bank or building society in the United Kingdom or address to which the pension or other benefit may be sent. Subject to Rule 22, such payment will be made in sterling to such person's bank or building society account in the United Kingdom or by cheque crossed "a/c payee only" and sent through the post at the risk of the recipient to the address last notified to the Trustees or as the Trustees shall determine having regard to a request from the recipient.

39. INCREASES IN PENSIONS IN PAYMENT

39. Pensions in course of payment from the CAA Section shall be increased in each year on 1 April by the percentage increase in the cost of living over the past year as shown in the Index for the month of February prior to the relevant 1 April or, in the case of a pension which commenced to be paid within the year to 31 March by a proportional amount calculated on a basis determined by the Trustees with the advice of the Actuary; provided always that:

(a) increases under this Rule to a Member's pension shall, after attainment by the Member of State Pensionable Age, be calculated in respect only of that part (if any) of the Member's pension which is in excess of his Guaranteed Minimum Pension except that this proviso shall not be applied in respect of a Member until the 1 April after the 1 April which next follows his attainment of State Pensionable Age; and

(b) increases under this Rule to a pension payable under the CAA Section to a Member's Spouse shall be calculated in respect only of that part (if any) of the Spouse's pension which exceeds the Spouse's Guaranteed Minimum Pension in respect of the Member or, in the case of a pension payable at the rate described in Rule 28.3(a), that part (if any) of the Spouse's pension which exceeds twice the Spouse's Guaranteed Minimum Pension in respect of the Member at the date of his death except that this proviso shall not be applied in respect of the first increase to be made under this Rule to any pension payable to the Spouse of a Member who has died before attainment of State Pensionable Age; and

(c) the said pensions shall be increased at least to such extent and on such dates as are necessary to comply with the provisions of Chapter I of Part V of the Pension Schemes Act 1993(**a**) and the requirements of the Department of Social Security in relation to the increase in pensions in payment; and

(d) if there is a percentage decrease in the cost of living as shown in the Index references in this Rule 39 to increases and increasing a Member's pension shall be taken to be references to decreases and decreasing a Member's pension but such decreases shall be such as the Trustees with the consent of the Employers may determine and shall not apply:

(i) to pensions of a Member who became entitled to a deferred pension hereunder upon ceasing after 1 January 1985 to be a Current Member more than 365 days before Normal Pension Date; or

(ii) so as to reduce a Member's pension from the CAA Section below the level of such pension at the date of its commencement,

and provided further that paragraphs (a) and (b) above shall not apply if the person to whom such pension is payable is not in receipt of the increases paid by the State in respect of the notional state pension to which the Guaranteed Minimum Pension or Spouse's Guaranteed Minimum Pension corresponds.

Increases in accordance with this Rule 39 shall be not less in amount than are required to satisfy sections 51 to 54 of the Pensions Act 1995(**b**) and shall satisfy any other requirements of that Act relating to such increases including requirements relating to amounts of increases and to dates of payment and other terms and conditions relating thereto.

40. MEMBER'S CATEGORY OPTION

40.1 All Members of the CAA Section shall be Class B Members and their benefits from the CAA Section shall be subject to the provisions of Section B of Appendix 4 except for any Member who gives notice in accordance with Rule 40.2 that he wishes to be treated as a Class A Member.

40.2 A Class B Member who wishes to be treated for the purposes of the CAA Section as a Class A Member shall before his Latest Option Date and before attaining age 75 give written notice to the Administrator in such form as the Administrator shall require. Such Member shall be treated for the purposes of the CAA Section as a Class A Member and the provisions of Section A of Appendix 4 shall apply to his benefits under the CAA Section instead of Section B of Appendix 4.

41. NON-ASSIGNABILITY, FORFEITURE AND UNCLAIMED BENEFITS

41.1 No benefit provided from the CAA Section is capable of being assigned or charged in any way.

(**a**) 1993 c.48.

(**b**) 1995 c.26; section 51 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 51; section 53 was amended by that Act, section 84(1) and Schedule 12, Part I, paragraphs 43 and 52; section 54 was amended by that Act, section 18 and Schedule 2, paragraph 13.

41.2 Any person who:

(a) purports or attempts to assign, charge or alienate in whole or in part any benefit or right to benefit to which he is entitled or may become entitled under the CAA Section; or

(b) is bankrupt when he first becomes entitled to a benefit under the CAA Section; or

(c) becomes bankrupt whilst in receipt of a pension from the CAA Section; or

(d) does or suffers anything whereby such benefit or right to benefit would but for this Rule 41 become vested in or payable to any other person or body,

shall, subject always to the provisions of sections 91 and 92 of the Pensions Act 1995, immediately forfeit all right to the payment of benefit or further benefit from the CAA Section other than Guaranteed Minimum Pension, provided always that if the Trustees in their discretion so determine they may commence or resume payment of any benefit forfeited under this Rule by reason of the bankruptcy or any person if that person is discharged from such bankruptcy and provides evidence of such discharge satisfactory to the Trustees.

41.3 Where a benefit payable under the CAA Section to any person has been forfeited by operation of Rule 41.2, the Trustees shall have power at their discretion to hold, pay or apply such benefit for the support and maintenance of that person or his Spouse or children or other Dependants or any of them, provided always that payment shall not be made to any person purporting to be an assignee or chargee of such benefit.

Unclaimed benefits

41.4 The Trustees shall have power if in the exercise of their discretion they so determine to place any monies representing benefits payable under the CAA Rules (excluding the Appendix to the CAA Rules) to which a claim enforceable under the provisions of the CAA Rules (excluding the Appendix) is not made within six years of their becoming payable to the credit of the Section Assets of the CAA Section and no person shall thereafter have any further claim to or interest in such benefits.

42. PAYMENTS TO MINORS AND PERSONS UNDER A DISABILITY

42. Notwithstanding anything contained to the contrary in the Trust Deed or the CAA Rules, where payment of any benefit from the CAA Section is to be made to a Minor or to a person who is in the opinion of a Medical Adviser suffering from any mental disorder or physical or other incapacity rendering him unable to manage his affairs or to give a proper receipt for the whole or any part of the benefit the Trustees may in their discretion determine that such pension or other benefit shall be paid to and applied for the benefit of the Minor or for the maintenance of that person by such person or persons body corporate or institution as seem to the Trustees to be best for the benefit of such Minor or other person and the receipt of that person or persons body corporate or institution so paid shall be a complete discharge for such pension or other benefit and the Trustees shall be under no liability to see to the application thereof.

43. TAXATION

43. Without prejudice to any express provision contained in the Trust Deed or CAA Rules:

(a) the Trustees shall be entitled to deduct from the Section Assets a sum equal to any tax, levy, fee or duty for which the Trustee become liable in respect of the CAA Section; and

(b) the Trustees shall be entitled to deduct from any benefit or other payment made under the CAA Section a sum equal to any tax, fee or duty for which the Trustees become liable in consequence of such payment.

In particular, if any liability to Inheritance Tax (including interest on such tax) arises in respect of any benefit falling to be paid to any person whomsoever under the CAA Section, the Trustees may either discharge that liability and deduct the amount so paid from the benefit or may postpone payment of the benefit until the liability has been discharged or provided for to their satisfaction.

44. CESSATION OF EMPLOYERS' CONTRIBUTIONS

44. Any Employer may at any time without the agreement of the Members but subject to the consent of the Sponsoring Section Employer (in the case of an Employer other than the Sponsoring Section Employer) terminate its liability to contribute to the CAA Section by giving six months' notice in writing to the Trustees (or, in the case of an Employer other than the Sponsoring Section Employer, such shorter period of notice as the Trustees shall be willing to accept). Upon receipt of such notice the Trustees shall notify or arrange for the notification of the Members employed by that Employer individually in writing to that effect. All liability to contribute to the CAA Section on the part of that Employer and such Members shall cease with effect from the date of such notice by the Employer except in so far as concerns any payments arising under Rule 17.3 or Rule 20.2 and any other payments due on or before such date and the provisions of Rule 19 or 20 (as appropriate) shall be applied.

45. PART-TIME SERVICE

45. Notwithstanding any other provision of the CAA Section, the amount of pension to be payable from the CAA Section in respect of part-time Service of a Member shall determined by the Trustees on the advice of the Actuary taking into account among other things the proportion which the number of hours of such Member's Service in any week bears to the number of hours in the Employer's standard working week, subject always to the requirements of the Board of Inland Revenue.

In respect of a Member whose Service includes both full-time and part-time Service the amount of pension from the CAA Section payable to or in respect of the Member shall be subject to such adjustment as shall be determined by the Trustees on the advice of the Actuary having regard to the requirements of the Board of Inland Revenue.

46. SET OFF

46. If a Member is discharged from Service in the CAA Section on account of his fraud or dishonesty or wilful damage to the property of the Employers or resigns from Service to avoid such discharge the Trustees shall be entitled if they think fit to set off against any money due to him under the CAA Section (other than benefits arising from a transfer into the CAA Section and other than the Member's Guaranteed Minimum Pension) such amounts as the Employers claim to be entitled to recover from the Member arising out of such fraud dishonesty or wilful damage as the case may be or such part of them as they think fit, provided that

(a) subject to the terms of any agreement in writing between the Employers and the Member, the amount set off must not be greater than the actuarial value of the Member's actual or prospective benefits at the time of the reduction nor greater than the sum of the amounts claimed and the Member shall remain entitled to the balance of any benefits provided for and in respect of him (if any); and

(b) the Trustees shall give the Member a certificate showing the amount set off and its effect on his benefits or prospective benefits under the CAA Section and shall send a copy of the certificate to the Employers; and

(c) in the event of any dispute as to the amount to be set off the Trustees shall not satisfy any claim made by the Employers to the amount set off without prior production to them of an order of a competent court or an award of an arbitrator made in proceedings on a submission arising out of the said fraud dishonesty or damage under which the amount or some part of it has become enforceable against the Member and the final total amount set off shall be limited in such event to the total amount enforceable against the Member under such orders or awards as are produced to the Trustees; and

(d) in a case to which paragraph (c) applies, if within 12 months of the Member's discharge or resignation or such longer period as the Trustees may reasonably allow the Employers have not produced an order of a competent court or an award of an arbitrator under which the amount set off or some part of it is enforceable the Member's benefits shall be paid free of any set off under this Rule; and

(e) this Rule 46 may, subject always to any regulations made under section 91 of the Pensions Act 1995, also be applied (with any necessary alterations in point of detail) in relation to any sums owed to the CAA Section arising out of any fraudulent dishonest or criminal act of a Member.

47. CONDITIONS APPLICABLE TO TEST PILOTS

47. Subject always to Appendices 4 and 5, the following modifications to these CAA Rules shall apply in relation to a Test Pilot and membership of and benefits from the CAA Section while in Pensionable Service as a Test Pilot.

(a) Rule 21.1 is modified so that Test Pilots are eligible to join the CAA Section only if they are aged not less than 25 years but are aged less than 50 years.

(b) Normal Pension Date in relation to a Member's Pensionable Service as a Test Pilot shall be the 55th anniversary of his birth.

(c) (i) The Pensionable Service of a Member who is a Test Pilot immediately before Normal Pension Date and who ceases to be a Current Member of the CAA Section at Normal Pension Date shall include an additional period of five years.

(ii) The Pensionable Service of a Test Pilot who ceases to be a Current Member of the CAA Section before his Normal Pension Date shall include an additional period equal to such proportion of five years as his Service as a Test Pilot bears to the total Service he could have completed as a Test Pilot if he had remained a Current Member as a Test Pilot until his Normal Pension Date.

(iii) The Pensionable Service of a Test Pilot who ceases to be a Test Pilot before Normal Pension Date while remaining a Current Member shall include an additional amount calculated, with the necessary changes in point of detail, as described in paragraph (ii) above.

(iv) Any of a Member's Pensionable Service as a Test Pilot shall for the purposes of the CAA Section be treated separately from any pensionable Service of that Member other than as a Test Pilot and references in this Rule to a Test Pilot's Pensionable Service shall, except

where otherwise required by the context and notwithstanding proviso (i) to Rule 32.6(a), be taken to refer solely to Pensionable Service while in Service as a Test Pilot (with the appropriate addition as described above).

For the avoidance of doubt it is stated that in the case of a Member who ceased to be a Test Pilot while remaining in Service the benefits from the CAA Section in respect of his Pensionable Service as a Test Pilot shall be calculated as if he had left Service (or, if his pension in respect of that Pensionable Service has commenced to be payable, as if he had retired) notwithstanding that the Member remains a Current Member in respect of Pensionable Service after he ceased to be a Test Pilot.

(d) Rule 27 shall be modified so that any pension from the CAA Section relating to the Pensionable Service of a Test Pilot shall commence to be paid no later than his Normal Pension Date under paragraph (b) above.

48. ADJUSTMENT FOR FAMILY BENEFIT CONTRIBUTIONS

48.1 The amount of any lump sum death benefit payable from the CAA Section in respect of a Member of the CAA Section and, subject always to Appendix 5, the amount of any pension payable from the CAA Section to a Member, shall be reduced by the amount of or if appropriate the pension equivalent of any Family Benefit Contributions in respect of the Member which in the opinion of the Trustees with the advice of the Actuary had not been paid prior to the date of death of the Member or, as appropriate, the date of commencement of his pension from the CAA Section.

48.2(a) Upon the cessation of Service of a Member to whom this Rule 48.2 applies as described in paragraph (b) below there shall at the discretion of the Trustees be payable subject to any deduction in accordance with Rule 43 and subject where required by the Trustees to the Member's agreement to such terms and conditions, including paragraph (c) below, as the Trustees shall require but otherwise upon the request of a Member an amount equal to such proportion of his Family Benefit Contributions (together with three per cent per annum compound interest thereon) as the Trustees with the advice of the Actuary shall consider to be appropriate. In the case of a Member whose cessation of Service was caused by his death such amount shall be payable in accordance with Rule 37.

Alternatively and in lieu of such amount, if the Member so requests and the Trustees agree, there may be payable an additional amount of pension determined by the Trustees on the advice of the Actuary as the equivalent of the said amount, subject always to Appendix 4.

(b) This Rule 48.2 applies to a Member of the CAA Section (other than a Member who would have been excluded from this benefit if the Previous Scheme Provisions had continued to apply) who:

(i) has not been married at any time during his Pensionable Service and has never during such Pensionable Service had a Dependant eligible for benefit under Rule 26.9; or

(ii) has been married at any time during his Pensionable Service but whose last or only marriage has been terminated by death of the Spouse or by divorce annulment or other dissolution and who during such Pensionable Service has never had a Dependant eligible for benefit under Rule 26.9; or

(iii) is any other person who was included for a benefit corresponding to this benefit in accordance with the Previous Scheme Provisions.

(c) Except where the Trustees agree otherwise, a Member of the CAA Section who is to receive a refund or an additional amount of pension in accordance with paragraph (a) above shall give an undertaking that he will inform the Trustees if he subsequently marries and that he will then repay to the Trustees the amount so received (or in the case of an additional pension, the total of the instalments thereof so received) together with compound interest thereon as determined by the Trustees with the advice of the Actuary.

In consideration of such repayment the CAA Section shall accept a liability to provide a pension for the Member's Spouse and/or Qualifying Children and/or Dependants as shall be notified by the Trustees to the Member.

49. OVERPAYMENT OF BENEFITS

49. In the event of any overpayment of benefits under the CAA Section the Trustees may deduct the amount overpaid from any benefits subsequently due to any person in respect of the same membership but without prejudice to such rights as the Trustees may have to recover the overpayment in another manner.

SCHEDULE 1 TO APPENDIX 2

S Category Members

Applicability of Schedule

S1. The Rules set out in this Schedule 1 apply in respect of S Category Members and override other Rules of the CAA Section as stated herein except those rules set out in Schedule 2 to the CAA Rules. Any provisions of the CAA Section which are not stated herein to be overridden shall apply to S Category Members.

Interpretation of Schedule

S2. In this Schedule the expression defined in Appendix 1 shall have the meanings therein ascribed to them except for any such expressions which are defined in this Rule, the expressions Current Member and Member shall be taken to refer respectively to Current Members and Members who are S Category Members at the relevant time and the following expressions shall have the following meanings:

Final Pensionable Salary means in respect of each Member at any date his highest Fund Salary for any period of twelve consecutive calendar months as a Current Member within the three years ending on the day before that date disregarding in respect of a Class A Member any part of the amount so calculated which exceeds the Permitted Maximum at that date.

Fund Salary means in respect of each Member at any date his basic annual salary from the Employers at that date with the addition of any pay supplements from the Employers for the time being in payment excluding bonuses, commissions and other fluctuating emoluments.

Normal Pension Date means in respect of each Member the 1st day of the month which is coincident with or if not coincident with which next follows the attainment of age 65 and not as defined in Appendix 1.

Pensions Increase Act means the Pensions (Increase) Act 1971(**a**) and Orders made under section 59 and 59A of the 1975 Act(**b**) in relation to official pensions as though the pensions under the CAA Section were official pensions as defined in the Pensions (Increase) Act 1971 and the Sponsoring Section Employer and the Trustees were the pension authority as defined in the Pensions (Increase) Act 1971 so that on each occasion on which the Minister for the Civil Service shall make an order under section 59 of the 1975 Act (with or without giving directions under section 59A of the 1975 Act) containing provisions for increasing the annual rate of an official pension then the corresponding pensions payable under the CAA Section shall be increased in accordance with such order and any direction made.

Spouse means Spouse as defined in Appendix 1 except that:

(1) the words "the widow or widower (if any) of his or her last or only marriage" are replaced by the words "the widow or widower (if any) of his or her last or only marriage which took place prior to his or her ceasing to be a Current Member or prior to the date (if any) of his or her making a repayment to the Trustees as described in the penultimate paragraph of Rule S14", and

(2) proviso (2) to the definition of "Spouse" in Appendix 1 shall not apply.

Option to cease S category membership

S3(a) An S Category Member who is a Current Member may, by written notice to the Trustees in a form specified by the Trustees, opt to cease to be an S Category member whilst remaining a Current Member. Such notice must be given before the Member attains the age of 59.75 years and shall specify the effective date of such cessation which must not be later than the date of attainment by the Member of age 59.75 years. With effect from the specified date the Member shall become a Reclassified Member for the purposes of the CAA Section on and after that date and this Schedule shall cease to apply to such Member in respect of any of his Pensionable Service.

(b) An S Category Member who elected an option similar to the option described in paragraph (a) of this Rule in accordance with the Previous Scheme Provisions shall be deemed to have elected the option described in this Rule and have become a Reclassified Member with effect from the date specified in his notice to the Trustees.

(**a**) 1971 c.56.

(**b**) 1975 c.60; section 59 was amended by the Social Security Act 1979 (c.18), sections 11(1) to (3) and 21(4) and Schedule 3, paragraph 20, the Social Security Act 1985 (c.53), section 29(1) and(2), Schedule 5, paragraph 33 and Schedule 6, the Social Security Act 1986 (c.50), section 9(8), the Pensions (Miscellaneous Provisions) Act 1990 (c.7), sections 1(7) and (5ZA) and 5, the Social Security (Consequential Provisions) Act 1990 (c.18), section 4 and Schedule 2, paragraph 34 and the Pension Schemes Act 1993 (c.48), section 190 and Schedule 8, paragraph 9(1)(a) and(b); section 59A was amended by the Pensions Schemes Act 1993 (c.48), section 190 and Schedule 8, paragraph 9(2).

Member's contributions

S4(a) On or after 1 April 1997 the contributions payable by each Current Member under Rule 23.1 and the equivalent provisions of the Previous Scheme Provisions shall be at the rate of 4.5% of Fund Salary or 2.5% in the case of Members who were contributing at the rate of 4% immediately prior to 1st April 1997 and not as stated in Rule 23.1, disregarding in respect of Class A Members any part of such Fund Salary which exceeds the Permitted Maximum; provided that prior to 1 April 1997 the corresponding rates were 6% and 4% respectively.

(b) A Member shall cease to pay contributions under Rule 23.1 on ceasing to be a Current Member or, if earlier, at Normal Pension Date and not as stated in Rule 23.5.

(c) With effect from 1 April 1995 Rule 23.8 shall apply to all S Category Members who are Current Members on that date except that compound interest shall not be charged on arrears of contributions as described in Rule 23.8(b) and:

(i) the phrase "7.5%" shall be replaced with "6%".

(ii) the phrase "6%" shall be replaced with "4%",

(iii) the phrase "1.5%" shall be replaced with "2%", and

with effect from 1 April 1997 the reduced rate of 4% applicable (as described above) under paragraph (a) of Rule 23.8 to an S Category Member shall be 2.5% and the rate of 6% applicable (as described above) under paragraph (b) or Rule 23.8 shall be 4.5%.

Amount of members' pensions at normal pension date

S5(a) The amount of pension payable under Rule 24.1 to a Member who ceases to be a Current Member at Normal Pension Date shall be 1/59th of Final Pensionable Salary for each complete year of Pensionable Service with a proportionate amount for each complete month where such Pensionable Service is not an integral number of years subject to a maximum of two-thirds of Final Pensionable Salary.

(b) Rule 24.2 is modified so that the reference to Final Pensionable Earnings is read as "Final Pensionable Salary".

(c) Rule 24.2 is further modified so that the increases described in the second paragraph thereof shall be equal to the increases at the same annual rate as is provided by the Pensions Increase Act in respect of official pensions (as defined in that Act) of the same amount as the pensions under Rule 24.2.

Amount of death benefits

S6 (a) Rule 25.1 is modified so that the lump sum death benefit in respect of S Category members who are Current Members shall be whichever of the following is applicable:-

(i) in the case of a married Member who is not a Lower Rate Contributor and who joined the A D Scheme on or before 26 February 1970, the amount by which five times his Fund Salary at the date of death exceeds the capital cost (determined by the Trustees with the advice of the Actuary) of providing the pension described in sub-paragraph (a)(ii) or (a)(iii) in paragraph 2.3 in Section B of Appendix 5 (Contracting-out); or

(ii) in the case of a married Member who is not a Lower Rate Contributor and who joined the A D Scheme after 26 February 1970, the amount by which four times his Fund Salary at the date of death is greater than the amount by which the capital cost (determined by the Trustees with the advice of the Actuary,) of providing the pension described in sub-paragraph (a)(ii) or (a)(iii) in paragraph 2.3 in Section B of Appendix 5 (Contracting-out) exceeds his Fund Salary at the date of death; or

(iii) in the case of a married Member who is a Lower Rate Contributor the amount by which three time his Fund Salary, at the date of death exceeds the capital cost (determined by the Trustees with the advice of the Actuary) of providing the pension described in subparagraph (a)(ii) or (a)(iii) in paragraph 2.3 in Section B of Appendix 5 (Contracting-out); or

(iv) in the case of all unmarried Members an amount equal to three times Fund Salary at the date of death;

disregarding for the above purpose in respect of a Class A Member any part of his Fund Salary, which exceeds the Permitted Maximum at the date of the Member's death.

(b) Proviso (ii) to Rule 25.2 shall not apply and the following shall be substituted for that proviso in respect of S Category Members:-

(ii) if the Member's Spouse was born more than ten years after him the pension payable to such Spouse under Rule 28 shall be reduced by not more than 2.5% for each complete year of age disparity in excess of ten.

(c) Rule 25.3 shall not apply.

(d) Rule 25.4 is modified so that only sub-paragraph (c) thereof applies.

Death before payment of retirement benefit

S7(a) For S Category Members Rule 26.2 is replaced by the following provisions of this paragraph.

If a Member dies before Normal Pension Date and before any pension has become payable to him from the CAA Section, the Trustees shall, subject as hereinafter provided, pay in accordance with Rule 37 an amount equal to the total of the contributions paid by him to the CAA Section under Rule 23.1 (and under the Previous Scheme Provisions) and his Transferred Contributions (if any);

provided that where there has been an increase to the benefit in respect of a Member as described in the second paragraph in Rule S7(b) the amount described above in this Rule shall be reduced by the capital cost (determined by the Trustees with the advice of the Actuary) of the relevant increase.

(b) Rule 26.4 is modified to provide that the benefit payable under that Rule to a Member's Spouse shall be equal to the Spouse's Guaranteed Minimum Pension in respect of him at the date of his death or if greater, but in respect only of a married Current Member who joined the A D Scheme after 26 February 1970 and who is not a Lower Rate Contributor, a Spouse's pension determined by the Trustees with the advice of the Actuary to be the pension equivalent of a sum equal to the Member's Fund Salary at the date of his death, disregarding in the case of a Class A Member any part of such Fund Salary which exceeds the Permitted Maximum at that date.

Where the benefit payable under Rule 26.4 in respect of an S Category Member, modified as described above in this Rule S7(b), would be less than the amount (if any) payable in respect of the Member under paragraph 1.3 in Section A of Appendix 5 (contracting-out) on the assumption that the benefits of all such Members are equal to those which would be provided by a reference scheme as described in section 12B of the Pension Schemes Act 1993(**a**) that benefit shall be increased so as to be equal to such amount.

(c) Rules 26.5, 26.6, 26.7, 26.8 and 26.9 shall not apply.

Commencement of member's pension

S8(a) For S Category Members sub-paragraph (a) in Rule 27.1 is replaced by the following provisions of this paragraph.

A Current Member of the CAA Section who attains Normal Pension Date shall be entitled to receive a pension from the Scheme at Normal Pension Date calculated in accordance with Rule 24.1.

(b) Rule 27.2 shall not apply except for sub-paragraph (a) thereof.

(c) For S Category Members Rule 27.2(a) is amended so that the reduction to a Member's pension under that Rule which commences before Normal Pension Date shall not apply to a pension which commences after 17 May 1990 on or after attainment by the Member of age 60 and shall, at the discretion of the Employer and with the consent of the Member, instead of being calculated as described in the second paragraph of Rule 27.2(a) be at the rate of 0.25 per cent for each complete month by which the date of commencement of the pension precedes the Member's 60th birthday.

(d) Rule 27.3 shall not apply.

Death after commencement of pension

S9(a) Rules 28.1 and 28.2 shall not apply.

(b) For S Category Members Rule 28.3 is replaced by the following provisions of this paragraph.

If a Member dies after a pension has become payable to him under these Rules and is survived by a Spouse, the pension described in Rule 25.2 shall become payable to the Spouse from the date of death. Such pension shall

(i) for the balance (if any) of the period of five years beginning at the commencement of payment of the Member's pension from the CAA Section be equal to one-twelfth of the Member's Relevant Pension for each month in the said period, and

(ii) thereafter or from the date of the Member's death if it occurred more than five years from the commencement of payment of his pension, be equal to 60 per cent of the Member's Relevant Pension;

provided always that notwithstanding the provisions of the proviso to Rule 25.4 the Member's Relevant Pension for the purpose of sub-paragraph (i) above shall not include any amount surrendered or commuted under Rule 29.2 or Rule 29.3.

Where the benefit payable under Rule 28.3 in respect of an S Category Member, modified as described above in this Rule S9(b), would be less than the amount (if any) payable in respect of the Member under paragraph 1.3 in Section A of Appendix 5 (Contracting-out) on the

(**a**) 1993 c.48; section 12B was amended by S.I. 1997/819, regulation 2.

assumption that the benefits of all such Members are equal to those which would be provided by a reference scheme as described in section 12B of the Pension Schemes Act 1993 that benefit shall be increased so as to be equal to such amount.

(c) Rule 28.4 shall not apply.

(d) For S Category Members Rule 28.5 is replaced by the following provisions of this paragraph.

If a Member dies after a pension has become payable to him under these Rules and is survived by one or more Qualifying Children (but not by a Spouse), a pension equal to the pension which would have become payable from the CAA Section to the Member's Spouse shall become payable from the date of the Member's death and shall be paid or applied by the Trustees to or for the benefit of such one or more of the Qualifying Children in such manner and in such shares as the Trustees shall decide.

(e) Rules 28.7 and 28.8 shall not apply.

Cash sum in lieu of pension

S10(a) In respect of S Category Members Rule 29.2 is modified so that no more than one-quarter of the Member's pension from the CAA Section may be surrendered for a cash sum in accordance with that Rule.

(b) the amount of cash sum provided in respect of an S Category Member in accordance with Rule 29.2 shall be at the rate of £10.40 for each £1 per annum pension surrendered and not as described in Rule 29.4.

Application of death benefits

S11. For S Category Members any benefit which is expressed to be payable in accordance with Rule 37 shall not be payable on the basis described in that Rule but shall be payable as described below in this Rule.

A Member may nominate a beneficiary to receive such benefit and may revoke such nomination and may make subsequent nominations in accordance with the detailed provisions set out in Regulation 9 in the Regulations attached to the Deed of Consolidation. In the absence of such nomination such benefit shall become payable in accordance with Rule 37.

Payment of Spouse's Pension and Variable Pension Option

S12(a) In respect of S Category Members Rule 38.3 is modified so that a pension payable from the Scheme to a Member's Spouse (other than a pension provided by surrender of pension under Rule 30) shall cease with the last instalment falling due before the date of death of the Spouse except that if there is a Qualifying Child of the Member living at such date such pension shall continue to be paid to the Qualifying Child until the date described in Rule 38.4 as modified by paragraph (b) of this Rule.

(b) In respect of S Category Members Rule 38.4 is modified so that the words "age 25" are replaced by "age 21".

(c) Paragraph (b) of Rule 38.5 shall not apply.

Increases in pensions in payment

S13(a) Rule 39 is modified so that pensions in course of payment from the CAA Section to or in respect of S Category Members which are to be increased in accordance with that Rule shall be increased at the same rate as is provided in the Pensions Increase Act and not at the rate stated in Rule 39.

(b) In respect of S Category Members Rule 39 shall not apply in respect of that proportion of a Member's pension from the CAA Section which results from the payment of additional voluntary contributions to the AD Scheme and that proportion of such pensions shall not be increased hereunder.

Repayments to members

S14. For S Category Members Rule 48 is replaced by this Rule S14.

If a Current Member is unmarried at the date on which his pension from the CAA Section commences to be paid there shall be payable to such Member, subject to any deduction in accordance with Rule 43 and subject as provided below to this Rule, the cash sum described in the next following paragraph.

The said cash sum in respect of such a Member shall be an amount equal to the aggregate of:

(i) that proportion of such Member's contributions to the CAA Section (and under the Previous Scheme Provisions) which the Trustees with the advice of the Actuary consider to have been contributions to secure a Spouse's pension, and

(ii) an amount equal to one-third of the contributions (if any) paid by the Member to the A D

Scheme while such Member was unmarried and had no child who might have qualified for benefit under the A D Scheme if the Member had died as a pensioner thereunder, such contributions being contributions paid at the full rate applicable under that scheme to married contributors.

Alternatively and in lieu of such amount, if the Member so requests and the Trustees agree, there may be payable an additional amount of pension determined by the trustees on the advice of the Actuary as the equivalent of the said amount, subject always to the provisions of Appendix 4 (Inland Revenue Limits).

Except where the Trustees agree otherwise, if a Member who has received a refund or an additional amount of pension as described above subsequently marries such Member shall inform the Trustees and shall repay to the Trustees the amount so received (or in the case of an additional pension, the total of the instalments thereof so received) together with compound interest thereon as determined by the Trustees with the advice of the Actuary.

In consideration of such repayment the CAA Section shall accept a liability to provide such pension for the Member's Spouse as shall be notified by the Trustees to the Member.

SCHEDULE 2 TO APPENDIX 2

PENSION SHARING ON DIVORCE

Application of schedule

1. This Schedule overrides all provisions of the CAA Rules. It applies only to the CAA Section.

Definitions

2. For the purposes of this Schedule:

Ex-Spouse means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order;

Ex-Spouse Participant means an Ex-Spouse who is entitled to a Pension Credit Benefit in addition to any benefits to which he or she is entitled as a Member of the CAA Section or as a Dependant of a Member of the CAA Section;

Deferred Pension Reduction means the amount by which the Member's pension or deferred pension under the CAA Section which arises from Service is reduced at the Relevant Date in accordance with the provisions of section 31 of the Welfare Act(**a**) following a Pension Sharing Order;

Pension Credit means a credit under section 29(1)(b) of the Welfare Act and is equal to the Pension Debit;

Pension Credit Benefit means the benefit payable from the CAA Section to or in respect of an Ex-Spouse Participant by virtue of rights under the CAA Section attributable either directly or indirectly to a Pension Credit. The value of such benefit (calculated as required by the Welfare Act) shall not be less than the Pension Credit;

Pension Credit Rights means rights to future benefits under the CAA Rules which are attributable either directly or indirectly to a Pension Credit;

Pension Debit means a debit under section 29(1)(a) of the Welfare Act and is calculated in accordance with section 29 and 30 of the Welfare Act;

Pension Debit Member means a Member of the CAA Section who on the date of his or her marriage is dissolved or annulled is or was either.

(i) a Controlling Director or would be a Controlling Director if he or she left Service on that date; or

(ii) in receipt of Earnings in excess of one quarter of the Permitted Maximum on that date,

and whose benefits have been permanently reduced by a Pension Debit in accordance with section 31 of the Welfare Act. For the purpose of this definition Earnings means the total emoluments (from which tax has been deducted in accordance with the Income Tax (Employment) Regulations 1993)(**b**) received by the member from the Employers during the year of assessment immediately before the year of assessment in which the marriage of the Member was dissolved or annulled;

Pension Sharing Order means an order or provision as mentioned in section 28(1) of the Welfare Act or an agreement or equivalent provision;

(**a**) 1999 c.30.

(**b**) S.I. 1993/744, amended by S.I. 1993/2276, 1994/775, 1994/1212, 1995/216, 1995/853, 1995/1223, 1995/1284, 1996/804, 1996/980, 1996/1312, 1996/2381, 1996/2554, 1996/2631 1997/214.

Welfare Act means the Welfare Reform and Pensions Act 1999 and any reference to the Welfare Act or to a section of that Act shall include (where necessary) the corresponding provision applicable in Northern Ireland.

Options of ex-spouse participant in respect of pension credit

3.1 The following provisions shall apply to an Ex-Spouse Participant in relation to his or her Pension Credit.

Pension

3.2 At the request of an Ex-spouse Participant a pension can be paid to the Ex-Spouse Participant at any time between the date he or she attains the age of 50 and the date he or she attains the age of 75. It may be paid at an earlier age if he or she is suffering incapacity but only if, where the Ex-Spouse Participant is entitled to benefits under the CAA Rules as a Member of the CAA Section, he or she has been permitted to take benefits under the CAA Rules which are available on incapacity. The pension shall increase each year by at least the amount (if any) as is required in accordance with the Pensions Act 1995. The value of the Pension shall be equal to the amount of the Pension Credit.

If the Ex-Spouse Participant is over the age of 75 at the date the Pension Sharing Order comes into effect the pension shall commence immediately.

Trivial Pension Serious Ill-health and Dependant's Pension Option

3.3 The provisions of Rule 29.1 and 29.3 and Rule 30 shall apply to an Ex-Spouse as if the reference to a Member in those Rules were to an Ex-Spouse Participant provided that:

(a) if the Member of the CAA Section in relation to whom the Ex-Spouse Participant is entitled to Pension Credit Rights has received a cash payment from the CAA Section before the date of implementation by the CAA Section of the Pension Sharing Order the Ex-Spouse Participant may not exercise the option under Rule 29.1 or 29.3; and

(b) if the Ex-Spouse Participation is also a Member, commutation under Rule 29.1 of the benefit to which he or she is entitled either as a Member or an Ex-Spouse Participant shall not be available if the aggregate of those benefits exceeds the limit referred to in that Rule and if available such aggregate shall be fully commuted.

Normal Commutation

3.4 An Ex-Spouse Participant may (subject to proviso (b) to Rule 3.3 of this Schedule) commute part of the pension to which he or she is entitled by virtue of the Pension Sharing Order for a lump sum at the date the pension is due to commence. The lump sum shall not exceed 2.25 times the amount of annual pension which, apart from the commutation and, if applicable, the exercise of the option under Rule 30, would have been payable to the Ex-Spouse Participant at its commencement.

Death before Pension starts

3.5 If the Ex-Spouse Participant or an Ex-Spouse who, but for the Trustees having not implemented the provisions of the Pension Sharing Order, would be an Ex-Spouse Participant (in which case such Ex-Spouse shall be deemed to be an Ex-Spouse Participant) dies before a pension becomes payable to him or her from the CAA Section the following benefits shall be payable.

(a) **Lump Sum**

A lump sum of such amount (if any) (subject to a maximum of 25% of the Cash Value of the Pension Credit Rights of the Ex Spouse Participant at the date of his or her death) as the Trustees shall decide. Such lump sum shall be paid in accordance with Rule 37 as if the Ex-Spouse Participant was a Member of the CAA Section.

(b) **Dependant Pension**

A non-commutable pension for the benefit of such one or more of the Dependants of the Ex-Spouse Participant selected by the Trustees and of such amount(s) as the Trustees (acting on the advice of the Actuary) shall determine to be equivalent in value to the Cash Value of the Pension Credit Rights less the amount (if any) payable in accordance with paragraph (a) above. The amount of the pension shall not exceed 2/3rds (in the case of any one Dependant) or 100% (in the case of all Dependants) of the Appropriate Pension. For this purpose the Appropriate Pension is the amount of pension which could in the opinion of the Trustees acting on the advice of the Actuary have been provided for the Ex-Spouse Participant by the whole of the Cash Value aforesaid if he or she had commenced receiving a pension from the CAA Section on the day before his or her death and for this purpose an Ex-Spouse Participant under the age of 50 shall be deemed to have been exactly 50 years of age.

Such pension(s) shall be payable in accordance with Rule 38.

(c) Any part of the Pension Credit Rights which cannot be applied in accordance with Rule 3.5(b) of this Schedule shall be retained in the Fund.

Death After Pension Starts

3.6 If the Ex-Spouse Participant dies after a pension becomes payable to him or her from the CAA Section and the Ex-Spouse Participant, with the agreement of the Trustees, elected at the date the pension commenced that such benefit would be payable on his or her death, there shall be payable in accordance with Rule 37 as if the Ex-Spouse Participant were a Member of the CAA Section an amount (if any) by which five times the initial annual amount of pension exceeds the amount of pension actually paid.

Transfer Out (Ex-Spouse Participant)

3.7 The Trustees may at their discretion instead of providing Pension Credit Rights for an Ex-Spouse Participant and shall, on the written request of an Ex-Spouse Participant or as provided under paragraph 1(3) of schedule 5 of the Welfare Act, transfer his or her Pension Credit Rights to either

(a) a scheme which is approved under Chapter 1 of part XIV of the Taxes Act(**a**) and which the Ex-Spouse Participant is a member of or has a Pension Credit under it, or

(b) a Personal Pension Scheme, or

(c) a scheme which satisfies the requirement of the Board of Inland Revenue in connection with such transfer,

provided such scheme is able and willing to accept such Pension Credit Rights.

The Trustees shall inform the trustees or administrator of the scheme to which the transfer is made that the whole of the transfer made in accordance with this Rule relates to the Pension Credit Rights of the Ex-Spouse Participant.

Ex-Spouse participant also member of the CAA section

4. If an Ex-Spouse Participant is entitled to benefits from the CAA Section as a Member of the CAA Section or as a Dependant of a Member of the CAA Section the benefits to which the Ex-Spouse Participant is entitled from the CAA Section as an Ex-Spouse Participant shall, except as provided in Rule 3.3 of this Schedule, be treated separately from the benefits to which he or she is entitled as a Member of the CAA Section or as a Dependant of a Member of the CAA Section.

Effect on Inland Revenue Limits

5.1 The provisions of Appendix 4 shall be amended as follows in respect of a Member of the CAA Section who is a Pension Debit Member.

Maximum Pension

(a) the maximum aggregate retirement benefit shall be reduced by the Deferred Pension Reduction and by any reduction of a similar nature under Associated Schemes and, in the case of a Class A Member, and a Class B Member (other than a Continued Rights Member) who became a Member on or after 1 June 1989 Connected Schemes;

Maximum Lump Sum

(b) the maximum lump sum retirement benefit shall be reduced by 2.25 times the Deferred Pension Reduction;

Maximum Dependants Pension

(c) the maximum Dependants pension under Appendix 4 shall be reduced by deducting from the maximum aggregate retirement benefit (before any reduction in accordance with this Schedule) the Deferred Pension Reduction and any deductions of a similar nature under Associated Schemes and, in the case of Class A Member, and a Class B Member (other than a Continued Rights Member) who became a Member on or after 1 June 1989 Connected Schemes; and

Member also an Ex-Spouse Participant

(d) any benefits to which a Member of the CAA Section is entitled as an Ex-Spouse Participant in accordance with a Pension Sharing Order or from a Pension Credit Benefit of an Ex-Spouse Participant shall be ignored for the purpose of Appendix 4.

Reduction in Members' benefits

6. The benefits payable to a Member in accordance with the other provisions of the Rules shall be reduced in a manner which satisfies the provisions of the Welfare Act and the amount of such reduction in benefit shall be equal in value to the Pension Debit.

(**a**) 1988 c.1.

Transfers in

7. The Trustees may accept a transfer to the CAA Section in respect of a Member or Ex-Spouse Participant who has a Pension Credit Benefit under another scheme or arrangement and if they do so they shall separately identify the benefits relating to such Pension Credit Benefit and the provisions of this Schedule shall apply to the benefits relating to such transfer.

Transfer Out (Member)

8. If a transfer is made in accordance with Rule 34 in respect of a Member of the CAA Section to whom this Schedule applies the Trustees shall give details to the trustees of or person administering such other arrangement of any Pension Credit or Pension Debit which applies to such Member.

Non-Assignment/Forfeiture

9. Rule 41 shall not apply in respect of any part of the benefits for or in respect of a Member of the CAA Section or an Ex-Spouse Participant in connection with benefits to be provided from the CAA Section to an Ex-Spouse in compliance with a Pension Sharing Order.

Restriction of Contracted Out Benefits

10. If any part of the Pension Credit Rights includes safeguarded rights (as defined in Section 68A of the Pension Schemes Act 1993(**a**)) the other provisions of this Schedule shall be amended to such extent as is necessary to comply with the provisions of the Pension Schemes Act 1993 and the Welfare Act(**b**) as regards those safeguarded rights.

Winding up

11. In the event of the CAA Section being wound up in accordance with Rule 19 the Pension Credit Benefits shall be accorded priority as satisfies the provisions of the Pensions Act 1995 and, to the extent that the Pension Credit Benefits are not given priority under that Act, in accordance with Rule 19 as if the Ex-Spouse Participant were a Member of the CAA Section.

Charges

12. If the Trustees determine to recover the charges referred to in section 41 of the Welfare Act in the manner referred to in paragraph 9(2)(b)(c)(d) and (e) of the Pensions on Divorce etc. (Charging) Regulations 2000(**c**) then any reference to a Pension Credit or Pension Debit or the Pension Credit Benefit or pension payable to the Member as appropriate shall be reduced or increased accordingly.

(**a**) 1993 c.48.
(**b**) 1999 c.30.
(**c**) S.I. 2000/1049.

APPENDIX 3—RULES OF THE NATS SECTION

PART 1: ADMINISTRATIVE PROVISIONS

1. APPOINTMENT OF TRUSTEES

1. The provisions relating to the appointment, removal and resignation of Trustees are set out in Clause 5.

2. GENERAL POWERS OF THE TRUSTEES

2. The provisions relating to the general powers of the Trustees are set out in Clause 8. Without prejudice to the powers in connection with the Scheme referred to in Clause 8, the Trustees shall have all powers rights and privileges in connection with the NATS Section requisite or proper to enable them to carry out or execute or do any transaction act deed or thing arising under or in connection with the NATS Section.

3. PROCEEDINGS OF THE TRUSTEES

3. The provisions relating to the proceedings of the Trustees are set out in Clause 6.

4. LIABILITY OF THE TRUSTEES

4. The provisions relating to the liability of the Trustees are set out in Clause 18.

5. DISPUTES

5. The provisions relating to disputes about matters related to the NATS Section are set out in Clauses 8.9 and 8.10.

6. POWER TO INSURE SECTION ASSETS

6. The provisions relating to the powers of the Trustees to insure Section Assets are set out in Clause 8.11.

7. SECTION ACCOUNTS

7. The provisions relating to Section accounts are set out in Clause 10.3.

8. TRUSTEE REPORTS

8. The provisions relating to the preparation of trustees reports and the provision of information are set out in Clause 10.

9. INTERIM SECTION ASSESSMENTS

9.1 If the Sponsoring Section Employer so requests, the Trustees may instruct the Actuary to prepare an actuarial valuation report (an Interim Section Assessment) of the NATS Section as at any date or dates other than as required for the preparation of the Scheme valuation under Clause 12. If so instructed by the Trustees, the Actuary shall consult with the Sponsoring Section Employer and the Trustees as appropriate, including as to the basis, methodology and assumptions to be used in preparing an Interim Section Assessment. Clause 12 shall not apply to an Interim Section Assessment.

9.2 The Trustees shall make any such Interim Section Assessment available to the Sponsoring Section Employer and any other Employers in the NATS Section within seven days of receiving it, and shall also make it available to any other persons or bodies entitled to receive it in the circumstances and in the manner specified in the Disclosure Regulations.

9.3 The costs associated with the preparation of such Interim Section Assessment shall be born by the Sponsoring Section Employer which requests the Interim Section Assessment, or between the Employers in the relevant Section in the proportions determined by the Sponsoring Section Employer of that Section.

10. TREATMENT OF DEFICIENCY AND SURPLUS

10.1 If any actuarial investigation under Clause 12 reveals the existence of a deficiency in the NATS Section, the Employers shall make to the NATS Section for the account of the NATS Section an annual deficiency contribution of such an amount as shall be certified by the Actuary to be required to make good the deficiency over such period determined by the Sponsoring Section Employer, but being a period not greater than that required in accordance with Part I of the Pensions Act 1995(**a**) which are relevant to the amount and circumstances of the deficit.

10.2

(a) Subject as provided in paragraph (c) below, if any actuarial investigation under Clause 12 reveals the existence of a disposable surplus in the NATS Section on a basis prescribed for the purposes

---

(**a**) 1995 c.26.

of sections 602 and 603 of and Schedule 22 to the Taxes Act(**a**), the Trustees shall arrange for the reduction or elimination of the surplus in a way or ways prescribed in that Act for the purpose of such provisions and selected by the Sponsoring Section Employer.

(b) Subject as provided in paragraph (c) below, after making the arrangements described in (a) above (or where the provisions of (a) above do not apply), if any actuarial investigation under Clause 12 reveals a disposable surplus on a basis other than as described in (a) above, the Sponsoring Section Employer may make arrangements for the reduction or elimination of the surplus in one or more of the following ways which are recommended by the Actuary and acceptable to the Board of Inland Revenue for the purposes of this Rule:

(i) arrangements to provide that the amount or the outstanding term of any existing annual deficiency contribution to the NATS Section be reduced to such extent that the reduction in the capital value at the valuation date of the outstanding payments of the deficiency contribution does not exceed but may be less than the amount of the disposable NATS Section surplus; and

(ii) arrangements to provide for a reduction in the contributions of Members or any of them and an augmentation of any of the benefits provided by the NATS Section or for either such reduction or such augmentation.

(c) This Rule 10.2 shall be operated in such a way as to comply with the relevant provisions of Part I of the Pensions Act 1995.

10.3 The disposable surplus or any balance which remains after carrying out such (if any) arrangements as have been made under paragraphs (a) or (b) of Rule 10.2 shall be retained in the NATS Section and the contributions of the Employers to the NATS Section may, subject always to the relevant provisions of Part I of the Pensions Act 1995, be reduced to the extent certified by the Actuary to be required to dispose of such surplus, or the said balance or such part of it as the Sponsoring Section Employer may decide by annual sums over a period not exceeding forty years from the date of valuation.

10.4 The Trustees shall also operate this Rule 10 if required to do so in order to satisfy the provisions of Schedule 22 to the Taxes Act.

11. SCHEDULE OF CONTRIBUTIONS AND PAYMENT OF EXPENSES

11.1 The Actuary shall certify the sum or sums (inclusive of any ordinary contributions of Members) required from time to time to enable the Trustees to maintain the NATS Section and provide the Intended Benefits under the NATS Section. The Trustees shall arrange for written notice to be given to the Employers in the NATS Section specifying the proportions of such sum or sums certified to be applicable to their respective employees and the instalments (if any) by which the Trustees require the same to be paid.

11.2 The Trustees shall maintain a schedule of contributions in accordance with section 58 of the Pensions Act 1995 showing the rates of contributions payable to the NATS Section and the dates on or before which such contributions are to be paid. The information shown on the schedule of contributions shall have been previously agreed between the Trustees and the Employers and shall be made available to those persons or bodies entitled to receive it in the circumstances and in the manner specified in the Disclosure Regulations.

11.3 Each Employer shall pay the amounts required under Rule 11.1 and Rule 11.2 above on or before the date or dates set out in the schedule of contributions referred to above and shall, unless otherwise agreed with any of the Members, forward any voluntary contributions of the Members who are their respective employees and any additional amounts which the Actuary shall determine to be necessary, to make provision for any augmented or additional benefits granted in accordance with the provisions of Rule 12.

11.4 Each Employer may also, subject to the consent of the Trustees and the Sponsoring Section Employer, pay to the Trustees to form part of the Section Assets at any time such additional sum or sums as such Employer shall at its discretion decide, provided always that this would not prejudice the continued approval of the Scheme as an exempt approved scheme for the purposes of Part I of Chapter XIV of the Taxes Act.

11.5 The Trustees shall pay all costs charges and expenses incurred in connection with the establishment, administration and management of the NATS Section out of the Section Assets unless the Sponsoring Section Employer determines that these should be paid by the Employers, in which event they shall be paid by the Employers in such proportions as the Trustees shall on the advice of the Actuary

---

(**a**) 1988 c.1; Schedule 22 was amended by the Taxation of Chargeable Gains Act 1992 (c.12), section 290(1) and Schedule 10, paragraph 14(1) and(60).

determine. Costs, charges and expenses not attributable solely to the NATS Section shall be dealt with in accordance with Clause 13, provided that any such amounts which consist of professional or other charges (as referred to in Clause 16.1) of the Trustees who are Employers' Trustees shall be paid by the Sponsoring Section Employer to whom they are recognised as being most closely associated.

12. AUGMENTATION

12. If the Sponsoring Section Employer, or any other Employer with the consent of the Sponsoring Section Employer, requests or if the Trustees with the consent of the Sponsoring Section Employer so determine having regard to any special circumstances and if the Section Assets from time to time in the hands of the Trustees so permit or if arrangements satisfactory to the Trustees have been made for the payment of any additional amounts in accordance with Rule 11 the Trustees shall, subject always to Appendix 4, apply the appropriate part of the Section Assets in one or more of the following ways:

(a) in augmenting the Intended Benefits or in the provision of benefits in a different form but of equal or greater value than the Intended Benefits payable to or on the death of any Member; and

(b) in providing pension for a Spouse, Qualifying Child or Dependant of a Member who died in Service or whilst receiving a pension from the NATS Section; and

(c) in providing a lump sum benefit payable on the death of any Member of the NATS Section who is a former employee of any of the Employers and is not in receipt of a pension from the NATS Section or has not received a cash retirement benefit or a cash sum in lieu of pension under the NATS Section,

provided always that a Member who on leaving Service is a Qualifying Leaver shall, subject to the provisions of the NATS Section, be entitled in addition to any benefits in respect of him under the NATS Rules, to the whole or such proportion of any benefits under (a) or (b) above in respect of him (other than any part thereof payable on death in Service prior to Normal Pension Date) as the Trustees shall after consultation with the Actuary decide, being not less than such proportion as the period from the date such benefit was awarded to the date on which he left Service (but ignoring any part of such period in respect of which a refund of contributions is elected by the Member) bears to the period from the said date such benefit was awarded to the Member's Normal Pension Date.

13. INVESTMENT OF SECTION ASSETS

13. The Section Strategic Asset Allocation Committee (appointed in accordance with Clause 7) shall from time to time decide the proportion of Section Assets which shall be held in each Pooled Fund or other investment approved by the Trustees.

14. POWER TO BORROW

14. The provisions relating to the Trustees' powers to borrow monies are set out in Clause 15.7.

15. SECTION AMENDMENTS

15.1 This Rule applies where a proposed amendment relates solely to the provisions of the NATS Section (as referred to in Clause 17.1).

15.2 The Sponsoring Section Employer with the consent of the Trustees may at any time by supplemental deed amend the provisions of the NATS Section by modifying, altering, deleting or adding to the provisions of the NATS Section or by substituting new provisions to the exclusion of or in addition to all or any of the provisions for the time being in force:

(a) in order that the provisions of the trust deeds governing the Scheme shall conform with the requirements of a scheme capable of approval by the Board of Inland Revenue under Chapter I of Part XIV of the Taxes Act or to obtain and maintain a contracting-out certificate under the Pension Schemes Act 1993(**a**) in respect of the employment of the Members or any class of the Members or in order that the provisions of the said trust deeds shall effectively carry out the intentions of the Interim Deed and shall define and regulate the Scheme in accordance with the terms of any announcement made to Members and those eligible for membership prior to 20 November 1976;

(b) for any other purpose,

but no amendment shall alter the primary purpose of the Scheme or be such as to contravene the provisions of the Pensions Act 1995 in relation to the modification of schemes, and an amendment for any purpose other than those specified in paragraph (a) above shall not:

(a) make any monies of the Fund or the NATS Section payable to any Employer except in so far as they are a surplus remaining after the termination of the NATS Section and the dissolution of the Section Assets;

(b) reduced the accrued or prospective benefits of existing Members in the NATS Section.

(**a**) 1993 c.48.

15.3 The Trustees shall have the right subject, where required in accordance with section 68 of the Pensions Act 1995(**a**), to the consent of the Sponsoring Section Employer, to modify the NATS Section by resolution for the purposes described in that section. Any such modification shall be subject to the provisions of that section and of any regulations made under it.

15.4 As soon as practicable after agreeing or deciding to amend the provisions of the NATS Section in accordance with to this Rule 15, being amendments to the documents constituting the NATS Section or to information which any person has a right to receive in accordance with the Disclosure Regulations, the Trustees shall arrange for the relevant person or persons to be notified. If such person is a Member the Trustees shall notify or arrange for the notification of each Member affected thereby individually in writing or by exhibiting a notice at the relevant locations of work or employment and make the appropriate amendment taking into account any requirements of the Board of Inland Revenue, the Occupational Pensions Regulatory Authority or the Department of Social Security in respect thereof.

16. ADMISSION AND REMOVAL OF OTHER EMPLOYERS

16.1 The Sponsoring Section Employer shall have power with the consent of the Trustees to admit to participation in the NATS Section any Subsidiary Company or Associated Company or Non-Associated Company which the Sponsoring Section Employer and the Trustees shall agree (the ***New Employer***) provided that:

(a) as a condition of admission the New Employer shall execute a deed by which it covenants with the Trustees and the Sponsoring Section Employer to comply with and to observe the provisions of the Trust Deed and the NATS Rules insofar as they apply to Employers in the NATS Section other than the Sponsoring Section Employer, and

(b) the approval of the Scheme as an exempt approved scheme for the purposes of Chapter I or Part XIV of the Taxes Act would not thereby be prejudiced.

16.2 The Sponsoring Section Employer shall have power with the consent of the Trustees to remove from participation in the NATS Section any Employer subject to giving six months' previous notice in writing to the Trustees (or such shorter period of notice as shall be acceptable to the Trustees).

17. CHANGE OF SPONSORING SECTION EMPLOYER

17.1(a) If legislation is passed for the reconstruction or reconstitution of the Sponsoring Section Employer or if the Sponsoring Section Employer is absorbed by or amalgamated with a company or another body or if the undertaking of the Sponsoring Section Employer (or the major part of it) is assigned to or vested in a company or other body, the Trustees may make such arrangements or enter into such agreements (not being arrangements or agreements of such a kind as to prejudice the continued approval of the Scheme) as they think fit for the continuance of the NATS Section and for such reconstructed or amalgamated or other company or body to take the place of and become the Sponsoring Section Employer for all purposes of the NATS Section from a date agreed with the Trustees provided that such company or body shall undertake to perform all the obligations of the Sponsoring Section Employer under the Trust Deed and the NATS Rules;

(b) if the Sponsoring Section Employer gives notice in writing to the Trustees of termination of its liability to contribute to the NATS Section as described in Rule 44 or of termination of its willingness to continue as Sponsoring Section Employer in relation to the NATS Section, the Trustees may, provided that recognition of the Scheme as an exempt approved scheme for the purposes of Part I of Chapter XIV of the Taxes Act is not thereby prejudiced, request one of the other Employers participating in the NATS Section to assume the obligations and duties of the Sponsoring Section Employer and if such other Employer is willing to do so such Employer shall take the place of and become the Sponsoring Section Employer of the NATS Section for all purposes of the Scheme and the NATS Section from a date agreed with the retiring Sponsoring Section Employer and the Trustees,

provided always that no arrangement or agreement made under this Rule 17.1 shall be operated in such a manner that any person to whom a benefit is in course of payment from the NATS Section shall receive lower benefits than if the NATS Section were to be wound up at the expiry of a period of six months from the date such arrangement or agreement takes effect.

17.2 If it appears to the Sponsoring Section Employer that the Trustees will be unable to make arrangements as described in paragraph (a) of Rule 17.1 the Sponsoring Section Employer may, after consultation with the Trustees, request one of the other Employers participating in the NATS Section to assume the obligations and duties of the Sponsoring Section Employer on the basis described in paragraph (b) of Rule 17.1 and subject to the proviso to Rule 17.1.

(**a**) Section 68 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 54.

17.3 If the Sponsoring Section Employer ceases to contribute to the NATS Section and if at the date of such cessation it shall appear to the Trustees, after taking advice from the Actuary, that the NATS Section is insolvent with regard to the benefits of persons then in receipt of pensions from the NATS Section at that date, the Sponsoring Section Employer shall pay to the Trustees within a period of seven days an amount calculated by the Actuary as being sufficient to restore the solvency of the NATS Section or of the appropriate part of it.

18. EVENTS LEADING TO WINDING-UP OF THE NATS SECTION

Triggering events

18.1 Except as provided in Rule 18.2 below, the NATS Section shall be terminated and wound-up in accordance with Rule 19 upon the happening of any of the following events (whichever shall first occur):

(a) if it shall appear to the Trustees that the NATS Section is insolvent or if the Trustees shall have received advice from the Actuary to that effect and there are no proposals acceptable to the Trustees which in the opinion of the Actuary would restore the solvency of the NATS Section, and the Trustees resolve to terminate the NATS Section;

(b) if the Sponsoring Section Employer terminates its liability to contribute to the NATS Section by notice to the Trustees as described in Rule 17 and no other Employer participating in the NATS Section assumes the obligations and duties of the Sponsoring Section Employer in relation to the NATS Section as provided for in that Rule within a period of three months (or such longer period as the Trustees shall determine) from the date of such notice;

(c) if the Sponsoring Section Employer shall at any time fail to pay to the Trustees any sum or sums on or within seven days after the date on which the Trustees shall have required the same to be paid under Rule 11 or shall fail to observe and perform any other of its obligations under the Trust Deed or in the NATS Rules or in any deed or agreement supplemental hereto and (in either case) the Trustees resolve to terminate the NATS Section;

(d) if legislation is passed whereby the Sponsoring Section Employer shall cease to carry on business and no company, other body or Employer assumes the obligations and duties of the Sponsoring Section Employer in relation to the NATS Section as described in Rule 17 within a period of three months (or such longer period as the Trustees shall determine) from the date of the order or resolution or cessation of business as appropriate;

(e) if the Occupational Pensions Regulatory Authority, pursuant to section 11 of the Pensions Act 1995(**a**), directs or authorises the NATS Section to be wound up;

provided always that if any of the above events other than that described in paragraph (c) above occurs and no other Employer assumes the obligations of the Sponsoring Section Employer under the NATS Section, the Trustees shall at their discretion either apply to the Secretary of State for directions and comply with those directions or proceed to the winding-up of the NATS Section in accordance with Rule 19.

Deferment of winding-up

18.2 Upon the occurrence of any of the events described in Rule 18.1 (other than the events described in paragraphs (a) and (e) of that Rule), the Trustees may at their discretion decide to defer giving effect to the winding-up of the NATS Section and may continue to administer the NATS Section on the basis that no further employees shall be admitted to membership of the NATS Section. They may also determine:

(a) that there shall be no liability on the Employers participating in the NATS Section or, where appropriate, on the Members to make further contributions to the NATS Section, and

(b) that no further benefits are to accrue under the NATS Section to or in respect of Members.

The NATS Section shall subsequently be wound up upon the happening of any of the events described in paragraphs (a) and (e) of Rule 18.1 or at any earlier date determined by the Trustee.

19. WINDING-UP OF THE NATS SECTION

Cessation of death benefits and of further accrual

19.1 Unless the winding-up is deferred in accordance with Rule 18.2, the NATS Section shall be wound up and the trusts of the NATS Section shall be determined upon the happening of any of the events described in Rule 18.1 (whichever shall first occur) and such date shall be the effective date of winding-up of the NATS Section for the purposes of this Deed.

With effect from the effective date of winding-up:

(**a**) 1995 c.26.

(a) Pensionable Service in respect of all Members of the NATS Section shall terminate and no pension benefit shall accrue under the NATS Section in respect of Service on and after the effective date of winding-up and in respect of such Service, Current Members shall be treated as Members who have left Service on that date; and

(b) any death benefit payable under Rule 26 shall be provided on the basis that all Current Members are treated as Members who have left Service on the effective date of winding-up (and for such purpose Rule 26.2(a) shall be disregarded).

Giving effect to winding-up

19.2 If the NATS Section is to be wound up, the Trustees shall arrange for all Members and other persons in receipt of benefit from the NATS Section (and any other persons or bodies who or which are entitled to information in the circumstances and in the manner specified in the Disclosure Regulations) to be notified and shall give effect to the winding-up in the following manner.

(a) The Trustees shall be entitled to reserve out of the Section Assets of the NATS Section such amount as they consider may be necessary to meet any expenses of the administration and winding-up of the NATS Section which in their opinion may not be recoverable from the Employers, and to meet any tax, duty or other payments for which they may be accountable under the NATS Section.

(b) The Trustees shall, with the advice of the Actuary, apply the balance of the Section Assets of the NATS Section in securing, so far as the available amount permits, the payment of benefits and refunds of contributions firstly in the order of priority set out in Section A of Rule 19.3 below and secondly, as regards any part of the Section Assets then remaining, in the order of priority set out in Section B of that Rule, in both cases having regard to the requirements of the Board of Inland Revenue as to the maximum benefits which the Scheme may provide and to the provisions of the Pensions Act 1995.

Return to Employers

(c) Subject as provided in Rule 19.4 below and to the Trustees giving notice to Members as provided in section 76 of the Pensions Act 1995 and complying with any requirements set out in or prescribed pursuant to that section, any part of the Section Assets remaining unexpected after effect has been given to the preceding provisions of this Rule shall be paid to the Employers in such proportions having regard to any requirements of the Board of Inland Revenue as the Trustees with the advice of the Actuary shall decide, provided that the Trustees shall first deduct and account to the Inland Revenue for any tax liability under Schedule 22 to the Taxes Act(**a**).

Transfer of remainder of Section Assets

(d) As an alternative to applying the Section Assets as described above in this Rule 19.2, the Trustees may, after applying paragraph (a) above and with the advice of the Actuary and at the request of or with the agreement of the Sponsoring Section Employer, transfer the whole of the remainder of the Section Assets to one or more retirement benefits schemes which relate to the same employment or to another employment with the same Employer or the Employer's successor. Any such transfer shall be subject to the conditions set out in paragraphs (a), (c) and (d) in Rule 34.2.

19.3 ORDER OF PRIORITY

Section A—Pensions Act 1995 Priorities

(a) Pensions and other benefits which in the opinion of the Trustees are derived from the payment of voluntary contributions to the NATS Section by Members.

(b) Benefits (other than any included in (a) above) required to satisfy section 73 of the Pensions Act 1995(**b**)1 and any other provisions of that Act relating to the application of assets of the NATS Section upon its winding-up, being benefits corresponding to the amounts of the liabilities and the order in which they are to be secured in accordance with the provisions of the Pensions Act 1995.

Section B—Other Priorities

The order of priority in this Section B is as follows, provided that (1) where the balance of assets to be applied as aforesaid is insufficient to secure the whole of the benefits within any of the following numbered sub-paragraphs the benefits within that sub-paragraph shall be secured on a proportionate basis and (2) none of the following sub-paragraphs shall include benefits already included within a higher priority and (3) except as provided below, any pension under this Section B shall include increased and prospective increases to such pensions in accordance with Rule 39:

(**a**) 1988 c.1; Schedule 22 was amended by the Taxation of Chargeable Gains Act 1972 (c.12), section 290(1) and Schedule 10, paragraph 14(1) and(60).

(**b**) Section 73 was amended by S.I. 1996/3126, regulation 3.

(a) Pensions and other benefits for Members, their Spouses, Qualifying Children and Dependants and for any other persons to which entitlement to payment has arisen hereunder prior to the effective date of winding-up of the NATS Section including any associated death benefits.

(b) Pensions and other benefits which have been postponed beyond Normal Pension Date (such benefits to be payable as at the effective date of winding-up of the NATS Section) including any associated death benefits.

(c) Guaranteed minimum pensions and accrued rights to guaranteed minimum pensions, benefits excluded from guaranteed minimum pensions by virtue of section 13(6) of the Pension Schemes Act 1993(**a**), and Contributions Equivalent Premiums.

(d) Benefits which have been conferred on Members under the NATS Section in respect of transfers to the NATS Section (other than in respect of transfers from retirement benefits schemes of any of the Employers or from another Section of the Scheme).

(e) In respect of Members who have not reached Normal Pension Date and have not received any retirement benefits from the NATS Section, the benefits to which those Members are entitled from the NATS Section or, in the case of Current Members, the benefits or refunds of contributions to which they would have been entitled from the NATS Section if they had left Service at the effective date of winding-up of the NATS Section such benefits being non-assignable benefits payable to such Members, their Spouses, Qualifying Children and Dependants.

Purchase of additional benefits

19.4 If any part of the Section Assets remains after application of the aforesaid provisions of this Rule 19, then before making any payment to the Employers as described in paragraph (c) of Rule 19.2, the Trustees after consultation with the Actuary:

(a) may purchase such other or additional benefits as they shall determine for Members, former Members, their Spouses, Qualifying Children and Dependants or any other person acceptable for the purposes of this Rule to the Board of Inland Revenue, or any one or more of such persons, subject always to the requirements of the Board of Inland Revenue; and

(b) shall by application of a part or all of the remaining Section Assets (if any) increase the annual rates of pension payable or to be paid from the NATS Section in accordance with the relevant provisions of the Pensions Act 1995.

Methods of securing benefits

19.5 Any benefits to be provided under this Rule 19 may be secured by the Trustees in either or both of the following ways:

(a) by the purchase in respect of any Member of appropriate benefits under an Approved Policy (or any other policy or annuity contract acceptable to the Board of Inland Revenue for the purposes of this Clause) subject, with the necessary alterations in point of detail, to the provisions of Rule 33; or

(b) by the transfer of an amount in respect of any Member to secure appropriate benefits under a retirement benefits arrangement of which he becomes a member subject, with the necessary alterations in point of detail, to Rule 34,

provided always that:

(i) benefits in respect of a Member shall be deemed to be appropriate for the purposes of (a) and (b) above if they are, in the opinion of the Trustees with the advice of the Actuary, not less in value than the benefits in respect of the Member under this Rule 19 and subject to conditions which the Trustees consider to be as similar as may be practicable although not necessarily identical to the conditions applicable to such benefits under the NATS Section or, if after consultation with the Actuary the Trustees decide that it would be more expedient and, provided that such conditions are acceptable to the Board of Inland Revenue and to the Occupational Pensions Regulatory Authority, on conditions which differ from the conditions applicable to such benefits under the NATS Section; and

(ii) a transfer under (b) above shall not be subject to the consent of the Member if the transfer is to another Section of the Scheme or to another retirement benefits scheme relating to the same employment or to another employment with the same Employer or the Employer's successor, and if the Actuary makes the relevant certification described in the Preservation Regulations; and

(iii) where any benefit to be secured does not at the effective date of winding-up of the NATS Section exceed the limit set out in Rule 29.1 the Trustees may elect to make immediate payment of a cash sum of an amount to be determined by the Trustees subject, with the necessary alterations in point of detail, to the provisos to that Rule; and

---

(**a**) 1993 c.48.

(iv) in any application of the above provisions the Trustees shall comply with the provisions of section 74 of the Pensions Act 1995(**a**) and with the requirements of the Board of Inland Revenue.

20. PARTIAL WINDING-UP OF THE NATS SECTION

Employer ceasing to participate

20.1 The participation in the NATS Section of an Employer other than the Sponsoring Section Employer shall cease upon the happening of any of the following events (whichever shall first occur):

(a) if such Employer terminates its liability to contribute to the NATS Section as described in Rule 44;

(b) if such Employer at any time fails to pay to the Trustees any sum or sums on or within seven days after the date on which the Trustees in accordance with Rule 11 have required the same to be paid or fails to observe and perform any other of its obligations under the Scheme and the Trustees thereupon give notice in writing of not less than 28 days to such Employer that its participation in the NATS Section shall cease;

(c) if the Sponsoring Section Employer has given six months' previous notice in writing to the Trustees (or such shorter period of notice acceptable to the Trustees) that the participation of the Employer is to cease and such period expires;

(d) if an order is made or an effective resolution is passed for the winding-up of such Employer (other than for the purpose of reconstruction or amalgamation with any other company) or such Employer ceases to carry on business;

(e) if the degree of association between the Sponsoring Section Employer and such Employer ceases to be sufficiently great to justify the continued participation of such Employer in the NATS Section;

(f) if the continued approval of the Scheme as an exempt approved scheme for the purposes of Chapter I of Part XIV of the Taxes Act would be prejudiced,

provided that the participation of the Employer in the NATS Section may be continued until such date as the Employer, the Sponsoring Section Employer, the Trustees and the Board of Inland Revenue may agree.

Partial winding-up of the NATS Section

20.2 If an Employer ceases to participate in the NATS Section as described in Rule 20.1 or if a part of the undertaking of any of the Employers shall be assigned to or vested in any other company or body (other than in circumstances where the Trustees make arrangements under Rule 17), then:

(a) if at the date of the relevant event it shall appear to the Trustees after taking advice from the Actuary that the appropriate part of the NATS Section is insolvent with regard to the benefits of persons then in receipt of pensions from the NATS Section and to the then value of benefits which have accrued to Members at that date (being respectively persons and Members whose benefits from the NATS Section derive from employment with the relevant Employer) the relevant Employer shall pay to the Trustees within a period of seven days an amount calculated by the Actuary as being sufficient to restore the solvency of the appropriate part of the NATS Section; and

(b) the Trustees shall ascertain the Relevant Fund Assets (as defined in paragraph (c) below) in respect of such Employer and shall, with the necessary alterations in point of detail, apply the provisions of Rule 19 (or, if they so determine and subject to any requirements of the Board of Inland Revenue, Rule 18.2) but in relation only to the Relevant Fund Assets in respect of such Employer and to the Members in relation to whom such Relevant Fund Assets have been calculated, provided always that a transfer as in paragraph (b) of Rule 19.5 may be made without the Member's consent only where this is permissible under the Preservation Regulations and subject always to the provisions of such Regulations;

(c) for the purposes of this Rule, Relevant Fund Assets means in respect of an Employer, subject as provided below, that part of the Section Assets which in the opinion of the Trustees in consultation with the Sponsoring Section Employer and with the advice of the Actuary can be related to the Members whose membership of the NATS Section derives from employment with such Employer (or, as appropriate, with the relevant part of the undertaking of such Employer) and to the Spouses, Qualifying Children and Dependants of such Members. That part of the Section Assets shall be calculated on whichever of the following bases the Trustees, after consultation with the Sponsoring Section Employer and the Actuary, shall determine:

(i) the aggregate of the Cash Values as at the date on which the Employer ceased to participate in the NATS Section of the benefits to which the said Members are entitled from the NATS Section or, in the case of Current Members, of the benefits to which they would have been entitled from the NATS Section if they had left Service at such date;

(**a**) 1995 c.26; section 74 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 56.

(ii) the aggregate of the Cash Values of the benefits described in (i) above but including, for the purposes of calculation in respect of Current Members, increases which the Trustees with the advice of the Actuary consider would be made to such Members' remuneration between the effective date of the calculation and the relevant Members' Normal Pension Dates;

(iii) the proportion of the total Section Assets which, in the opinion of the Trustees, with the advice of the Actuary relates to that Employer;

(iv) some other basis recommended by the Actuary,

provided that if the Trustees with the advice of the Actuary shall so determine the amount calculated in accordance with (i) or (ii) above shall not exceed the amount which could be calculated in accordance with (iii) above.

Alternatively the Relevant Fund Assets may, if the Trustees after consultation with the Sponsoring Section Employer and the Actuary so determine, be calculated as described above but in relation only to Members who are currently in service and to the Spouses, Qualifying Children and Dependants of such Members.

PART 2: BENEFITS AND THE ADMINISTRATION OF BENEFITS

21. JOINING THE NATS SECTION

21.1 With effect on and from the Effective Date and subject to the following provisions of this Rule 21, males and females who are aged not less than 16 years but are aged less than 60 years and who are full-time or part-time Employees who are employed by an Employer in the NATS Section in a category of employment which is expressed in their contract of employment to be pensionable are eligible to join the NATS Section.

21.2 Persons who become eligible to join the NATS Section on or after the Effective Date shall be admitted to membership on the day on which they become eligible and shall make application for membership in such form as the Trustees may require, such persons may alternatively notify the Trustees of their decision not to be admitted to membership.

Persons who become eligible to join the NATS Section but do not apply for membership of the NATS Section as soon as they become eligible to join shall be admitted to membership of the NATS Section on such conditions and on such dates as the Trustees shall decide.

Discretionary entry

21.3 In special circumstances, a person who has not otherwise become eligible to join the NATS Section may, by permission of his Employer and the Trustees, be admitted to membership of the NATS Section on such conditions and on such terms as to benefits and otherwise and with effect from such date as may be agreed with his Employer and the Trustees, provided that the approval of the Scheme under the Taxes Act is not prejudiced by it.

Restrictions on Membership

21.4 A person shall not be eligible to join the NATS Section if he is and remains a current member of a Personal Pension Scheme in respect of the source of income to which the NATS Section relates.

21.5 Notwithstanding Rules 21.1 to 21.4 above, for as long as any of the Employers other than the Sponsoring Section Employer is neither an Associated Company nor a Subsidiary Company, no person shall be eligible for membership of the NATS Section who is currently accruing benefits under or who becomes a member of another Section of the Scheme or another retirement benefits scheme of the Employer, except in circumstances where such person's membership of the NATS Section is acceptable to the Board of Inland Revenue.

21.6 Following the admission of a Controlling Director to membership of the NATS Section, the Administrator shall notify the Board of Inland Revenue within such time as is prescribed in accordance with the Taxes Act.

22. FURNISHING OF PARTICULARS AND EVIDENCE

22.1(a) A Member shall furnish evidence of health at such times and in such form as the Trustees require for the purposes of the NATS Section. If such evidence is not furnished, or is not acceptable to the Trustees for the purposes of the NATS Section, the Trustees may, until the Member produces evidence acceptable to the Trustees for the purposes of the NATS Section and except as otherwise specifically provided in these NATS Rules, withhold the benefits which would otherwise be payable on his death or incapacity or modify them in such manner as they consider appropriate.

(b) Any medical examination or other medical opinion required for the purposes of the NATS Section shall if practicable be conducted or given by a Medical Adviser (or, if this is not practicable, by a medical practitioner instructed by such Medical Adviser) and such person's report shall be available to the Member's doctor. If the Member's doctor informs the Trustees that he is dissatisfied with such report an examination shall be conducted by a duly qualified

medical practitioner nominated for the purpose by the Trustees after consultation with the Member's doctor and the Medical Adviser. The report of such nominated medical practitioner shall be regarded as conclusive for the purposes of the NATS Section.

(c) The charges and expenses of the examination and report or opinion of any medical practitioner instructed by the Medical Adviser or nominated by the Trustees in accordance with this Rule shall be borne by the Member unless either the Employers or the Trustees in their discretion agree to pay such charges and expenses.

22.2 A Member and any other person (or the parent or guardian in the case of a minor) who is or may be entitled to benefit from the NATS Section deriving from such Member's membership of the NATS Section shall furnish such particulars, including proof of date of birth and where appropriate of marriage, and complete such forms at such times as shall be required by the Trustees for the purposes of the NATS Section. If these particulars are not furnished or are later found to be incorrect, the Trustees may withhold the benefits in respect of the Member or modify them in such manner as they consider appropriate.

22.3 Payment of any benefit under the NATS Section to any person shall be subject to the production by or in respect of that person of evidence of identity and entitlement to benefit and such other evidence and information as the Trustees may require.

22.4 Any notice required to be given under the NATS Section (whether by a Member, the Trustees, an Employer or otherwise) shall be in writing and may be given personally or by sending it through the post to the person for whom it is intended at his registered or last known address whether in the United Kingdom or elsewhere and any notice so sent shall in the absence of evidence that it was received by such person at an earlier date be deemed to have been received on the fourth day after posting.

23. CONTRIBUTIONS TO THE NATS SECTION

Member's ordinary contributions

23.1 On and after the Effective Date each Current Member shall, subject to Rules 23.7 and 23.8 and except as provided in Rule 36.3, pay contributions to the NATS Section at the rate of 6% of his Earnings or 4.5% in the case of Members who were contributing at the rate of 6% immediately prior to 1 April 1997, provided always that in respect of Class A Members and Class B Members who became Current Members on or after 1 June 1989 (other than Continued Rights Members) any part of a Member's Earnings to which a percentage would be applied under this Rule 23.1 and which exceeds the Permitted Maximum shall be disregarded.

The contributions of a Member under this Rule 23.1 shall be made by way of deductions by the Employer from the payments of such Member's remuneration as they are made.

Employer's contributions

23.2 Each Employer shall, subject to the provisions of Rule 44 and to Rule 23.7, contribute the balance of the cost of providing the benefits of the NATS Section for its own employees under the NATS Section and for the spouses, children and dependants of its own employees.

The Employers shall forward the total of the Employers' and the Members' contributions to the Trustee on such dates as the Trustees shall require in accordance with Rule 11.

Members' voluntary contributions

23.3 A Current Member may, subject as hereinafter provided, make voluntary contributions to the NATS Section in order to provide benefits under the NATS Section which shall be additional to those otherwise specified in these NATS Rules (or, in the case of Family Benefit Contributions, to provide the appropriate benefits payable from the NATS Section upon the death of the Member), provided that the provisions relating to voluntary contributions and to the benefit thereby provided shall not be such as to prejudice approval of the Scheme under Chapter I of Part XIV of the Taxes Act(**a**) and, in particular, voluntary contributions made under arrangements first entered into by the Member on or after 8 April 1987 shall not be used to provide a cash sum in accordance with Rule 29.

The voluntary contributions of a Member under this Rule 23.3 shall be made either by way of deductions by the Employer from the payments of such Member's remuneration as they are made or as otherwise agreed between the Member and the Trustees.

Subject as aforesaid, the types of benefit under the NATS Section to be provided in return for a Member's voluntary contributions shall be such and, except as provided below, on such terms and conditions as may be arranged by the Member with the Trustees acting on the advice of the Actuary and may take the form, inter alia, of additional years to be included within Pensionable Service in the NATS Section or of additional benefit under the NATS Section to be payable upon the death of the Member or of additional pension benefits determined on a money purchase basis; provided always that the amount

---

(**a**) 1988 c.1.

of benefit to be provided in return for a Member's voluntary contributions shall be the equivalent of those contributions as determined by the Trustees acting on the advice of the Actuary and provided further that in respect of additional pension benefits determined on a money purchase basis:

(a) the additional pension benefits shall be equivalent on a money purchase basis to the voluntary contributions paid; and

(b) the benefits shall be limited to those which are capable of being provided by the Rules; and

(c) if the Trustees so determine, the assets and liabilities relating to such voluntary contributions to the NATS Section shall be identifiable and retained separately from other assets and liabilities of the NATS Section.

The benefits provided from such voluntary contributions shall not become payable earlier than the other Scheme benefits nor later than age 75.

Notwithstanding the above provisions and the provisions of Rule 22, a Member who starts paying voluntary contributions on a date within three months of first becoming eligible to become a Current Member shall not be required to produce evidence of health.

Limit on Member's contributions

23.4 No Current Member shall, during any year of assessment to tax under Schedule E, pay to the NATS Section contributions of such amounts that the aggregate of such contributions and of any contributions paid by him in respect of his Service during that year to any other retirement benefits schemes in respect of that Member which are approved or seeking approval under Chapter I of Part XIV of the Taxes Act would exceed 15% (or such higher percentage as the Board of Inland Revenue may in a particular case prescribe) of his total remuneration from the Employers in that year which is assessable to tax under Schedule E, provided always that for the purposes of this Rule:

(a) there shall be excluded from total remuneration anything in respect of which tax is chargeable under Schedule E and which arises from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares, or anything in respect of which tax is chargeable by virtue of section 148 of the Taxes Act(**a**); and

(b) in respect of Class A Members and Class B Members who became Current Members on or after 1 June 1989 (other than Continued Rights Members),

(i) the reference above in this paragraph to "other retirement benefits schemes" shall be taken to include any Associated Scheme or any other Section of the Scheme and the references to "total remuneration" shall be taken to include emoluments in respect of Associated Employment or any Connected Scheme; and

(ii) remuneration in excess of the Permitted Maximum shall be disregarded.

Cessation of Member's contributions

23.5 A Member shall stop paying contributions to the NATS Section on ceasing to be a Current Member of the NATS Section or, if earlier, upon completion of the shortest period of Pensionable Service for which the pension payable from Normal Pension Date calculated in respect of the Member under Rule 24.1 would be equal to 2/3rds of the Member's Final Pensionable Earnings, except that a current Member may continue to pay voluntary contributions to the NATS Section prior to the payment to him of any retirement benefit from the NATS Section for so long as he remains in Service in the NATS Section after Normal Pension Date if the Trustees so agree, subject always to the other provisions of this Rule and provided that the approval of the Scheme under Chapter I of Part XIV of the Taxes Act shall not be prejudiced by it.

Return of surplus voluntary contributions

23.6(a) The provisions of the NATS Section permitting a Member to make voluntary contributions to the NATS Section shall be subject to the provisions of Part III of Schedule 6 to the Finance Act 1989(**b**) relating to the return of surplus funds.

(b) The Administrator shall comply with the requirements of Regulation 5 of The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993(**c**) and where the NATS Section is the leading scheme in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern main schemes. If those Regulations are amended or replaced by any other Regulations then this paragraph will have effect as if it had been amended or replaced accordingly.

The terms ***leading scheme*** and the ***main scheme*** shall have the same meaning as is given to them in those Regulations.

(**a**) Section 148 was substituted by the Finance Act 1998 (c.36), section 58(1) and (4).
(**b**) 1989 c.26.
(**c**) S.I. 1993/3016.

Suspending or reducing contributions

23.7 If a report from the Actuary discloses a surplus in the NATS Section at any date sufficient to permit the suspension or reduction of contributions, the Sponsoring Section Employer may, as an arrangement to be made in accordance with the provisions of Rule 10.3 and subject always to the provisions of the Pensions Act 1995, authorise the suspension or reduction of payment of contributions to the NATS Section under Rule 23.2 and/or under Rule 23.1 above for a period not exceeding forty years from the date at which the surplus arose. Any suspension of contributions in accordance with this paragraph shall not be regarded as a termination of liability to contribute to the NATS Section as described in Rule 44.

A suspension or reduction of contributions payable to the NATS Section under Rule 23.1 by one or more Members specified by the Sponsoring Section Employer may be authorised by the Sponsoring Section Employer upon the basis that there shall be a corresponding increase in the contributions payable to the NATS Section by the Employer for such period as the Actuary shall advise. The contributions of a Member which have been suspended or reduced in accordance with this paragraph may be increased as determined by the Sponsoring Section Employer but not to a level greater than the level of Member's ordinary contributions applicable under Rule 23.1

Members' Contribution Options

23.8(a) With effect from 1 April 1995 a Member whose contributions under Rule 23.1 were at the rate of 7.5% of Earnings and who satisfied the conditions notified to Members by the Trustees could elect by notice in writing to the Trustees before 30 September 1995 that his ordinary contributions to the Scheme under Rule 23.1 should be at the reduced rate of 6% of Earnings with effect from 17 May 1990. Such reduced rate is reduced further to 4.5% with effect from 1 April 1997.

The additional 1.5% of Earnings paid by such a Member under Rule 23.1 from 17 May 1990 up to the date of such election shall be treated as voluntary contributions paid by the Member and applied under Rule 23.3 to purchase additional Pensionable Service or, at the discretion of the Trustees having regard to the requirements of the Board of Inland Revenue, shall be regarded as Family Benefit Contributions and dealt with as described in Rule 47.2.

(b) A Member whose contributions under Rule 23.1 were at the rate of 6% of Earnings could before 30 September 1995 elect by notice in writing to the Trustees to pay contributions to the Scheme at the rate of 7.5% of Earnings. Any such election made after 1 April 1995 would be in respect of Earnings from 17 May 1990. Any arrears of contributions for the period from 17 May 1990 up to the date of such election should be paid either in the form of a lump sum equal to the amount of the contribution arrears accumulated with compound interest at the rate of 3% per annum or in instalments as agreed with the Trustees having regard to the requirements of the Board of Inland Revenue.

With effect from 1 April 1997 the rate of 7.5% referred to above in this paragraph is replaced by 6%.

24. AMOUNT OF MEMBERS' PENSIONS AT NORMAL PENSION DATE

Current Members

24.1 A pension payable from the NATS Section under Rule 27.1 to a Member who ceases to be a Current Member of the NATS Section at Normal Pension Date shall, subject to Appendix 4 and to any other provisions of the NATS Section which may apply in respect of a particular Member, be a yearly amount equal to 1/59th of Final Pensionable Earnings for each complete year of Pensionable Service (with the addition of a proportionate amount for each completed day where such Pensionable Service is not an integral number of years) subject to a maximum of 2/3rds of Final Pensionable Earnings.

Members who have ceased to be Current Members

24.2 A pension payable at Normal Pension Date to a Member who has ceased to be a Current Member in the NATS Section before Normal Pension Date (referred to as a ***deferred pension***) shall, subject to Rule 32 and Appendix 4 and to any other provisions of the NATS Section which may apply in respect of a particular Member, for the purposes of Rule 32.2 be calculated in accordance with Rule 24.1 above but with reference to Final Pensionable Earnings and Pensionable Service at the date of such cessation and increased as described below.

Increases in deferred pensions

24.3 The said pensions payable under the NATS Section shall be increased in each year on 1 April by the percentage increase in the cost of living over the past year as shown in the Index for the month of February prior to the relevant 1 April or, in the case of a pension to which a Member became entitled within the year to 31 March by a proportional amount calculated on a basis determined by the Trustees with the advice of the Actuary; provided always that if there is a percentage decrease in the cost of living

as shown in the Index references in this Rule 24.3 to increases and increasing a Member's pension shall be taken to be references to decreases and decreasing a Member's pension but such decreases shall be such as the Trustees with the consent of the Employers may determine and shall not apply:

(a) to pensions of a Member who became entitled to a deferred pension hereunder upon ceasing to be a Current Member more than 365 days before Normal Pension Date or;

(b) so as to reduce a Member's pension from the Scheme below the level of such pension at the date on which the Member ceased to be a Current Member.

25. AMOUNT OF DEATH BENEFITS

Lump sum

25.1 A lump sum death benefit payable from the NATS Section under Rule 26.1 in respect of a Current Member shall, subject to Appendix 4 and to any other provisions of the NATS Section which may apply in respect of a particular Member be of an amount equal to four times the Member's Final Pensionable Earnings at the date of his death.

Pension

25.2 A pension under the NATS Section payable to a Spouse or to or in respect of Qualifying Children under Rule 26 or Rule 28 on the death of a Member of the NATS Section shall, subject to Appendix 4 and to any other provisions of the NATS Section which may apply in respect of a particular Member, be of a yearly amount, with a minimum of £104, equal to the proportion of the Member's Relevant Pension (as defined in Rule 25.4 below) applicable in accordance with the relevant provision of the NATS Rules; provided always that:

(i) if the Trustees exercise their discretion under Rule 25.3 below the amount or amounts of pension payable under the NATS Section to a Member's Spouse or other beneficiary shall be as described in that paragraph; and

(ii) notwithstanding proviso (i) above or any other provision of the NATS Rules, that part of the pension payable from the NATS Section to a Member's widow or widower which relates to the Member's Service prior to 6 April 1997 shall not be less than the amount described in paragraphs 2.3(a)(ii) or 2.3(a)(iii) of Section B of Appendix 5 in respect of the Member; and

(iii) in respect of a Member who was a Lower Rate Contributor for part or all of his Service as a Current Member the pension payable from the NATS Section under Rule 26 or Rule 28 on the Member's death in relation to such Service on or after 6 April 1997 shall not be less than the amount payable in respect of the Member under paragraph 1.3 of Section A of Appendix 5 on the assumption that the benefits of all such Members are equal to those which would be provided by a reference scheme as described in section 12B of the Pension Schemes Act 1993(**a**); and

(iv) in respect of a Member who has received a refund of Family Benefit Contributions in accordance with Rule 47 or an additional amount of pension under that Rule and who subsequently remarries and who does not repay the amounts due under Rule 47.2(c), the pension payable under Rule 26 or Rule 28 on the Member's death in relation to Service on or after 6 April 1997 shall not be less than the amount (if any) payable in respect of the Member under paragraph 1.3 of Section A of Appendix 5 on the assumption that the benefits of all such Members are equal to those which would be provided by a reference scheme as described in section 12B of the Pension Schemes Act 1993.

25.3 The Trustees shall have power at their absolute discretion to determine that the pension payable from the NATS Section to the Spouse of a Member of the NATS Section other than a Special Member shall not exceed the amount (if any) in respect of him under paragraphs 2.3(a)(ii) or 2.3(a)(iii) of Section B of Appendix 5. The balance (or the whole, as appropriate) of the pension which would, but for the application of this paragraph, have become payable under the NATS Section to that Member's Spouse shall be paid subject to such terms and conditions as the Trustees shall determine in their absolute discretion and in such shares as they shall think fit to such one or more of the following persons, viz:

(a) any former spouse of the Member who has been financially dependent upon him since the dissolution of the marriage with him; and

(b) any person to whom the Member has not been married who has been financially dependent upon him and who has lived with him as his spouse;

provided that if a Special Member has so requested the Trustees may, at their absolute discretion, apply the provisions of this Rule 25.3 in respect of the pension which would become payable to such Special Member's Spouse.

25.4 For the purposes of this Rule ***Relevant Pension*** means:

(**a**) 1993 c.48; section 12B was amended by S.I. 1997/819, regulation 2.

(a) in the case of a Member who dies while he is a Current Member of the NATS Section and before Normal Pension Date, the annual amount of pension which would have been paid to him from the NATS Section if he had retired on his Normal Pension Date in accordance with Rule 27.1(a) based on his Final Pensionable Earnings at the date of his death; or

(b) in the case of a Member who dies after leaving Service but before commencement of pension from the NATS Section in respect of him, the pension to which he became entitled under Rule 32 including the increases to such pension in accordance with Rule 24.3 added up to the date of the Member's death; or

(c) in the case of a Member who dies on or after the date on which a pension commenced to be payable to him from the NATS Section the annual rate of pension to which he was entitled from the NATS Section at the date of his death; or

(d) in the case of a Member who dies on or after Normal Pension Date but before any pension has become payable to him from the NATS Section, the pension which would have been payable to him at its commencement under the NATS Rules if he had commenced to receive his pension under the NATS Section on the day preceding the date of his death (or on Normal Pension Date if that was the date of his death),

provided always that for the purposes of this Rule 25.4 a Member's pension shall not, unless previously arranged otherwise between the Trustees and the Member, include any pension provided by voluntary contributions paid by him to the NATS Section, but shall be deemed to include any pension commuted under Rules 29.2 or 29.3 or surrendered under Rule 30 or any adjustment arising from the application of Rule 38.5(b).

26. DEATH BEFORE PAYMENT OF RETIREMENT BENEFIT

Lump sum

26.1 If a Current Member of the NATS Section dies while in Service before any retirement benefit has become payable to him from the NATS Section a lump sum death benefit calculated in accordance with Rule 25.1 shall be payable in accordance with Rule 37.

26.2 If a Member who has ceased to be a Current Member of the NATS Section and is not a Current Member of the NATS Section in respect of any subsequent period of membership of the NATS Section dies before any retirement benefit has become payable to him from the NATS Section, the Trustees shall pay in accordance with Rule 37 an amount equal to whichever is the greater of:

(a) his Final Pensionable Earnings at the date on which he ceased to be a Current Member increased on the basis described in Rule 24.3 but in respect of the period from the date on which he ceased to be a Current Member up to the date of his death; and

(b) the total of the contributions paid by him to the NATS Section under Rule 23.1 (and under the Previous Scheme Provisions) together with such of his voluntary contributions as the Trustees shall determine and his Transferred Contributions (if any), with the addition of 3% per annum compound interest on it up to the date of the Member's death calculated by the Trustees with the guidance of the Actuary;

provided always that if such a Member dies on or after Normal Pension Date before any retirement benefit has become payable to him from the NATS Section the amount described above in this rule 26.2 shall not be payable but the Member shall be treated for the purposes of the NATS Section as if he had retired on the day before his death and the benefits payable from the NATS Section shall be as if the Member had elected to receive the maximum cash sum permissible under Rule 29.2, any such cash sum to be not less than the amount described in paragraph (a) above and to be payable in accordance with Rule 37.

26.3 If a Member who has paid voluntary contributions to the NATS Section dies before any retirement benefit has become payable to him from the NATS Section, and if the benefit basis previously arranged with the Trustees includes provision for a payment on death the Trustees shall make payment in accordance with Rule 37 of the amount they determine to be appropriate in accordance with that provision.

Spouse's pension

26.4 If a Member of the NATS Section dies before any benefit has become payable to him from the NATS Section in respect of the current period of Pensionable Service and is survived by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3), the pension described in Rule 25.2 and equal to:

(i) 2/3rds of the Relevant Pension of a Member who dies while he is a Current Member of the NATS Section; and

(ii) 60% of the Relevant Pension of any other Member to whom this paragraph applies,

shall, subject to Rule 25.3 and Appendix 4, become payable to the Spouse (or other beneficiary as aforesaid) from the date of the Member's death, provided that in respect of a Member who dies while he is a Current Member of the NATS Section, an additional amount shall be paid for a period of three months commencing on the date of his death such that the total payable in respect of the Member under this Rule 26.4 shall, for each such month, be equal to 1/12th of the Member's Earnings as at the date of his death,

disregarding in respect of a Class A Member and a Class B Member who became a Current Member on or after 1 June 1989 (other than a Continued Rights Member) any part of such Earnings which exceeds the Permitted Maximum at that date.

Children's pensions

26.5 If a Member of the NATS Section dies before any benefit has become payable to him from the NATS Section and is survived by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) and by one or more Qualifying Children the pension described in Rule 25.2 shall become payable from the date of the Member's death (or, if the Member was a Current Member of the NATS Section at the date of his death, from the end of the period of three months mentioned in Rule 26.4 above) and shall be paid or applied by the Trustees as hereinafter described.

The amount of pension under this Rule 26.5 in respect of each Qualifying Child (up to a maximum of two) shall be 1/6th of the Relevant Pension of a Member who dies while he is a Current Member of the NATS Section and 1/4 of the Relevant Pension of any other Member to whom this Rule 26.5 applies, provided always that:

(a) if the Member's Spouse (or other beneficiary as aforesaid) dies during the period of three months referred to above or while a pension under this paragraph is in course of payment; or

(b) if, for exceptional reasons, the Trustees in their discretion so direct,

the pension under this Rule 26.5 shall thereupon commence or, as appropriate, continue to be payable in the amount described in Rule 26.6 below, and provided further that the maximum under this Rule 26.5 where there are two or more Qualifying Children of a Member who is not a Current Member of the NATS Section at the date of his death shall be 40% of the Member's Relevant Pension.

26.6 If a Member of the NATS Section dies before any benefit has become payable to him from the NATS Section and is survived by one or more Qualifying Children but not by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the pension described in Rule 25.2 and equal to 1/3rd of the Member's Relevant Pension in respect of each Qualifying Child (up to a maximum of two) shall become payable out of the NATS Section from the date of the Member's death and shall be paid or applied by the Trustees as hereinafter described; provided always that:

(a) if the Trustees so direct the amount of pension payable under this Rule 26.6 shall be as described in Rule 26.5 above; and

(b) the Trustees may in their discretion augment any pension payable under this Rule 26.6 by such amount as they determine but not so that the aggregate of any augmentation in respect of the Member under this paragraph (b) and of any pensions payable to Dependants under Rule 26.9 below would exceed the pension which would have been payable under Rule 26.4 above if the Member had been survived by a Spouse.

26.7 Any pension payable under Rules 26.5 or 26.6 above shall be paid from the NATS Section by the Trustees to or for the benefit of the Qualifying Child and if and so long as there are two or more Qualifying Children to or for their benefit in equal shares subject to Rule 42.

26.8 Notwithstanding the previous provisions of this Rule, the Trustees may at their discretion pay or continue to pay for such period as they think fit a pension of an amount determined by the Trustees to a child of a deceased Member of the NATS Section whether such child is not or has ceased to be a Qualifying Child if in the opinion of a Medical Adviser such child is incapable of earning his own living by reason of bodily or mental infirmity.

Dependants' pensions

26.9 If a Member of the NATS Section dies before any benefit has become payable to him from the NATS Section and is survived by one or more Dependants but not by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the Trustees may in their discretion decide whether a pension such that the aggregate of it and of any augmentation of pension payable under Rule 26.6 above in respect of the Member's Qualifying Children would not exceed the pension which would have been payable under Rule 26.4 above if the Member had been survived by a Spouse shall become payable from the date of the Member's death (or from the cessation of any pension payable under Rule 26.6 in respect of the Member's Qualifying Children) and, if so, such pension shall be paid or applied by the Trustees to or for the benefit of such one or more of the Member's Dependants at such rate and in such shares as the Trustees shall from time to time decide.

27. COMMENCEMENT OF MEMBER'S PENSION

At Normal Pension Date

27.1(a) A Current Member of the NATS Section who ceases to be in Service at Normal Pension Date shall be entitled to receive a pension from the NATS Section at Normal Pension Date calculated in accordance with Rule 24.1.

(b) A Member of the NATS Section who has become entitled before Normal Pension Date to a pension described in Rule 32 other than a Member whose benefit from the NATS Section has become payable before Normal Pension Date shall be entitled to receive from the NATS Section

at Normal Pension Date a pension calculated in accordance with Rule 24.2 or, in the case of a Member in respect of whom the Cash Value of a part of his benefits has been applied in accordance with Rule 33 or Rule 34, the appropriate part of such pension.

Before Normal Pension Date

27.2(a) A Member of the NATS Section who on leaving Service or retiring before Normal Pension Date becomes entitled to a pension under Rule 32 may with the consent of the Trustees commence to receive such pension at any time on or after his 50th birthday, or earlier if he is retiring because of incapacity.

Such pension shall include the increases described in Rule 24.3 calculated up to the date on which the pension is to commence, the total pension for that Member being, subject always to Appendix 4, reduced to such extent (if any) as the Trustees shall, on the advice of the Actuary, consider to be reasonable and determine to be appropriate having regard to, among other things, the period between the date of its commencement and Normal Pension Date but so that the reduced pension shall be not less than the actuarial equivalent of the pension which would have been payable under Rule 32 from the Member's Normal Pension Date, provided always that in special circumstances specifically approved by the Sponsoring Section Employer the pension payable under the preceding provisions of this Rule 27.2 shall not, if the Sponsoring Section Employer so determines and subject as hereinafter provided, be reduced as described above in this Rule and the provision of such unreduced pension shall be regarded as augmentation of benefit in accordance with Rule 12 and shall be subject to payment by the Employer of the appropriate additional contribution to the NATS Section.

Incapacity

(b) On ceasing to be a Current Member of the NATS Section on the grounds of ill-health before attaining Normal Pension Date in consequence of incapacity (which is expected to be permanent) to perform his duties resulting from accident or mental or physical infirmity not resulting from his own misconduct a Member may commence to receive his pension immediately upon his retirement, provided that a Member may not make a claim to receive a pension under this paragraph (b) later than 90 days after the date on which he ceased to be a Current Member of the NATS Section. Such pension shall be calculated as described in Rule 24.1 except that the Member's Pensionable Service shall be increased by an addition equal to 50% of the amount of his Pensionable Service immediately before such addition (exclusive of any part of it provided in return for a Member's voluntary contributions under Rule 23.3) or 100% of it, if the Trustees so determine, upon his retirement or at any other date prior to Normal Pension Date that the medical advice referred to in (c) below indicates that the Member is incapable of gainful employment (except to an extent acceptable to the Trustees) or such greater amount as the Trustees at their absolute discretion shall in exceptional circumstances decide, provided always that no such addition shall cause the Member's total pension from the NATS Section to exceed 2/3rds of Final Pensionable Earnings or, if less, a pension equal to that fraction of Final Pensionable Earnings which the Member would have received at Normal Pension Date if he had remained a Current Member of the NATS Section until that date.

The Administrator shall give prior notice to the Board of Inland Revenue in accordance with the Taxes Act before commencing to pay a pension from the NATS Section on the retirement prior to Normal Pension Date on account of incapacity of a Member of the NATS Section who is a Controlling Director.

Payment of pensions under Rule 27.2

(c) Payment of a pension described in paragraph (b) above shall be subject to the Member submitting himself for medical examination by a Medical Adviser whenever the Trustees require him to do so. The Trustees may withhold payment of such pension for such period as the Member refuses or fails to submit himself to any such examination or in any way obstructs the same.

The 100% addition of Pensionable Service as described in (b) above shall be subject to the Member providing such confirmation in such manner as the Trustees may reasonably require that he has not been in receipt of remuneration from any other employment (or alternatively that he has been in receipt only of remuneration which the Trustees have decided may be ignored) and the Trustees may withhold payment of a pension in respect of any period during which the Member refuses or fails to provide such confirmation or in any way obstructs the obtaining of such confirmation and if at any time the Trustees are of the opinion that as from a certain date the Member no longer qualifies for the 100% addition in accordance with (b) above the pension from that date shall be calculated as if the Member qualifies for the 50% addition in accordance with (b) above but without prejudice to the power of the Trustees to reverse that decision at a later date.

(d) Where as a result of evidence supplied in respect of a Member in accordance with paragraph (c) above the Trustees are of the opinion that the Member would be able before Normal Pension Date to resume employment with his Employer or to take up employment with any other

Employer, the Trustees shall inform the Employers and if an Employer offers such Member employment in which he would become eligible for membership of the NATS Section, the pension payable from the NATS Section in accordance with this Rule 27.2 shall cease to be payable upon his commencing such employment or, if earlier, at the end of three months (or such further period as the Trustees in their discretion shall allow) from the date of the said offer of employment, provided always that if a Member's remuneration (taken for this purpose as remuneration other than Non-Pensionable Earnings) at the date on which his pension would cease to be payable as described above in this paragraph (d) is less than his corresponding former remuneration at the date on which the Member ceased to be a Current Member of the NATS Section, a proportion of his pension payable under this Rule 27.2 shall continue to be payable, such proportion being the proportion of that pension which the reduction in the Member's remuneration bears to his former remuneration, and provided further that upon the subsequent cessation of membership of such a Member the pension payable from the NATS Section to the Member shall not be less than the pension previously payable to him under this Rule 27.2.

(e) If a Member in receipt of a pension under Rule 27.2 other than a pension to which paragraph (d) above applies but being a pension not subject to a reduction as described above in this Rule is offered employment with any of the Employers in which he becomes eligible for membership of the NATS Section, payment of such pension shall cease upon his commencing such employment or, if earlier, at the end of three months (or such further period as the Trustees in their discretion shall allow) from the date of the said offer of employment.

(f) The payment of a pension in respect of a Member to whom this Rule 27.2 applies shall be subject otherwise to the provisions of Rule 38.

(g) If a Member of the NATS Section who is offered employment with an Employer in accordance with paragraph (d) or (e) above in this Rule returns to such employment within the period described in those paragraphs, he may recommence membership of the NATS Section as a Current Member on such terms as the Trustees on the advice of the Actuary shall determine. Such a Member who does not recommence membership as a Current Member and such a Member who does not return to the employment within the period described shall become entitled to such deferred or reduced pension as the Trustees on the advice of the Actuary shall determine provided that such determination does not prejudice approval of the Scheme as an exempt approved scheme for the purposes of Part I of Chapter XIV of the Taxes Act(**a**).

After Normal Pension Date

Service after Normal Pension Date

27.3 (a) The pension of a Member who is a Current Member of the NATS Section immediately before Normal Pension Date and whose Service continues beyond that date shall be postponed until the date of cessation of his Service (or, in the case of a Class A Member, his 75th birthday if earlier) provided that such a member who is a Class B Member may by notice in writing to the Trustees elect to receive a cash sum in accordance with Rule 29.2 or to commence receiving his pension or the balance of it as appropriate at any date on or after Normal Pension Date but not later than the date of his actual retirement from Service. The amount of pension of a Member to whom this paragraph applies shall, subject to Appendix 4 and except as provided below in this Rule, be calculated in accordance with Rule 24.1 as at the date of its commencement or, if greater, but only in the case of a Member whose pension so calculated would have been 2/3rds of Final Pensionable Earnings, an amount of 2/3rds of Final Pensionable Earnings as at the later of the Member's Normal Pension Date and the date of completion of the shortest period of Pensionable Service for which the pension calculated in respect of the Member under Rule 24.1 would be equal to 2/3rds of the Member's Final Pensionable Earnings, with the addition of an amount determined by the Trustees with the advice of the Actuary having regard to the date of commencement of the pension and/or such other factors (if any) as the Actuary shall consider to be relevant. The amount of pension calculated in accordance with Rule 24.1 as aforesaid shall be reduced by the value, determined by the Trustees with the advice of the Actuary, of any benefit paid to the Member in accordance with the proviso above in this paragraph.

Postponement of deferred pensions

(b) Payment of a pension to which a Member of the NATS Section becomes entitled under Rule 32 may at his request be postponed beyond Normal Pension Date until such date not later than his 75th birthday as shall be agreed between the Trustees and the Member; provided always that:

(i) in the case of a Class A Member who has ceased to be a Current Member of the NATS Section while remaining in Service in accordance with Rule 31, the Member's pension from the NATS Section may not commence to be paid before he ceases to be in Service; and

(ii) in the case of a Class B Member, the Member's pension from the NATS Section may be postponed only for so long as his retirement from all employment is postponed.

(**a**) 1988 c.1.

The amount of pension of a Member to whom this paragraph (b) applies shall, subject to Appendix 4, be calculated in accordance with Rule 24.2 as at Normal Pension Date increased by such amount as the Trustees with the advice of the Actuary shall determine having regard to the period for which payment of the pension has been postponed.

28. DEATH AFTER PENSION STARTS

Lump sum

28.1 When a Class B Member, of the NATS Section, in respect of whom no pension will become payable in accordance with any other paragraph of this Rule dies after commencement of his pension from the NATS Section, the Trustees shall pay in accordance with Rule 37 a sum equal to the amount (if any) by which:

(a) the total of the contributions (other than voluntary contributions) paid by him to the NATS Section (and under the Previous Scheme Provisions) together with such of his voluntary contributions to the NATS Section (and under the Previous Scheme Provisions) as the Trustees shall determine and his Transferred Contributions (if any) with the addition of 3% per annum compound interest thereon up to the date on which the Member left Service or, if earlier, the date of commencement of his pension hereunder,

exceeds

(b) the aggregate of:

(i) the total of the instalments of the Member's pension from the NATS Section paid before his death; and

(ii) any cash sum paid to the Member under Rule 29 and under any other provision of the NATS Rules.

28.2 If a Member of the NATS Section who opted under Rule 27.3 to receive a pension from the NATS Section while remaining in Service after Normal Pension Date and to defer receiving a cash sum under Rule 29.2 dies before receiving such cash sum he shall be treated for the purposes of this Rule as having retired on the day before he died and the Trustees shall pay in accordance with Rule 37 a lump sum equal to the said cash sum with the addition of interest up to the day before the Member's death at a rate which the Trustees with the advice of the Actuary consider to be reasonable.

Spouse's pension

28.3 If a Member of the NATS Section dies after a pension has become payable to him from the NATS Section or after receiving a cash sum under Rule 29.2 while remaining in Service on or after Normal Pension Date and is survived by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the pension described in Rule 25.2 shall, subject to Rule 25.3, become payable to the Spouse (or other beneficiary as aforesaid) from the first day of the month following the Member's death. Such pension shall:

(a) for a period of three months from its commencement or, if longer, for the balance of the period of five years beginning at the commencement of payment of the Member's pension from the NATS Section, be equal to 1/12th of the Member's Relevant Pension for each month in the said period; and

(b) thereafter, be equal to 60% of the Member's Relevant Pension.

Children's pension

28.4 If a Member of the NATS Section dies after a pension has become payable to him under these Rules or after receiving a cash sum under Rule 29.2 while remaining in Service on or after Normal Pension Date and is survived by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) and by one or more Qualifying Children, the pension described in Rule 25.2 and equal to 1/4 of the Member's Relevant Pension if there is one Qualifying Child and equal to 40% of the Member's Relevant pension if there are two or more Qualifying Children shall become payable from the date on which the pension at the rate described in Rule 28.3(b) commences to be payable and shall be paid or applied by the Trustees as hereinafter described; provided always that:

(a) if the Member's Spouse (or other beneficiary as aforesaid) dies while a pension is payable under Rule 28.3; or

(b) if, for exceptional reasons, the Trustees so direct the pension under this Rule 28.4 shall commence or, as appropriate, continue to be payable in the amount described in Rule 28.5.

28.5 If a Member of the NATS Section dies after a pension has become payable to him under these NATS Rules or after receiving a cash sum under Rule 29.2 while remaining in Service on or after Normal Pension Date and is survived by one or more Qualifying Children but not by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the pension described in Rule 25.2 and equal to 1/3rd of the Member's Relevant Pension in respect of each Qualifying Child (up to a maximum of two) shall become payable from the date of the Member's death and shall be paid or applied by the Trustees as hereinafter described; provided always that:

(a) if the Trustees so direct the amount of pension payable under this Rule 28.5 shall be as described in Rule 28.4; and

(b) the Trustees may in their discretion augment any pension payable under this Rule 28.5 by such amount as they determine but not so that the aggregate of any augmentation in respect of the Member under this paragraph (b) and of any pensions payable to Dependants under Rule 28.8 below would exceed the pension which would have been payable under Rule 28.3 if the Member had been survived by a Spouse.

28.6 Any pension payable under Rules 28.4 or 28.5 shall be paid by the Trustees to or for the benefit of the Qualifying Child and if and so long as there are two or more Qualifying Children to or for their benefit in equal shares subject always to the provisions of Rule 42.

28.7 Notwithstanding the previous provisions of this Rule the Trustees may at their discretion pay or continue to pay for such period as they think fit a pension of an amount determined by the Trustees to a child of a deceased Member of the NATS Section whether such child is not or has ceased to be a Qualifying Child if in the opinion of a Medical Adviser such child is incapable of earning his own living by reason of bodily or mental infirmity.

Dependants' Pension

28.8 If a Member of the NATS Section dies after any pension has become payable to him from the NATS Section and is survived by one or more Dependants but not by a Spouse (or other beneficiary to whom a pension is payable in accordance with Rule 25.3) the Trustees may in their discretion decide whether a pension such that the aggregate of it and of any augmentation of pension payable under Rule 28.5 in respect of the Member's Qualifying Children would not exceed the pension which would have been payable under Rule 28.3 if the Member had been survived by a Spouse, shall become payable from the date of the Member's death (or from the cessation of any pension payable under Rule 28.5 in respect of the Member's Qualifying Children) and, if so, such pension shall be paid or applied by the Trustees to or for the benefit of such one or more of the Member's Dependants at such rate and in such shares as the Trustees shall from time to time decide.

29. CASH SUM IN LIEU OF PENSION

Commutation of trivial pensions

29.1 If at the date when a pension becomes payable from the NATS Section to or for the benefit of any person such pension together with the annuity equivalent of all other retirement benefits to which such person is entitled from the Employers' Schemes or other Sections of the Scheme does not exceed £260 per annum (or such higher amount as may have been prescribed by regulations made under section 91 of the Pensions Act 1995(**a**) and is acceptable to the Board of Inland Revenue), the Trustees may commute that pension for a cash sum payable to or for the benefit of such person. If the Trustees commute a Member's pension as described above and if there is a pension contingently payable from the NATS Section on such Member's death which could (if the Member had died on the date his pension became payable) have been commuted in accordance with this Rule 29.1, then the Trustees will forthwith commute such pension for a cash sum payable to the Member, provided always that in the case of a Member whose pension from the NATS Section becomes payable before Normal Pension Date:

(a) if such Member is a member of more than one retirement benefits scheme relating to the same employment (including any other Section of the Scheme), commutation under this Rule 29.1 shall be permissible only if he is treated by all such schemes as having retired and if provisions corresponding to this Rule 29.1 apply under such other schemes; and

(b) in determining the amount of the Member's pension for the purposes of this paragraph the Trustees shall with the advice of the Actuary take due account of:

(i) increases in the Member's Guaranteed Minimum Pension (if any) required to be made up to State Pensionable Age in such a way as to satisfy the provisions of section 21 of the Pension Schemes Act 1993(**b**) and any regulations made for the purposes of that section; and

(ii) increases to that part of the Member's pension hereunder which exceeds the Member's Guaranteed Minimum Pension (if any) which would, in the opinion of the Trustees, be made to the Member's pension hereunder up to Normal Pension Date in accordance with Schedule 3 to the Pension Schemes Act 1993 if such pension had become payable at Normal Pension Date.

(**a**) 1995 c.26; section 91 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 57.
(**b**) 1993 c.48.

Tax free cash sum

29.2 Subject to Appendix 4, a Member of the NATS Section may by giving notice in writing to the Trustees before any pension becomes payable to him from the NATS Section elect to commute for a cash sum at the date his pension becomes payable or, in the case of a Class B Member, on or after his Normal Pension Date if earlier, the whole or a proportion of that part of such pension which exceeds the Guaranteed Minimum Pension in respect of him or, where such date is before the Member's State Pensionable Age, which exceeds the amount which the Trustees with the advice of the Actuary estimate will be the Member's Guaranteed Minimum Pension at his State Pensionable Age.

Serious ill-health

29.3 If at the date when any pension becomes payable to a Member under the NATS Section the Trustees are satisfied by such evidence as they may require that the Member is in exceptional circumstances of serious ill-health, the Trustees may at their discretion pay a cash sum to the Member in commutation of the whole of that part of his pension which exceeds the Guaranteed Minimum Pension or if the Member has elected the option under Rule 29.2 above in commutation of the balance (if any) of such pension.

The Administrator shall give prior notice to the Board of Inland Revenue in accordance with the Taxes Act before making a payment under this Rule 29.3 to a Member of the NATS Section who is a Controlling Director.

General

29.4 The amount of any cash sum payable under this Rule in lieu of any amount of pension shall be determined from time to time by the Trustees after consultation with the Actuary and shall be either as certified as reasonable by the Actuary or in accordance with commutation factors acceptable to the Board of Inland Revenue as suitable for the NATS Section.

29.5 A cash sum payable in respect of any person under this Rule other than any which could be payable in respect of such person under Rule 29.2 above shall be reduced by the amount of tax (if any) for which the Trustees are liable in respect thereof.

30. OPTIONAL SPOUSE'S OR DEPENDANT'S PENSION

30.1 Subject to the following provisions of this Rule, a Member of the NATS Section may elect not less than 28 days before the date when any pension becomes payable to him from the NATS Section to surrender the whole or a proportion of his pension from the NATS Section which exceeds the Guaranteed Minimum Pension in respect of him in order to provide a non-commutable and non-assignable pension payable after his death which in the opinion of the Trustees on the advice of the Actuary is equal in value to the pension so surrendered.

30.2 Exercise of this option shall be by notice given in writing to the Trustees and shall be in respect of the person to whom the Member is married at the date on which the notice is given or in accordance with Rule 30.6. In the event of:

(a) the Member or the said person dying before Normal Pension Date and before the commencement of the Member's pension under these Rules; or

(b) the said person dying at or after Normal Pension Date while the Member's pension is postponed in accordance with these Rules; or

(c) the commutation of the whole of the Member's pension for a cash sum,

the exercise of the option shall be cancelled.

In the event, where applicable, of the marriage of the Member and the said person being terminated by divorce or annulment, or the Member and the said person being judicially separated, before the commencement of his pension under these Rules the exercise of the option shall be cancelled if the Member requests the Trustees by notice in writing to that effect.

30.3 Except as above mentioned, the exercise of the option may not be cancelled except with the special consent of the Trustees and then only before commencement of the Member's pension. If an exercise of the option is cancelled, the benefits will be as if the Member had not exercised the option. If after the Member has commenced to receive a pension from the NATS Section the person in respect of whom the option has been exercised predeceases the Member or, where applicable, their marriage is terminated by divorce or annulment, or they become judicially separated, the unsurrendered portion of the Member's pension and no more will continue to be paid to the Member.

30.4 The amount of pension surrendered by a Member under this Rule must not be so great that the pension described in Rule 30.1 above would be greater than the pension remaining payable to the Member (before any surrender of part of his pension for a cash sum).

30.5 The pension described in Rule 30.1 above shall, unless the option has been cancelled as described above, be payable to the person in respect of whom the option has been exercised and shall commence to be payable one month after the final instalment of the pension payable from the NATS Section to the Member. Where the said person is the person to whom the Member was married at the date on which the notice was given the pension shall cease with the last instalment falling due before that person's death.

30.6 The option described in Rule 30.1 above may be exercised by a Member of the NATS Section in favour of any one or more of his Dependants other than (or in addition to) the person to whom the Member is married at the date on which the notice is given. In such case the terms and conditions of payment relating to the pension for the person or persons in respect of whom such option is exercised shall be as notified by the Trustees to the Member.

31. CEASING TO BE ELIGIBLE AND VOLUNTARY WITHDRAWAL

Ceasing to be eligible

31.1 A Member of the NATS Section who while remaining in Service ceases to be within the eligibility category described in Rule 21 shall be treated for the purposes of the NATS Section (other than for the purposes of Rule 27) as having left Service.

Voluntary withdrawal

31.2 A Member of the NATS Section may give written notice to the Trustees that he wishes to withdraw from membership of the NATS Section while otherwise remaining eligible. Such notice shall be for a minimum period of one month expiring at the end of a calendar month and the Member shall be treated for the purposes of the NATS Section (other than for the purposes of Rule 27) as having left Service at the date of expiry of the notice.

Notwithstanding the provisions of Rule 21, such a Member shall not be readmitted to membership of the NATS Section except with the permission of the Trustees and on such basis as the Trustees shall determine and provided that the continued approval of the Scheme under Chapter I of Part XIV of the Taxes Act is not prejudiced by this.

32. MEMBERS WHO CEASE TO BE IN SERVICE

Refund of contributions

32.1 A Member who ceases to be a Current Member of the NATS Section before Normal Pension Date and who at the date of such cessation is not a Qualifying Leaver shall be entitled to elect in lieu of any other benefits from the NATS Section a refund of any contributions paid by him to the NATS Section (and under the Previous Scheme Provisions) (other than any voluntary contributions) and his Transferred Contributions (if any), with the addition of 3% per annum compound interest thereon up to the date of payment of the refund. Such refund shall be subject to any deduction in accordance with Rule 43.

If such Member has been in Contracted-out Membership the Trustees will pay a Contributions Equivalent Premium in respect of him and the liability of the Trustees to provide a Guaranteed Minimum Pension or Spouse's Guaranteed Minimum Pension in respect of the Member shall thereupon be extinguished. For such a Member the amount of refund described in the previous paragraph shall be reduced by a proportion of the Contributions Equivalent Premium being the amount recoverable under section 61 of the Pension Schemes Act 1993(**a**).

If a Member to whom this Rule applies has paid voluntary contributions to the NATS Section the amount payable under the first paragraph of this Rule will, if previously arranged with the Trustees, be increased by an amount determined by the Trustees in accordance with the basis so arranged.

A Member to whom the first paragraph of this Rule applies may, in lieu of receiving a refund as described above, elect that the amount payable under that paragraph be transferred to an insurance policy or to a different retirement benefits scheme in accordance with the provisions of Rule 33 or Rule 34 respectively and such amount shall be the Member's Cash Value for the purposes of those Rules.

Deferred pension

32.2 A Member who ceases to be a Current Member of the NATS Section before Normal Pension Date and who is a Qualifying Leaver at the date of such cessation shall, except as provided in Rule 32.4, be entitled to a pension commencing from Normal Pension Date calculated in accordance with Rule 24.2 together with any benefit secured by voluntary contributions made by him to the NATS Section and any interest or other return accruing thereto.

32.3 Any pension to which a Member of the NATS Section is entitled under this Rule shall, except where stated otherwise, be subject to the same terms conditions and options as would apply to the pension or pensions which would be payable to or in respect of him from the NATS Section if he were a Current Member until his Normal Pension Date.

(**a**) Section 61 was amended by the Pensions Act 1995 (c.26), section 151 and Schedule 5, paragraphs 18 and 55.

Option for buy-out or transfer

32.4 Except as provided below in this Rule, a Member to whom Rule 32.2 applies shall have the option to arrange for the whole or a part of his entitlement under the NATS Section to be transferred to an insurance policy or to a different retirement benefits scheme in accordance with Rule 33 or Rule 34 respectively or to one or more insurance policies and/or retirement benefits schemes as the Member requires. Such option may be elected at any time before any benefits become payable in respect of him from the NATS Section and prior to the later of:

(i) the commencement of the year which ends on the day before Normal Pension Date; and

(ii) the date which occurs twelve months after the cessation of the Member's Service (or such later date as shall be agreed by the Member with the Trustees).

Restriction on option

32.5 In respect of a Member of the NATS Section who has withdrawn from membership of the NATS Section in accordance with Rule 31.2 and remains in the employ of any of the Employers the option available under Rule 32.4 shall, if the Trustees in their absolute discretion so decide, be available in respect of only a part of the Member's entitlement under the NATS Section. Such part shall be calculated by the Trustees as not less than the proportion which the Member's Service in the NATS Section after 5 April 1988 bears to his total actual Service.

Separate periods of Pensionable Service

32.6(a) If a Member of the NATS Section is entitled to benefit from the NATS Section in respect of separate periods of Pensionable Service, then for the purpose of determining the amount of his entitlement to such benefit each such period shall except insofar as the provisions of Appendix 4 are concerned, and except as described paragraph (b) below, be treated separately as though it were his only period of Pensionable Service, provided always that:

(i) in a case where the earlier of any two periods of Pensionable Service was one during which the Member was for the purposes of the Pension Schemes Act 1993 in contracted-out employment by reference to the NATS Section and which has under the provisions of that Act not been treated as terminated, the foregoing shall not apply and the two periods of Pensionable Service shall for the purposes of calculating the total benefits in respect of the Member under the NATS Section be treated as continuous; and

(ii) in respect of a Class A Member who is a Controlling Director who has a period of Service with more than one Employer, any period of his Service with an Employer which is associated with another Employer by virtue of a permanent community of interest rather than because one Employer is controlled by the other or both are controlled by a third party (control for this purpose having the meaning in section 840 of the Taxes Act(**a**) or, in the case of a close company, section 416 of that Act) shall be treated separately from any other period of the Member's Service for the purposes of Appendix 4.

(b) Notwithstanding paragraph (a) above, a Member of the NATS Section who on ceasing to be in the employment of any of the Employers retained an entitlement to benefit under the NATS Section and who recommences Pensionable Service under the NATS Section within one year (or such longer period as the Trustees may in their discretion allow) may, provided that Rule 33 or 34 has not been applied in respect of him and that he is not in receipt of a pension from the NATS Section, elect by notice in writing to the Trustees that such earlier and later periods of Pensionable Service shall be deemed to be one continuous period of Pensionable Service subject to the following conditions:

(i) any amounts included within the earlier period by virtue of sub-paragraphs (a) and (c) of the definition of ***Pensionable Service*** (or the corresponding terms of the Previous Scheme Provisions) shall be excluded;

(ii) the Member shall complete such forms of discharge of liability in respect of any entitlement to benefit relating to such earlier period of Pensionable Service as the Trustee shall require;

(iii) the Member shall pay to the Trustees a sum equal to any amount paid to him from the NATS Section in respect of his earlier period of Pensionable Service and any amounts of tax for which the Trustees become liable as a result of such payment together with compound interest on such amount at 3% per annum (but excluding any amounts relating to periods of Pensionable Service excluded in accordance with condition (i) above).

33. PROVISION OF BENEFITS UNDER APPROVED POLICIES

33.1 Subject as hereinafter provided, upon receipt, before any benefits become payable in respect of him under the NATS Section and prior to the commencement of the year which ends on the day before Normal Pension Date (or such later date as shall be agreed by the Member with the Trustees), of the written request of a Member to whom Rule 32.2 or the final sentence of Rule 32.1 applies, the Trustees

---

(**a**) 1988 c.1.

shall make arrangements to apply such Member's Cash Value to the purchase of appropriate benefits under an Approved Policy issued to the Member by an Authorised Insurance Company chosen by the Member.

33.2 In their application of this Rule 33 the Trustees shall have regard to the provisions of the Pension Schemes Act 1993(**a**).

33.3 The Trustees may at their discretion make arrangements as described above other than at the request of the Member but not without his consent and may choose an Authorised Insurance Company for the purposes of Rule 33.1 above if the Member fails to do so.

33.4 Prior to the completion of arrangements made in accordance with this Rule the Member shall complete such forms (if any) as the Trustees shall request and upon payment from the NATS Section of the Member's Cash Value the Member and any other person or persons to whom any benefit would have been payable in consequence of the Member's membership of the NATS Section shall cease to have any claim on the NATS Section in respect of the amount so paid and in respect of the benefit (determined by the Actuary) to which such amount relates.

34. TRANSFERS FROM THE NATS SECTION

34.1 Subject to Rule 34.2 and to any undertaking given to the Board of Inland Revenue for the purposes of this Rule, if any Member to whom Rule 32.2 or the final sentence of Rule 32.1 applies becomes or is to become a member of any other retirement benefits arrangement approved or approvable under the Taxes Act, or becomes or is to become a member of another Section of the Scheme, then, in substitution for and in satisfaction of the whole or a specified part of the benefits which would otherwise arise under the NATS Section in consequence of his membership of it, the Trustees shall at the written request of the Member or with his consent pay such Member's Cash Value (or the equivalent in assurance contracts or policies or other assets forming part of the Section Assets) in respect thereof or such greater amount as the Trustees shall determine to such other retirement benefits arrangement or Section provided that the trustees of or persons administering such other retirement benefits arrangement are willing to accept such payment. Any payment made under this Rule shall be made upon the basis that the Member shall be entitled under such other arrangement or Section to such benefits (consistent with the existing formal approval of that retirement benefits arrangement or Section, as appropriate, by the Board of Inland Revenue) in respect of such payment as the Trustees may in their discretion arrange with the trustees of or persons administering the other retirement benefits arrangement, provided that such benefits shall be such as to satisfy the provisions of the Pension Schemes Act 1993.

34.2 Any payment made under this Rule shall be subject to the following conditions:

(a) where making a transfer to another retirement benefits scheme (as opposed to another Section), before making such a payment the Trustees shall ascertain from the trustees of or persons administering such other retirement benefits arrangement under which section of which Act such retirement benefits arrangement is approved or capable of approval by the Board of Inland Revenue;

(b) no payment relating to less than the whole of the benefits in respect of the Member under the NATS Section shall be made from the NATS Section without the consent of the Board of Inland Revenue unless the benefits which are to remain payable in respect of him under the NATS Section are Acceptable Residual Benefits;

(c) no such payment shall be made unless the Trustees are satisfied that such part, but only such part, of the value thereof as is derived from contributions (if any) of the Member of the NATS Section (and under the Previous Scheme Provisions) will be treated in such other retirement benefits arrangement or Section as member's contributions and the Trustees shall certify to the trustees of or persons administering such other arrangement the amount to be so treated;

(d) a payment under this Rule relating to a Member's Guaranteed Minimum Pension shall be made only if:

(i) the other retirement benefits arrangement or Section is a contracted-out occupational pension scheme, an appropriate Personal Pension Scheme as described in Chapter I of Part III of the Pension Schemes Act 1993, or any other scheme approved for the purpose by the National Insurance Contributions Office of the Inland Revenue; and

(ii) where the payment is made to an occupational pension scheme, the Member has entered employment with an employer which is or, in the case of a Section 53(**b**) Scheme, was contributing to such scheme;

(e) when making a payment under this Rule to an approved Personal Pension Scheme the Administrator shall provide a certificate of the maximum lump sum payable on retirement in respect of such payment if the Member:

(**a**) 1993 c.48.

(**b**) 1993 c.48; section 53 was amended by the Pensions Act 1995 (c.26), sections 151 and 177 and Schedule 5, paragraphs 18 and 48 and the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c.2), section 1(1) and Schedule 1, paragraphs 52 and 53.

(i) was aged 45 or more at the time that the payment was made, or

(ii) has at any time within the 10 years preceding the date on which the right to the payment being made arose been in respect of any employment to which the payment or any part of it relates, either

(a) a Controlling Director, or

(b) in receipt of annual remuneration in excess of an amount equal to the Permitted Maximum for the year of assessment in which the date of payment falls; or

(iii) is entitled to benefits included in the payment which arise from a retirement benefits scheme under which the normal retirement age is 45 or less.

34.3 At the written request of a Member to whom Rule 32.2 or the final sentence of Rule 32.1 apply the Trustees shall make a payment of the Member's Cash Value to a pension arrangement (other than one approved or approvable under the Taxes Act) of any type and on any terms regarded by the Board of Inland Revenue and where applicable by the Department of Social Security as being appropriate for the purposes of this Rule.

34.4 Upon a payment being made under this Rule the Member and any other person or persons to whom any benefit would have been payable in consequence of the Member's membership of the NATS Section shall cease to have any claim on the NATS Section to the extent that such benefit has been substituted and satisfied by such payment.

35. TRANSFERS TO THE NATS SECTION

35.1 Subject to Rule 35.2 below and to any undertaking given to the Board of Inland Revenue for the purposes of this Rule if any Member or if any group of Members of the NATS Section of the Scheme is entitled to benefit under any other retirement benefits arrangement or another Section of the Scheme then, in accordance with the provisions of the other arrangement or Section or at the written request of any Member, the Trustees may:

(a) accept from the other arrangement or Section any cash sum that the trustees thereof or persons having the necessary powers thereunder may be authorised to pay to them in substitution for the benefit for or in respect of the Member thereunder or for a part of such benefits, and/or

(b) accept from the other arrangement or Section an assignment or transfer to the Trustees of such annuity or assurance contracts or policies on the life of the Member or such other assets or investments which the Trustees are empowered to acquire or retain in accordance with the provisions of the NATS Section as may be included within such other arrangement, and/or

(c) accept a new annuity or assurance contract or policy or an amendment of an existing annuity or assurance contract or policy which will secure, among other things, benefits on the life of the Member.

35.2 Before accepting any payment or transfer to the NATS Section or any annuity or assurance contract or policy or any amendment or assignment thereof and before conferring any right or benefit under the NATS Section under this Rule the Trustees shall satisfy themselves that such acceptance or conferment will not prejudice the approval of the Scheme under the Taxes Act.

35.3 Upon such acceptance as aforesaid the Trustees shall, subject to Rules 35.4, 35.5 and 35.6 of this Rule and Appendix 5, confer on the Member such rights and benefits under the NATS Section as they shall determine on the advice of the Actuary having regard to the nature and value of the assets so received and shall notify the Member accordingly; provided always that:

(a) the benefits arising on retirement from a payment or transfer shall not be capable of commutation nor shall they be paid in lump sum form if the payment or transfer is accompanied by a certificate from the administrator of the other arrangement or Section to the effect that the payment or transfer is not to be used to provide benefits in lump sum form; and

(b) for Continued Rights Members pension benefits on retirement arising from a payment or transfer (other than from another scheme of the Employer or any company firm or individual which is or may become associated in business with the Sponsoring Section Employer) may be commuted only if and to the extent that a certificate has been obtained from the administrator of the other arrangement showing the maximum lump sum payable from the payment or transfer. The amount so certified may be increased in proportion to any increase in the Index since the date the payment or transfer was received; and

(c) where the payment or transfer is in respect of a Former Civil Servant and is from one of the Civil Service Schemes the benefit conferred on the Member shall be a number of additional years of Pensionable Service equal to the number of years prior to the date on which he became a Member which were regarded as reckonable service for superannuation purposes under such scheme in respect of him,

except that provisos (a) and (b) above shall not apply where the Trustees have conferred an additional period of Pensionable Service in the NATS Section on the Member in respect of the payment or transfer.

35.4 Such part, but only such part, of the assets so received as is derived from the contributions (if any) made by the Member under the other arrangement or Section (as certified by the trustees thereof or other person or persons administering the other arrangement) shall be treated in the NATS Section as Member's contributions and such part thereof as is derived from voluntary contributions of the Member (certified as aforesaid) shall, at the option of the Member and if agreed between the Member and the Trustees, be treated in the NATS Section as Member's voluntary contributions.

35.5 The Trustees shall not assume liability in respect of a Member of the NATS Section for

(a) an Equivalent Pension Benefit (as defined in the National Insurance Act 1965(**a**)); or

(b) a Guaranteed Minimum Pension, or

(c) Protected Rights

unless the payment or transfer to the NATS Section is in their opinion on the advice of the Actuary sufficient to secure the said benefit and before assuming such liability they shall ascertain from the trustees of or persons administering the other arrangement or Section the amount of such benefit. Upon assuming such liability they shall impose such restrictions on the options available to the Member as shall be necessary to comply with the requirements of the National Insurance Act 1965 or the Pension Schemes Act 1993 as appropriate.

35.6 In the event of the Member leaving Service in the NATS Section before Normal Pension Date for any reason except death he shall be entitled to the full amount of the benefit conferred upon him by the Trustees as aforesaid unless the Member in accordance with the Rules is to receive a return of his own contributions in lieu of other benefit. In that event the return of any of the contributions which are referred to in Rule 35.4 above shall be in lieu of the whole of the benefits conferred upon the Member by the Trustees as aforesaid.

36. TEMPORARY ABSENCE FROM WORK

36.1 If a Current Member of the NATS Section is temporarily absent from work, he may with the consent of his Employer and subject to the following paragraphs of this Rule, be deemed for the purposes of these Rules to remain a Current Member of the NATS Section in the Service of the Employers:

(a) for any period before Normal Pension Date during which the absence is due to his injury or illness, or to secondment to a United Kingdom Government Department or work of national importance of a like nature; or

(b) for any other period before Normal Pension Date not exceeding three years or ten years if the Member remains resident in the United Kingdom (or such longer period as shall be acceptable to the Board of Inland Revenue).

36.2 Rule 36.1 shall not apply in respect of any period after the Member has become a member of any other retirement benefits scheme or another Section of the Scheme unless prior confirmation has been obtained from the Board of Inland Revenue that approval of the Scheme under the Taxes Act will not thereby be prejudiced.

Continuation or suspension of contributions

36.3 Where the Employer notifies the Trustees that a Member of the NATS Section is temporarily absent on full pay or that he is on sick leave on full pay or on half pay such Member shall be deemed to remain in Service under the NATS Section in accordance with Rule 36.1 and shall continue to pay contributions under Rule 23.1 together with the proportion (if any) of the Member's voluntary contributions to the NATS Section agreed between the Trustees and the Member.

For the purposes of this Rule in relation to the calculation of benefit hereunder the Trustees shall treat as conclusive any statement made by the Employers in writing that a Member is or was in receipt of full pay or half pay for any period or part of a period of absence.

If the Member's contributions to the NATS Section are continued in whole or in part during any such period as aforesaid, the whole of such period shall be included in the Member's Pensionable Service, provided always that no such period shall be included in Pensionable Service which would conflict with the requirements of the Board of Inland Revenue.

36.4 A person who is deemed to remain a Current Member of the NATS Section in accordance with this Rule 36 (other than a person to whom Rule 36.3 applies) may, with the consent of the Trustees suspend his contributions (if any) to the NATS Section or may continue to pay contributions on any basis agreed with the Trustees and acceptable to the Board of Inland Revenue, provided that in respect of any period of Paid Maternity Absence a Member shall not be required to pay contributions calculated with reference to remuneration in excess of the amount of contractual remuneration or statutory maternity pay actually paid to or for her in respect of that period.

(**a**) 1965 c.51.

If no contributions are paid by such Member to the NATS Section during any period throughout which he is deemed to be a Current Member in accordance with this Rule 36 the Trustees shall exclude such period from the Member's Pensionable Service except as provided below.

If the Member's contributions to the NATS Section are continued in whole or in part during any such period as aforesaid the whole or, respectively, an appropriate proportion of such period (determined by the Trustees) shall be included in the Member's Pensionable Service, provided always that no such period shall be included in Pensionable Service which would conflict with the requirements of the Board of Inland Revenue.

Maternity leave

Paid Maternity Absence

36.5(a) If a female Member of the NATS Section is absent from work during any period which is Paid Maternity Absence she shall be deemed to remain a Current Member in Service throughout such period. The provision of death benefits from the NATS Section in respect of her shall continue throughout such period and such period shall be included within her Pensionable Service. Such Member's remuneration for the purpose of calculating any benefit from the NATS Section shall be not less than an amount calculated with reference to the remuneration to be attributable to such period in accordance with paragraph 5 of schedule 5 to the Social Security Act 1989(**a**).

Maternity leave after Paid Maternity Absence

(b) If a female Member of the NATS Section is absent from work on maternity leave she shall continue to be deemed to be a Current Member in Service in accordance with Rule 36.1 after the cessation of her period of Paid Maternity Absence until the expiry of the period during which she may exercise her right under the said Act to return to work or, if earlier, the date of her notice to the Employer of her intention not to return to work and the provisions of this Rule 36 other than paragraph (a) above shall apply in respect of that part of her absence which follows the period of her Paid Maternity Absence.

Concurrent membership of sick pay scheme

36.6 A Member of the NATS Section who is absent from employment and whether or not there is in respect of him a clear expectation of returning to Service may at the discretion of the Trustees be deemed to remain a Current Member in accordance with Rule 36.1 during any period during which he is in receipt of benefit which will not continue beyond Normal Pension Date from a sick pay scheme of the Employer.

Continuation of death benefits

36.7 Death benefits under the NATS Section shall continue in force in respect of Members who are deemed to be Current Members of the NATS Section in accordance with this Rule 36.

Adjustment of remuneration

36.8 If the remuneration of a Member of the NATS Section to whom this Rule 36 has been applied is reduced or suspended during any period of absence, the amount of any benefit which is to be calculated in respect of the Member by reference to such remuneration shall, except as provided in Rule 36.5(a), be calculated during any period of absence for six months or less, or absence for sick leave, having regard to the remuneration which the Trustees in their discretion determine that the Member would have received had he been in active employment on full pay, and during any period of absence in excess of six months, other than absence for sick leave, shall be such other amount or rate of remuneration which the Employer, with the consent of the Trustees, considers to be appropriate.

36.9 If at the expiry of the appropriate period specified in this Rule 36 the Member has not returned to work, he shall cease to be a Current Member of the NATS Section.

37. APPLICATION OF DEATH BENEFITS

37.1 In respect of any benefit which is expressed to be payable under the NATS Section in accordance with this Rule the Trustees shall, subject to Rule 37.3, as soon as practicable after the Member's death pay such benefit to the Member's personal representatives and/or pay or apply such benefit to or for the benefit of any one or more of the Member's Dependants and Relations living or conceived but not yet born at the Member's death and/or such persons or bodies as the Member may have notified in writing to the Trustees (as being persons or bodies whom the Member wishes the Trustees to consider as possible recipients of any benefit payable from the NATS Section on the Member's death) and/or people who would be entitled to benefit from the Member's estate (whether by testamentary disposition or under the law relating to intestacy) in such shares and in such manner as the Trustees shall decide. In exercising this

(**a**) 1989 c.24.

discretion the Trustees may have regard to but shall not be bound by any wishes notified to the Trustees by the Member. The Trustees may in exercise of their discretion under this Rule pay such lump sum or any part thereof to trustees to hold upon such trusts and subject to such powers and provisions as the Trustees may direct and in this connection the Trustees shall have power to declare trusts and appoint separate trustees thereof and provide for their remuneration.

37.2 If at the end of the period of two years after the Member's death the Trustees shall not have made the said payment or shall have made payment of only part of the benefit aforesaid the Trustees shall pay the whole or the balance (as the case may be) of such benefit to the Member's personal representatives, except that if the residuary estate of the Member falls to be treated as bona vacantia belonging to the Crown or to the Duchy of Lancaster or the Duchy of Cornwall the said benefit or such balance thereof shall not be payable but shall fall into and form part of the assets of the NATS Section for all the purposes of the NATS Section.

37.3 In the case of a Member of the NATS Section who has died while in Service and who at the date of his death was a Controlling Director who had reached his 75th birthday, Rule 37.1 shall not apply and the said benefit shall instead be paid to his Spouse (if any), or if he leaves no Spouse then to his personal representatives.

37.4 In this Rule 37:

Dependants means in respect of a Member of the NATS Section, the persons included within the definition of ***Dependant*** in Appendix 1 and also includes any other person or persons towards whose maintenance or education the Member has contributed in cash or otherwise; and

Relations means in respect of a Member of the NATS Section:

(a) the widow or widower of the Member or any former spouse of the Member,

(b) any Child or other descendant of the Member and the spouse or widow or widower of any such Child or other descendant,

(c) the father or mother (whether natural or adoptive) or other ancestor of the Member or his spouse and the widow or widower of such father or mother or other ancestor,

(d) any brother or sister (whether of the whole blood or the half blood and whether natural or adoptive) of the Member or his spouse and the widow or widower of any such person, and

(e) the children and grandchildren of the Member's grandparents and of the grandparents of his spouse, and the spouse of any such child or grandchild

(and for this purpose ***Child*** includes a stepchild, a legally adopted child and a child to whom in the opinion of the Trustees the Member or other person as appropriate stands or would but for the Member's death have stood in the place of a parent).

37.5 Before making any payment in accordance with this Rule 37 the Trustees shall have regard, where appropriate, to any order of the Court made in accordance with the Matrimonial Causes Act 1973(**a**).

38. PAYMENT OF PENSIONS

Payment of pensions

38.1 Pensions from the NATS Section shall be payable by monthly instalments in advance, the first payment being due on the day on which the pension becomes payable.

38.2 Subject always to Rule 39 the amount of each instalment of pension hereunder shall be 1/12th of the annual amount, provided that the annual amount of any pension payable from the NATS Section shall where it is not a multiple of 12 pence be rounded up to the next multiple of 12 pence above.

38.3 A pension payable from the NATS Section to or in respect of a Member of the NATS Section shall cease with the last instalment falling due before the death of the recipient of such pension, except as described in Rule 27.2 and Rule 38.4.

38.4 A pension payable from the NATS Section to or in respect of a Qualifying Child shall cease with the last instalment falling due before the earlier of (i) the attainment of age 18 by the Qualifying Child, and (ii) the death of the Qualifying Child, provided always that:

(i) if at the date of (i) above the Qualifying Child is in receipt of full-time educational or full-time or substantially full-time vocational training of at least two years' duration the emoluments for which (if any) receivable by the Qualifying Child are of such amount as should in the opinion of the Trustees be ignored the pension shall continue to be payable until such education or training ceases or until the Qualifying Child attains age 25 whichever is the earliest; and

(ii) for the purposes of this Rule education or training shall not be regarded as ceasing upon the occurrence of any break therein which the Trustees consider to be of short duration or incidental in the course of such education or training.

(**a**) 1973 c.18.

Change in manner of payment and variable pension option

38.5(a) Subject always to Appendix 4 and Appendix 5, at the request of or with the consent of a Member or other beneficiary a benefit payable from the NATS Section to or in respect of him may at the discretion of the Trustees be payable in a different manner or in a different form from that described in these NATS Rules and the amount thereof may be adjusted appropriately provided always that:

(i) the total benefits in respect of him shall not be less than the Trustees after consultation with the Actuary consider to be actuarially equivalent; and

(ii) this Rule shall not be operated in such a way as to cause the pension to which a Member or his Spouse is entitled in accordance with Appendix 5 to be payable for less than such person's lifetime.

(b) The provisions of paragraph (a) above may at the request of a Member be applied to increase the amount of the Member's pension in course of payment from the NATS Section prior to State Pensionable Age so that such pension immediately prior to that age shall, as far as may be practicable, be equal to the aggregate immediately after that age of the Member's pension from the NATS Section and the State pension payable to the Member. For this purpose the State pension payable to the Member shall be taken to be the full rate of basic State pension payable to a single person as at the date of commencement of the Member's pension from the NATS Section.

The application of this paragraph (b) shall be subject to paragraph (a) above except that:

(i) it shall be applied at the option of the Member and not at the discretion of the Trustees; and

(ii) by request in writing to the Trustees, a Member may exercise such option or cancel the exercise of such option within the period of three months after commencement of payment of his pension from the NATS Section subject to any terms imposed by the Trustees in order to satisfy the requirements (if any) of the Board of Inland Revenue.

Any alteration to a Member's pension from the NATS Section as a result of the application of this paragraph (b) shall be disregarded in the calculation of the Member's Relevant Pension.

Method of payment of benefits

38.6 Every person entitled to receive a pension or other benefit under the NATS Section shall notify the Trustees, or as they may direct, of the bank or building society in the United Kingdom or address to which the pension or other benefit may be sent. Subject to Rule 22, such payment will be made in sterling to such person's bank or building society account in the United Kingdom or by cheque crossed "a/c payee only" and sent through the post at the risk of the recipient to the address last notified to the Trustees or as the Trustees shall determine having regard to a request from the recipient.

39. INCREASES IN PENSIONS IN PAYMENT

39.1 Pensions in course of payment from the NATS Section shall be increased in each year on 1 April by the percentage increase in the cost of living over the past year as shown in the Index for the month of February prior to the relevant 1 April or, in the case of a pension which commenced to be paid within the year to 31 March by a proportional amount calculated on a basis determined by the Trustees with the advice of the Actuary; provided always that

(a) increases under this Rule to a Member's pension shall, after attainment by the Member of State Pensionable Age, be calculated in respect only of that part (if any) of the Member's pension which is in excess of his Guaranteed Minimum Pension except that this proviso shall not be applied in respect of a Member until the 1 April after the 1 April which next follows his attainment of State Pensionable Age; and

(b) increases under this Rule to a pension payable under the NATS Section to a Member's Spouse shall be calculated in respect only of that part (if any) of the Spouse's pension which exceeds the Spouse's Guaranteed Minimum Pension in respect of the Member or, in the case of a pension payable at the rate described in Rule 28.3(a), that part (if any) of the Spouse's pension which exceeds twice the Spouse's Guaranteed Minimum Pension in respect of the Member at the date of his death except that this proviso shall not be applied in respect of the first increase to be made under this Rule to any pension payable to the Spouse of a Member who has died before attainment of State Pensionable Age; and

(c) the said pensions shall be increased at least to such extent and on such dates as are necessary to comply with the provisions of Chapter I of Part V of the Pension Schemes Act 1993(**a**) and the requirements of the Department of Social Security in relation to the increase in pensions in payment; and

(d) if there is a percentage decrease in the cost of living as shown in the Index references in this Rule

(**a**) 1993 c.48.

39 to increases and increasing a Member's pension shall be taken to be references to decreases and decreasing a Member's pension but such decreases shall be such as the Trustees with the consent of the Employers may determine and shall not apply:

(i) to pensions of a Member who became entitled to a deferred pension hereunder upon ceasing to be a Current Member more than 365 days before Normal Pension Date; or

(ii) so as to reduce a Member's pension from the NATS Section below the level of such pension at the date of its commencement,

and provided further that paragraphs (a) and (b) above shall not apply if the person to whom such pension is payable is not in receipt of the increases paid by the State in respect of the notional state pension to which the Guaranteed Minimum Pension or Spouse's Guaranteed Minimum Pension corresponds.

Increases in accordance with this Rule 39 shall be not less in amount than are required to satisfy sections 51 to 54 of the Pensions Act 1995(**a**) and shall satisfy any other requirements of that Act relating to such increases including requirements relating to amounts of increases and to dates of payment and other terms and conditions relating thereto.

40. MEMBER'S CATEGORY OPTION

40.1 All Members of the NATS Section shall be Class B Members and their benefits from the NATS Section shall be subject to the provisions of Section B of Appendix 4 except for any Member who gives notice in accordance with Rule 40.2 that he wishes to be treated as a Class A Member.

40.2 A Class B Member who wishes to be treated for the purposes of the NATS Section as a Class A Member shall before his Latest Option Date and before attaining age 75 give written notice to the Administrator in such form as the Administrator shall require. Such Member shall be treated for the purposes of the NATS Section as a Class A Member and the provisions of Section A of Appendix 4 shall apply to his benefits under the NATS Section instead of Section B of Appendix 4.

41. NON-ASSIGNABILITY, FORFEITURE AND UNCLAIMED BENEFITS

41.1 No benefit provided from the NATS Section is capable of being assigned or charged in any way.

41.2 Any person who:

(a) purports or attempts to assign, charge or alienate in whole or in part any benefit or right to benefit to which he is entitled or may become entitled under the NATS Section; or

(b) is bankrupt when he first becomes entitled to a benefit under the NATS Section; or

(c) becomes bankrupt whilst in receipt of a pension from the NATS Section; or

(d) does or suffers anything whereby such benefit or right to benefit would but for this Rule 41 become vested in or payable to any other person or body,

shall, subject always to the provisions of sections 91 and 92 of the Pensions Act 1995, immediately forfeit all right to the payment of benefit or further benefit from the NATS Section other than Guaranteed Minimum Pension, provided always that if the Trustees in their discretion so determine they may commence or resume payment of any benefit forfeited under this Rule by reason of the bankruptcy of any person if that person is discharged from such bankruptcy and provides evidence of such discharge satisfactory to the Trustees.

41.3 Where a benefit payable under the NATS Section to any person has been forfeited by operation of Rule 41.2, the Trustees shall have power at their discretion to hold, pay or apply such benefit for the support and maintenance of that person or his Spouse or children or other Dependants or any of them, provided always that payment shall not be made to any person purporting to be an assignee or chargee of such benefit.

Unclaimed benefits

41.4 The Trustees shall have power if in the exercise of their discretion they so determine to place any monies representing benefits payable under the NATS Rules to which a claim enforceable under the provisions of the NATS Rules is not made within six years of their becoming payable to the credit of the Section Assets of the NATS Section and no person shall thereafter have any further claim to or interest in such benefits.

42. PAYMENTS TO MINORS AND PERSONS UNDER A DISABILITY

42. Notwithstanding anything contained to the contrary in the Trust Deed or the NATS Rules, where payment of any benefit from the NATS Section is to be made to a Minor or to a person who is in the opinion of a Medical Adviser suffering from any mental disorder or physical or other incapacity rendering him unable to manage his affairs or to give a proper receipt for the whole or any part of the benefit the Trustees may in their discretion determine that such pension or other benefit shall be paid to and applied

---

(**a**) 1995 c.26; section 51 was amended by the Welfare Reform and Pensions Act 1999 (c.30), section 84(1) and Schedule 12, Part I, paragraphs 43 and 51; section 53 was amended by that Act, section 84(1) and Schedule 12, Part I, paragraphs 43 and 52; section 54 was amended by that Act, section 18 and Schedule 2, paragaph 13.

for the benefit of the Minor or for the maintenance of that person by such person or persons body corporate or institution as seem to the Trustees to be best for the benefit of such Minor or other person and the receipt of that person or persons body corporate or institution so paid shall be a complete discharge for such pension or other benefit and the Trustees shall be under no liability to see to the application thereof.

43. TAXATION

43. Without prejudice to any express provision contained in the Trust Deed or NATS Rules:

(a) the Trustees shall be entitled to deduct from the Section Assets a sum equal to any tax, levy, fee or duty for which the Trustees become liable in respect of the NATS Section; and

(b) the Trustees shall be entitled to deduct from any benefit or other payment made under the NATS Section a sum equal to any tax, levy, fee or duty for which the Trustees become liable in consequence of such payment.

In particular, if any liability to Inheritance Tax (including interest on such tax) arises in respect of any benefit falling to be paid to any person whomsoever under the NATS Section, the Trustees may either discharge that liability and deduct the amount so paid from the benefit or may postpone payment of the benefit until the liability has been discharged or provided for to their satisfaction.

44. CESSATION OF EMPLOYERS' CONTRIBUTIONS

Any Employer may at any time without the agreement of the Members but subject to the consent of the Sponsoring Section Employer (in the case of an Employer other than the Sponsoring Section Employer) terminate its liability to contribute to the NATS Section by giving six months' notice in writing to the Trustees (or, in the case of an Employer other than the Sponsoring Section Employer, such shorter period of notice as the Trustees shall be willing to accept). Upon receipt of such notice the Trustees shall notify or arrange for the notification of the Members employed by that Employer individually in writing to that effect. All liability to contribute to the NATS Section on the part of that Employer and such Members shall cease with effect from the date of such notice by the Employer except in so far as concerns any payments arising under Rule 17.3 or Rule 20.2 and any other payments due on or before such date and the provisions of Rule 19 or 20 (as appropriate) shall be applied.

45. PART-TIME SERVICE

45. Notwithstanding any other provision of the NATS Section, the amount of pension to be payable from the NATS Section in respect of part-time Service of a Member shall be determined by the Trustees on the advice of the Actuary taking into account among other things the proportion which the number of hours of such Member's Service in any week bears to the number of hours in the Employer's standard working week, subject always to the requirements of the Board of Inland Revenue.

In respect of a Member whose Service includes both full-time and part-time Service the amount of pension from the NATS Section payable to or in respect of the Member shall be subject to such adjustment as shall be determined by the Trustees on the advice of the Actuary having regard to the requirements of the Board of Inland Revenue.

46. SET-OFF

46. If a Member is discharged from Service in the NATS Section on account of his fraud or dishonesty or wilful damage to the property of the Employers or resigns from Service to avoid such discharge the Trustees shall be entitled if they think fit to set off against any money due to him under the NATS Section (other than benefits arising from a transfer into the NATS Section and other than the Member's Guaranteed Minimum Pension) such amounts as the Employers claim to be entitled to recover from the Member arising out of such fraud dishonesty or wilful damage as the case may be or such part of them as they think fit, provided that

(a) subject to the terms of any agreement in writing between the Employers and the Member, the amount set off must not be greater than the actuarial value of the Member's actual or prospective benefits at the time of the reduction nor greater than the sum of the amounts claimed and the Member shall remain entitled to the balance of any benefits provided for and in respect of him (if any); and

(b) the Trustees shall give the Member a certificate showing the amount set off and its effect on his benefits or prospective benefits under the NATS Section and shall send a copy of the certificate to the Employers; and

(c) in the event of any dispute as to the amount to be set off the Trustees shall not satisfy any claim made by the Employers to the amount set off without prior production to them of an order of a competent court or an award of an arbitrator made in proceedings on a submission arising out of the said fraud dishonesty or damage under which the amount or some part of it has become enforceable against the Member and the final total amount set off shall be limited in such event to the total amount enforceable against the Member under such orders or awards as are produced to the Trustees; and

(d) in a case to which paragraph (c) applies, if within 12 months of the Member's discharge or resignation or such longer period as the Trustees may reasonably allow the Employers have not

produced an order of a competent court or an award of an arbitrator under which the amount set off or some part of it is enforceable the Member's benefits shall be paid free of any set off under this Rule; and

(e) this Rule 46 may, subject always to any regulations made under section 91 of the Pensions Act 1995, also be applied (with any necessary alterations in point of detail) in relation to any sums owed to the NATS Section arising out of any fraudulent dishonest or criminal act of a Member.

47. ADJUSTMENT FOR FAMILY BENEFIT CONTRIBUTIONS

47.1 The amount of any lump sum death benefit payable from the NATS Section in respect of a Member of the NATS Section and, subject always to Appendix 5, the amount of any pension payable from the NATS Section to a Member, shall be reduced by the amount of or if appropriate the pension equivalent of any Family Benefit Contributions in respect of the Member which in the opinion of the Trustees with the advice of the Actuary had not been paid prior to the date of death of the Member or, as appropriate, the date of commencement of his pension from the NATS Section.

47.2(a) Upon the cessation of Service of a Member to whom this Rule 47.2 applies as described in paragraph (b) below there shall at the discretion of the Trustees be payable subject to any deduction in accordance with Rule 43 and subject where required by the Trustees to the Member's agreement to such terms and conditions, including paragraph (c) below, as the Trustees shall require but otherwise upon the request of a Member an amount equal to such proportion of his Family Benefit Contributions (together with 3% per annum compound interest thereon) as the Trustees with the advice of the Actuary shall consider to be appropriate. In the case of a Member whose cessation of Service was caused by his death such amount shall be payable in accordance with Rule 37.

Alternatively and in lieu of such amount, if the Member so requests and the Trustees agree, there may be payable an additional amount of pension determined by the Trustees on the advice of the Actuary as the equivalents of the said amount, subject always to Appendix 4.

(b) This Rule 47.2 applies to a Member of the NATS Section (other than a Member who would have been excluded from this benefit if the Previous Scheme Provisions had continued to apply) who:

(i) has not been married at any time during his Pensionable Service and has never during such Pensionable Service had a Dependant eligible for benefit under rule 26.9; or

(ii) has been married at any time during his Pensionable Service but whose last or only marriage has been terminated by death of the Spouse or by divorce annulment or other dissolution and who during such Pensionable Service has never had a Dependant eligible for benefit under Rule 26.9; or

(iii) is any other person who was included for a benefit corresponding to this benefit in accordance with the Previous Scheme Provisions.

(c) Except where the Trustees agree otherwise, a Member of the NATS Section who is to receive a refund or an additional amount of pension in accordance with paragraph (a) above shall give an undertaking that he will inform the Trustees if he subsequently marries and that he will then repay to the Trustees the amount so received (or in the case of an additional pension, the total of the instalments thereof so received) together with compound interest thereon as determined by the Trustees with the advice of the Actuary.

In consideration of such repayment the NATS Section shall accept a liability to provide a pension for the Member's Spouse and/or Qualifying Children and/or Dependants as shall be notified by the Trustees to the Member.

48. OVERPAYMENT OF BENEFITS

48. In the event of any overpayment of benefits under the NATS Section the Trustees may deduct the amount overpaid from any benefits subsequently due to any person in respect of the same membership but without prejudice to such rights as the Trustees may have to recover the overpayment in another manner.

SCHEDULE 1 TO APPENDIX 3

PENSION SHARING ON DIVORCE

Application of Schedule

1. This Schedule overrides all provisions of the NATS Rules. It applies only to the NATS Section.

Definitions

2. For the purposes of this Schedule:

Ex-Spouse means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order;

Ex-Spouse Participant means an Ex-Spouse who is entitled to a Pension Credit Benefit in addition to any benefits to which he or she is entitled as a Member of the NATS Section or as a Dependant of a Member of the NATS Section;

Deferred Pension Reduction means the amount by which the Member's pension or deferred pension under the NATS Section which arises from Service is reduced at the Relevant Date in accordance with the provisions of section 31 of the Welfare Act(**a**) following a Pension Sharing Order;

Pension Credit means a credit under section 29(1)(b) of the Welfare Act and is equal to the Pension Debit;

Pension Credit Benefit means the benefit payable from the NATS Section to or in respect of an Ex-Spouse Participant by virtue of rights under the NATS Section attributable either directly or indirectly to a Pension Credit. The value of such benefit (calculated as required by the Welfare Act) shall not be less than the Pension Credit;

Pension Credit Rights means rights to future benefits under the NATS Rules which are attributable either directly or indirectly to a Pension Credit;

Pension Debit means a debit under section 29(1)(a) of the Welfare Act and is calculated in accordance with sections 29 and 30 of the Welfare Act;

Pension Debit Member means a Member of the NATS Section who on the date of his or her marriage is dissolved or annulled is or was either:

(i) a Controlling Director or would be a Controlling Director if he or she left Service on that date; or

(ii) in receipt of Earnings in excess of one quarter of the Permitted Maximum on that date,

and whose benefits have been permanently reduced by a Pension Debit in accordance with section 31 of the Welfare Act. For the purpose of this definition ***Earnings*** means the total emoluments (from which tax has been deducted in accordance with the Income Tax (Employment) Regulations 1993(**b**)) received by the Member from the Employers during the year of assessment immediately before the year of assessment in which the marriage of the Member was dissolved or annulled;

Pension Sharing Order means an order or provision as mentioned in section 28(1) of the Welfare Act or an agreement or equivalent provision;

Welfare Act means the Welfare Reform and Pensions Act 1999 and any reference to the Welfare Act or to a section of that Act shall include (where necessary) the corresponding provision applicable in Northern Ireland.

Options of Ex-Spouse Participant in respect of Pension Credit

3.1 The following provisions shall apply to an Ex-Spouse Participant in relation to his or her Pension Credit.

Pension

3.2 At the request of an Ex-Spouse Participant a pension can be paid to the Ex-Spouse Participant at any time between the date he or she attains the age of 50 and the date he or she attains the age of 75. It may be paid at an earlier age if he or she is suffering incapacity but only if, where the Ex-Spouse Participant is entitled to benefits under the NATS Rules as a Member of the NATS Section, he or she has been permitted to take benefits under the NATS Rules which are available on incapacity. The pension shall increase each year by at least the amount (if any) as is required in accordance with the Pensions Act 1995. The value of the pension shall be equal to the amount of the Pension Credit.

If the Ex-Spouse Participant is over the age of 75 at the date the Pension Sharing Order comes into effect the pension shall commence immediately.

Trivial Pension Serious Ill-health and Dependant's Pension Option

3.3 The provisions of Rule 29.1 and 29.3 and Rule 30 shall apply to an Ex-Spouse as if the reference to a Member in those Rules were to an Ex-Spouse Participant provided that:

(a) if the Member of the NATS Section in relation to whom the Ex-Spouse Participant is entitled to Pension Credit Rights has received a cash payment from the NATS Section before the date of implementation by the NATS Section of the Pension Sharing Order the Ex-Spouse Participant may not exercise the option under Rule 29.1 or 29.3;

(b) if the Ex-Spouse Participant is also a Member, commutation under Rule 29.1 of the benefit to

---

(**a**) 1999 c.30.

(**b**) S.I. 1993/744, amended by S.I. 1993/2276, 1994/775, 1994/1212, 1995/216, 1995/853, 1995/1223, 1995/1284, 1996/804, 1996/980, 1996/1312, 1996/2381, 1996/2554, 1996/2631, 997/214.

which he or she is entitled either as a Member or an Ex-Spouse Participant shall not be available if the aggregate of those benefits exceeds the limit referred to in that Rule and if available such aggregate shall be fully commuted.

Normal Commutation

3.4 An Ex-Spouse Participant may (subject to proviso (b) to Rule 3.3 of this Schedule) commute part of the pension to which he or she is entitled by virtue of the Pension Sharing Order for a lump sum at the date the pension is due to commerce. The lump sum shall not exceed 2.25 times the amount of annual pension which, apart from the commutation and, if applicable, the exercise of the option under Rule 30, would have been payable to the Ex-Spouse Participant at its commencement.

Death before Pension starts

3.5 If the Ex-Spouse Participant or an Ex-Spouse who, but for the Trustees having not implemented the provisions of the Pension Sharing Order, would be an Ex-Spouse Participant (in which case such Ex-Spouse shall be deemed to be an Ex-Spouse Participant) dies before a pension becomes payable to him or her from the NATS Section the following benefits shall be payable.

(a) **Lump Sum**

A lump sum of such amount (if any) (subject to a maximum of 25% of the Cash Value of the Pension Credit Rights of the Ex-Spouse Participant at the date of his or her death) as the Trustees shall decide. Such lump sum shall be paid in accordance with Rule 37 as if the Ex-Spouse Participant was a Member of the NATS Section.

(b) **Dependant Pension**

A non-commutable pension for the benefit of such one or more of the Dependants of the Ex-Spouse Participant selected by the Trustees and of such amount(s) as the Trustees (acting on the advice of the Actuary) shall determine to be equivalent in value to the Cash Value of the Pension Credit Rights less the amount (if any) payable in accordance with paragraph (a) above. The amount of the pension shall not exceed 2/3rds (in the case of any one Dependant) or 100% (in the case of all Dependants) of the Appropriate Pension. For this purpose the Appropriate Pension is the amount of pension which could in the opinion of the Trustees acting on the advice of the Actuary have been provided for the Ex-Spouse Participant by the whole of the Cash Value aforesaid if he or she had commenced receiving a pension from the NATS Section on the day before his or her death and for this purpose an Ex-Spouse Participant under the age of 50 shall be deemed to have been exactly 50 years of age.

Such pension(s) shall be payable in accordance with Rule 38.

(c) Any part of the Pension Credit Rights which cannot be applied in accordance with Rule 3.5(b) of this Schedule shall be retained in the Fund.

Death After Pension Starts

3.6 If the Ex-Spouse Participant dies after a pension becomes payable to him or her from the NATS Section and the Ex-Spouse Participant, with the agreement of the Trustees, elected at the date the pension commenced that such benefit would be payable on his or her death, there shall be payable in accordance with Rule 37 as if the Ex-Spouse Participant were a Member of the NATS Section an amount (if any) by which five times the initial annual amount of pension exceeds the amount of pension actually paid.

Transfer Out (Ex-Spouse Participant)

3.7 The Trustees may at their discretion instead of providing Pension Credit Rights for an Ex-Spouse Participant and shall, on the written request of an Ex-Spouse Participant or as provided under paragraph 1(3) of schedule 5 of the Welfare Act, transfer his or her Pension Credit Rights to either:

(a) a scheme which is approved under Chapter 1 of part XIV of the Taxes Act(**a**) and which the Ex-Spouse Participant is a member of or has a Pension Credit under it, or

(b) a Personal Pension Scheme, or

(c) a scheme which satisfies the requirement of the Board of Inland Revenue in connection with such transfer,

provided such scheme is able and willing to accept such Pension Credit Rights.

The Trustees shall inform the trustees or administrator of the scheme to which the transfer is made that the whole of the transfer made in accordance with this Rule relates to the Pension Credit Rights of the Ex-Spouse Participant.

(**a**) 1988 c.1.

Ex-Spouse Participant also Member of the NATS Section

4. If an Ex-Spouse Participant is entitled to benefits from the NATS Section as a Member of the NATS Section or as a Dependant of a Member of the NATS Section the benefits to which the Ex-Spouse Participant is entitled from the NATS Section as an Ex-Spouse Participant shall, except as provided in Rule 3.3 of this Schedule, be treated separately from the benefits to which he or she is entitled as a Member of the NATS Section or as a Dependant of a Member of the NATS Section.

Effect of Inland Revenue Limits

5.1 The provisions of Appendix 4 shall be amended as follows in respect of a Member of the NATS Section who is a Pension Debit Member:

Maximum Pension

(a) the maximum aggregate retirement benefit shall be reduced by the Deferred Pension Reduction and by any reduction of a similar nature under Associated Schemes and, in the case of a Class A Member, and a Class B Member (other than a Continued Rights Member) who became a Member on or after 1 June 1989 Connected Schemes;

Maximum Lump Sum

(b) the maximum lump sum retirement benefit shall be reduced by 2.25 times the Deferred Pension Reduction;

Maximum Dependants Pension

(c) the maximum Dependants pension under Appendix 4 shall be reduced by deducting from the maximum aggregate retirement benefit (before any reduction in accordance with this Schedule) the Deferred Pension Reduction and any deductions of a similar nature under Associated Schemes and, in the case of Class A Member, and a Class B Member (other than a Continued Rights Member) who became a Member on or after 1 June 1989 Connected Schemes; and

Member also an Ex-Spouse Participant

(d) any benefits to which a Member of the NATS Section is entitled as an Ex-Spouse Participant in accordance with a Pension Sharing Order or from a Pension Credit Benefit of an Ex-Spouse Participant shall be ignored for the purpose of Appendix 4.

Reduction in Members Benefits

6. The benefits payable to a Member in accordance with the other provisions of the Rules shall be reduced in a manner which satisfies the provisions of the Welfare Act and the amount of such reduction in benefit shall be equal in value to the Pension Debit.

Transfers in

7. The Trustees may accept a transfer to the NATS Section in respect of a Member or Ex-Spouse Participant who has a Pension Credit Benefit under another scheme or arrangement and if they do so they shall separately identify the benefits relating to such Pension Credit Benefit and the provisions of this Schedule shall apply to the benefits relating to such transfer.

Transfer Out (Member)

8. If a transfer is made in accordance with Rule 34 in respect of a Member of the NATS Section to whom this Schedule applies the Trustees shall give details to the trustees of or person administering such other arrangement of any Pension Credit or Pension Debit which applies to such Member.

Non-Assignment/Forfeiture

9. Rule 41 shall not apply in respect of any part of the benefits for or in respect of a Member of the NATS Section or an Ex-Spouse Participant in connection with benefits to be provided from the NATS Section to an Ex-Spouse in compliance with a Pension Sharing Order.

Restriction of Contracted Out Benefits

10. If any part of the Pension Credit Rights includes safeguarded rights (as defined in Section 68A of the Pension Schemes Act 1993(**a**)) the other provisions of this Schedule shall be amended to such extent as is necessary to comply with the provisions of the Pension Schemes Act 1993 and the Welfare Act(**b**) as regards those safeguarded rights.

(**a**) 1993 c.48.
(**b**) 1999 c.30.

Winding Up

11. In the event of the NATS Section being wound up in accordance with Rule 19 the Pension Credit Benefits shall be accorded priority as satisfies the provisions of the Pensions Act 1995 and, to the extent that the Pension Credit Benefits are not given priority under that Act, in accordance with Rule 19 as if the Ex-Spouse Participant were a Member of the NATS Section.

Charges

12. If the Trustees determine to recover the charges referred to in section 41 of the Welfare Act in the manner referred to in paragraph 9(2)(b)(c)(d) and (e) of the Pensions on Divorce etc. (Charging) Regulations 2000(**a**) then any reference to a Pension Credit or Pension Debit or the Pension Credit Benefit or pension payable to the Member as appropriate shall be reduced or increased accordingly.

(**a**) S.I.2000/1049.

APPENDIX 4

INLAND REVENUE LIMITS

Overriding rule

1. This Appendix 4 overrides all provisions of the Trust Deed and Rules. It applies separately to each Section of the Scheme.

Section A (Applicable to Class A Members)

2.1 Any pension (before the exercise of any options available under the relevant Section) payable to a Member from any Section on retirement at any time between attaining age 50 and attaining age 75 (other than on retirement before Normal Pension Date on grounds of incapacity) shall not be such that the aggregate of such pension and of the pension equivalent of all other retirement benefits payable in respect of that Member's Service including such benefit (if any) payable under Associated Schemes would exceed 1/60th of his Final Remuneration for each year of Service up to a maximum of forty, or such greater amount as will not prejudice the approval of the Scheme under Chapter I of Part XIV of the Taxes Act. For the purposes of this paragraph 2.1, the pension equivalent of all retirement benefits payable other than in the form of a non-commutable pension shall be 1/12th of its total cash value.

2.2 Any pension (before the exercise of any options available under the relevant Section) payable to a Member from any Section on retirement before Normal Pension Date on grounds of incapacity shall not exceed the amount which could have been provided in respect of him at Normal Pension Date under paragraph 2.1 above taking Final Remuneration as at the actual date of retirement but including in Service the period between the actual date of retirement and Normal Pension Date.

2.3 Notwithstanding paragraph 2.1 above, the pension which can be calculated under that paragraph in respect of a Member who ceases to be a Current Member before attaining age 75 may be increased by 5% compound for each complete year or in proportion to any increase in the Index which has occurred between the date of such cessation and the date on which the pension begins to be payable. Such amount may be further increased to comply with the preservation requirements of the Pension Schemes Act 1993 and, where appropriate, with the requirements of that Act relating to increases in Guaranteed Minimum Pensions.

3.1 Any lump sum retirement benefit payable to a Member from any Section (other than in commutation of pension on grounds of triviality) on retirement at any time between attaining age 50 and attaining age 75, except on retirement before Normal Pension Date on grounds of incapacity, shall not be such that the aggregate of such benefit and of all other lump sum retirement benefits payable in respect of that Member's Service including such benefit (if any) payable from Associated Schemes would exceed 3/80ths of his Final Remuneration for each year of Service up to a maximum of forty, or such greater amount as will not prejudice approval of the Scheme under the Taxes Act.

3.2 Any lump sum retirement benefit payable to a Member from any Section on retirement before Normal Pension Date on grounds of incapacity shall not exceed the amount which could have been provided in respect of him at Normal Pension Date under paragraph 3.1 above taking Final Remuneration as at the actual date of retirement but including in Service the period between the actual date of retirement and Normal Pension Date.

3.3 Notwithstanding paragraph 3.1 above, the lump sum retirement benefit which can be calculated under that paragraph in respect of a Member who ceases to be a Current Member may be increased in proportion to any increase in the Index which has occurred between the date of such cessation and the date on which the benefit becomes payable.

4. In the case of a Member who is or who has at any time during his membership of the Section been a Controlling Director of any of the Employers the maximum aggregate benefit referred to in paragraphs 2.1 and 3.1 shall be reduced, where necessary for approval of the Scheme under Chapter I of Part XIV of the Taxes Act, so as to take account of any corresponding benefits under either a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of that Act or a Personal Pension Scheme.

5. Any lump sum benefit (exclusive of any refund of the Member's own contributions and any interest thereon) payable from any Section on the death of a Member while in Service or having left Service entitled to a deferred pension under Rule 32 before the commencement of his pension from the Section shall not be such that the aggregate thereof and of all like benefits under Associated Schemes would exceed the greater of:—

(a) £5,000; and

(b) four times the Member's Final Remuneration at the date of his death

or such greater amount as will not prejudice the approval of the Scheme under the Taxes Act less, if the aggregate of such lump sums exceeds £2,500,

(i) any lump sum (other than a refund of his own contributions) payable on the death of the Member under all schemes relating to service with previous employers; and

(ii) any lump sum life assurance benefit payable on the death of the Member under a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of the Taxes Act, or a Personal Pension Scheme.

6. Any pension payable to any person from any Section on the death of a Member (other than any pension provided by voluntary surrender of pension by the Member) shall not be such that the aggregate thereof and of any other such pension payable to that person from all Associated Schemes or other Sections of the Scheme would exceed 2/3rd of the aggregate pension (including the pension equivalent of any benefits not in pension form) payable to the Member from such schemes, or such greater amount as will not prejudice the approval of the Scheme under the Taxes Act.

For this purpose the pension payable to the Member shall be taken as:

(a) that which he was receiving immediately before his death if applicable (including any increases to such pension while in payment up to and including the day before the Member's death); or

(b) if he died after ceasing to be a Current Member but before Normal Pension Date and before any pension had become payable to him from the Scheme the pension to which such Member would have been entitled under Rule 32 taking into account the increases (if any) to such pension described in Rule 24.3 up to and including the day before the Member's death together with any benefit from Associated Schemes or another Section of the Scheme which is a deferred benefit payable to the Member at any time between ages 50 and 75; or

(c) if he died whilst a Current Member before Normal Pension Date and before any pension had become payable to him from any Section, that which he would have received from the Section on retirement at Normal Pension Date had he remained a Current Member until that date without further change in remuneration together with any pension prospectively payable to the Member from Associated Schemes or another section of the Scheme had he remained in Service until Normal Pension Date without further change in remuneration; or

(d) if he died on or after Normal Pension Date and before any pension had become payable to him under the relevant Section that which he would have received on retirement at Normal Pension Date or, if later, that which he would have received if he had retired on the day before his death.

7. If a pension as described in paragraph 6 above is payable to more than one person from the relevant Section on the death of a Member, the total of all such pensions, when aggregated with all other such benefits under all Associated Schemes or other Sections of the Scheme, shall not exceed the aggregate pension of the Member calculated in accordance with paragraph 6 above or such greater amount as will not prejudice approval of the Scheme under the Taxes Act(**a**).

8. Any increase in a pension from the relevant Section after its commencement (other than an increase at a fixed rate not exceeding 3% per annum compound) shall not be so great as to cause such pension to exceed the maximum amount permitted under the foregoing paragraphs at the date of commencement, increased in proportion to any increase in the Index since that date. For this purpose there shall, in the case of a pension payable to the Member, be excluded from such maximum amount any pension which has been surrendered to provide a pension for a Spouse or Dependant.

9. In this Section A of Appendix 4:

Final Remuneration means in relation to a Member at the date of commencement of his pension from the relevant Section, or the date on which he ceases to be a Current Member, if earlier, the highest of:

(a) his highest total yearly remuneration from the Employers for any one of the last five years, except that in calculating the remuneration for any such year (the ***Relevant Year***) the amount of any fluctuating emoluments shall be taken as the yearly average over a period of three or more years (or, with the consent of the Board of the Inland Revenue, such lesser period as the Member has been in receipt of such emoluments) ending on the last day of the Relevant Year provided that for such purpose the fluctuating emoluments for a year other than the Relevant Year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the Relevant Year; and

(b) the highest yearly average of his total emoluments from the Employers for any period of three or more consecutive years ending not more than ten years before the said date; and

(c) in the case only of a Member who dies in Service, the yearly average of any fluctuating emoluments over a period of three or more years (or such lesser period as he was in receipt of such emoluments) ending at the date of his death and subject, with the necessary alterations in point of detail, to the proviso to sub-paragraph (a) above together with the yearly rate of all other remuneration from the Employers applicable immediately before the date of his death; and

(d) in the case only of a deceased Member his highest total emoluments from the Employers for any year ending not more than three years before the date of his death;

provided that:

(i) a Member's remuneration or other emoluments shall for this purpose include remuneration

---

(**a**) 1988 c.1.

assessed or assessable under Schedule E from a sick pay or permanent health insurance scheme of the Employer (being a scheme under which benefit will not continue beyond Normal Pension Date), benefits in kind to the extent that they are assessed or assessable under Schedule E as emoluments and otherwise to the extent agreed by the Board of Inland Revenue for this purpose, and directors' fees other than any to which the Member is not beneficially entitled or any which are treated for tax purposes as a receipt of a profession; but

(ii) except in respect of a Member who dies in Service, a Member's remuneration or other emoluments for this purpose shall not include anything in respect of which tax is chargeable by virtue of section 148 of the Taxes Act or any amounts which arise from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares where the rights were acquired on or after 17th March 1987,

(iii) if the Member's remuneration had been reduced for more than ten years on account of incapacity, his Final Remuneration may be calculated by reference to the date of such reduction; and

(iv) in calculating a Member's remuneration for any year the amount thereof may be deemed to be increased in proportion to any increase in the Index over the period since the end of such year; and

(v) the alternative in (a) above shall not apply in respect of a Member (other than a deceased Member) who is a Controlling Director; and

(vi) any excess of the amount calculated in accordance with this definition over the Permitted Maximum shall be disregarded.

Section B (Applicable to Class B Members)

10.1 Any pension (before the exercise of any options available under the relevant Section) payable to a Member from the relevant Section at or before Normal Pension Date shall not be such that the aggregate of such pension and of the pension equivalent of all other retirement benefits payable under the Employers' Schemes to or in respect of that Member's Service would exceed 1/60th of his Final Remuneration for each year of Service up to a maximum of forty, or such greater amount as will not prejudice the approval of the Scheme under Chapter I of Part XIV of the Taxes Act.

10.2 Notwithstanding paragraph 10.1 above, the pension which can be calculated under that paragraph in respect of a Member who ceases to be a Current Member before Normal Pension Date may be increased by 5% compound for each complete year, or in proportion to any increase in the Index which has occurred between the date of such cessation and the date on which the pension begins to be payable. Such amount may be further increased to comply with the preservation requirements of the Pension Schemes Act 1993 and, where appropriate, with the requirements of that Act relating to increases in Guaranteed Minimum Pensions.

11.1 Any lump sum retirement benefit payable to a Member from the relevant Section at or before Normal Pension Date (other than in commutation of pension on grounds of triviality or serious ill-health) shall not be such that the aggregate of such benefit and of all other lump sum retirement benefits payable to or in respect of him under the Employers' Schemes would exceed 3/80th of his Final Remuneration for each year of Service up to a maximum of forty disregarding any excess of that remuneration over £100,000 (or such other sum as may be specified in an order by the Treasury) for Members who become Current Members on or after 17th March 1987, or such greater amount as will not prejudice approval of the Scheme under the Taxes Act.

11.2 Notwithstanding paragraph 11.1 above, the lump sum retirement benefit which can be calculated under that paragraph in respect of a Member who ceases to be a Current Member may be increased in proportion to any increase in the Index which has occurred between the date of such cessation and the date on which the benefit in respect of the Member becomes payable.

12. In the case of a Member who is or who has at any time during his membership of the relevant Section been a Controlling Director of any of the Employers the maximum aggregate benefits referred to in paragraphs 10.1 and 11.1 shall be reduced, where necessary for approval of the Scheme under Chapter 1 of Part XIV of the Taxes Act, so as to take account of any corresponding benefits under either a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of that Act or a Personal Pension Scheme.

13. If a pension and/or lump sum retirement benefit becomes payable after Normal Pension Date to a Member who has not previously received any benefit from the relevant Section, the limits described in the preceding paragraphs shall apply but with the modification that either:

(a) the maximum benefits payable are calculated as if they had been payable at Normal Pension Date and are then increased in proportion to any increase in the Index since his Normal Pension Date (or actuarially if this should give a higher amount) in the case of a pension, and by the addition of interest at a reasonable rate in the case of a lump sum, in respect of the period between Normal Pension Date and the actual date of payment; or

(b) the maximum benefits payable are calculated as if the actual date of payment had been his

Normal Pension Date; for this purpose the limit of forty years referred to in paragraphs 10.1 and 11.1 above, where applicable, may be increased by the addition thereto of any period of Service (up to a maximum of five years) falling after Normal Pension Date;

provided always that in the case of a Controlling Director the said limitations shall be calculated as if his Normal Pension Date had been the earlier of this 70th birthday and the actual date of payment.

14. If a pension becomes payable after Normal Pension Date to a Member who has previously received a lump sum retirement benefit from the relevant Section, such pension shall not exceed an amount calculated in accordance with (a) of paragraph 13 above, except that in the case of a Controlling Director the alternative of increasing the pension actuarially shall not apply in respect of any period before his 70th birthday.

15. Any pension payable to any person from the relevant Section on the death of a Member (other than any pension provided by voluntary surrender of pension by the Member) shall not be such that the aggregate thereof and of any other such pension payable to that person from the Employer's Schemes would exceed 2/3rd of the aggregate pension (including the pension equivalent of any benefits not in pension form) payable to the Member from such schemes, or such greater amount as will not prejudice the approval of the Scheme under the Taxes Act.

For this purpose the pension payable to the Member shall be taken as:

(a) that which he was receiving immediately before his death if applicable (including any increases to such pension while in payment up to and including the day before the Member's death); or

(b) if he died after ceasing to be a Current Member but before Normal Pension Date and before any pension had become payable to him from the Scheme the pension to which such Member would have been entitled under Rule 32 taking into account the increases (if any) to such pension described in Rule 24.3 up to and including the day before the Member's death together with any benefit from the Employers' Schemes which is a deferred benefit payable to the Member at Normal Pension Date; or

(c) if he died whilst a Current Member before Normal Pension Date and before any pension had become payable to him from the relevant Section, that which he would have received on retirement at Normal Pension Date had he remained a Current Member until that date without further change in remuneration together with any pension prospectively payable to the Member from the Employers' Schemes had he remained in Service until Normal Pension Date without further change in remuneration; or

(d) if he died on or after Normal Pension Date and before any pension had become payable to him under the relevant Section that which he which he would have received on retirement at Normal Pension Date or, if later, that which he would have received if he had retired on the day before his death.

16. If a pension as described in paragraph 15 above is payable to more than one person from the relevant Section on the death of a Member, the total of all such pensions, when aggregated with all other such benefits under the Employers' Schemes, shall not exceed the aggregate pension of the Member calculated in accordance with paragraph 15 above or such greater amount as will not prejudice approval of the Scheme under the Taxes Act.

17. Any increase in a pension from the relevant Section after its commencement (other than an increase at a fixed rate not exceeding 3% per annum compound) shall not be so great as to cause such pension to exceed the maximum amount permitted under the foregoing paragraphs at the date of its commencement, increased in proportion to any increase in the Index since that date. For this purpose there shall, in the case of a pension payable to the Member, be excluded from such maximum amount any pension which has been surrendered to provide a pension for a Spouse or Dependant or to provide a lump sum benefit.

18. Any lump sum benefit (exclusive of any refund of the Member's own contributions and any interest thereon) payable from the relevant Section on the death of a Member while in Service or having left Service entitled to a deferred pension shall under Rule 32 before the commencement of his pension from the relevant Section not be such that the aggregate thereof and of all like benefits under the Employers' Schemes would exceed the greater of:

(a) £5,000; and

(b) four times the Member's Final Remuneration at the date of his death,

or such greater amount as will not prejudice the approval of the Scheme under the Taxes Act less, if the aggregate of such lump sums exceeds £2,500,

(i) any lump sum (other than a refund of his own contributions and any interest theron) payable on the death of the Member under all schemes of previous employers; and

(ii) any lump sum life assurance benefit payable on the death of the Member under a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of the Taxes Act(**a**) or a Personal Pension Scheme.

(**a**) 1988 c.1.

19. In this Section B of this Appendix 4:

Final Remuneration means in relation to a Member at the date of commencement of his pension from the relevant Section, or the date on which he ceases to be a Current Member if earlier, the highest of

(a) his highest total yearly remuneration from the Employers for any one of the last five years, except that in calculating the remuneration for any such year (the ***Relevant Year***) the amount of any fluctuating emoluments shall be taken as the yearly average over a period of three or more years (or, with the consent of the Board of Inland Revenue, such lesser period as the Member has been in receipt of such emoluments) ending on the last day of the Relevant Year provided that for such purpose the fluctuating emoluments for a year other than the Relevant Year may be increased in proportion to any increase in the Index from the last day of that year up to the last day of the Relevant Year; and

(b) the highest yearly average of his total emoluments from the Employers for any period of three or more consecutive years ending not more than ten years before the said date; and

(c) in the case only of a Member who dies in Service, the yearly average of any fluctuating emoluments over a period of three or more years (or such lesser period as he was in receipt of such emoluments) ending at the date of his death and subject, with the necessary alterations in point of detail, to the proviso to sub-paragraph (a) above together with the yearly rate of all other remuneration from the Employers applicable immediately before the date of his death; and

(d) in the case only of a deceased Member, his highest total emoluments from the Employers for any year ending not more than three years before the date of his death;

or such greater amount as will not prejudice the approval of the Scheme under the Taxes Act, provided that:

(i) a Member's remuneration or other emoluments shall for this purpose include remuneration assessed or assessable under Schedule E from a sick pay or permanent health insurance scheme of the Employer (being a scheme under which benefit will not continue beyond Normal Pension Date), benefits in kind to the extent that they are assessed or assessable under Schedule E as emoluments and otherwise to the extent agreed by the Board of Inland Revenue for this purpose, and directors' fees other than any to which the Member is not beneficially entitled or any which are treated for tax purposes as a receipt of a profession; but

(ii) except in respect of a Member who dies in Service, a Member's remuneration or other emoluments for this purpose shall not include anything in respect of which tax is chargeable by virtue of section 148 of the Taxes Act or any amounts which arise from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares, where the rights were acquired on or after 17th March 1987;

(iii) if the Member's remuneration has been reduced for more than ten years on account of incapacity, his Final Remuneration may be calculated by reference to the date of such reduction; and

(iv) in calculating a Member's remuneration for any year the amount thereof may be deemed to be increased in proportion to any increase in the Index over the period since the end of such year (except that for the purpose of paragraph 11 of this Section of this Appendix 4, it shall, in respect of Members who became Current Members before 17th March 1987 and of Continued Rights Members who are regarded by the Board of Inland Revenue as having pre 17th March 1987 continued rights, only be increased to the same extent that the Member's total benefit exceed the maximum permitted under paragraph 10 of this Section of this Appendix 4 calculated without reference to such increase); and

(v) the alternative in (a) above shall not apply in respect of a Member (other than a deceased Member) who is a Controlling Director or to any other Member whose remuneration in any year beginning on or after 6th April 1987 used for the calculation of benefits has exceeded £100,000 or such other sum as may be prescribed in an order made by the Treasury; and

(vi) in respect of persons who became Current Members on or after 1st June 1989 (other than Continued Rights Members) any excess of the amount calculated in accordance with this definition over the Permitted Maximum shall be disregarded.

APPENDIX 5

CONTRACTING-OUT

Section A: Reference Scheme Test

1.1 This Section of this Appendix 5 shall apply if any Member's employment becomes contracted-out employment by reference to the relevant Section on or after 6 April 1997.

1.2 The words and expressions used in this Section of this Appendix shall have the same meaning as in the Pension Schemes Act 1993(**a**).

1.3 In relation to any period of contracting-out employment on or after 6 April 1997 the relevant Section must satisfy the provisions of section 9(2B) of the Pension Schemes Act 1993 and of such of the Contracting-out Regulations(**b**) as are appropriate.

1.4 In complying with paragraph 1.3 above, the Trustees must ensure, among other things, that the relevant Section:

(a) satisfies the statutory standard as described in section 12A of the Pension Schemes Act 1993;

(b) complies with the restriction on employer-related investments imposed under section 40 of the Pensions Act 1995;

(c) satisfies the prescribed requirements as to the amount of the resources of the relevant Section; and

(d) complies with any prohibition or restriction in relation to the transfer of liabilities or the payment of a lump sum instead of a pension.

Section B: Guaranteed Minimum Pensions

2.1 This Section of this Appendix 5 shall apply if any Member's employment became contracted-out employment by reference to the relevant Section before 6 April 1997 and it shall then override any other provisions of the relevant Section except any which are required for approval of the Scheme under Chapter I of Part XIV of the Taxes Act and any person's entitlement under this Rule shall be included in that person's entitlement arising from Service prior to that date under any other provisions of the relevant Section.

2.2 The words and expressions used in this Section of this Appendix shall have the same meaning as in the Pension Schemes Act 1993.

2.3(a) If a Member has a guaranteed minimum in relation to the pension provided for him or her under the relevant Section in accordance with section 14 of the Pension Schemes Act 1993(**c**), he or she shall be entitled to receive from the relevant Section a pension payable for life as follows:

(i) the weekly rate of the pension provided under the relevant Section from age 65 for a male Member and age 60 for a female Member shall not be less than the said guaranteed minimum;

(ii) if a male Member dies leaving a widow, the weekly rate of the pension provided for her under the relevant Section shall not be less than half of the Member's Guaranteed Minimum Pension;

(iii) if a female Member dies leaving a widower, the weekly rate of the pension provided for him under the relevant Section shall not be less than half of the Member's Guaranteed Minimum Pension which is attributable to earnings for the tax year 1988/89 and subsequent tax years up to and including the tax year 1996/97.

The Guaranteed Minimum Pension in respect of a Member shall, in so far as it is attributable to earnings in the tax years from (and including) 1988/89, be increased in accordance with the requirements of section 109 of the Pension Schemes Act 1993(**d**) and to the extent of any orders made thereunder.

(b) If the commencement of any Member's Guaranteed Minimum Pension is postponed for any period his Guaranteed Minimum Pension shall be increased to the extent, if any, specified in section 15 of the Pension Schemes Act 1993.

(c) The pension to which any person is entitled under this paragraph may be commuted in accordance with the provisions of Rule 29 provided that the aggregate of such pension and the

---

(**a**) 1993 c.48.
(**b**) S.I. 1996/1172, amended by S.I. 1996/1577, 1996/1977, 1997/786, 1997/819, 1997/3038, 1998/1397.
(**c**) Section 14 was amended by the Pensions Act 1995 (c.26), sections 151 and 177 and Schedule 5, paragraphs 18 and 27 and Schedule 7, Part III and the Social Security Contributions (Transfer of Functions, etc) Act 1999 (c.2), section 1(1) and Schedule 1, paragraph 38.
(**d**) Section 109 was amended by the Pensions Act 1995 (c.26), section 55.

annuity equivalent of all other retirement benefits to which such person is entitled from the Employers' Scheme does not exceed £260 per annum (or such higher amount as may have been prescribed by regulations made under section 21(1) of the Pension Schemes Act 1993 and is acceptable to the Board of Inland Revenue).

2.4 Any period or part of a period of a Member's service in an employment which was contracted-out employment by reference to another retirement benefits arrangement shall, in relation to any rights or benefits conferred upon a transfer in to the relevant Section in substitution for such Member's accrued rights to guaranteed minimum pension benefits or Protected Rights under such other arrangement, be treated as a period or part of a period in Service during Contracted-out Membership under the relevant Section such that the part of his Guaranteed Minimum Pension in respect of such (if any) of his Contracted-out Membership which related to Protected Rights as aforesaid shall be equal to the guaranteed minimum to which he would have been treated as entitled by reason of his membership of the transferring arrangement if the transfer payment had not been made.

2.5 If a Member ceases to be in a contracted-out employment by reference to the relevant in circumstances in which he remains prospectively entitled to a Guaranteed Minimum Pension from the relevant Section from State Pensionable Age, such pension will be calculated on the basis that the Guaranteed Minimum Pension which has accrued under the relevant Section up to the date of such cessation will be increased in respect of the period from the date of such cessation up to State Pensionable Age or the previous death of the Member in accordance with one of the provisions set out in (a) or (b) below as the Trustees may decide and, if required, notify to the Department of Social Security as being the basis applicable for the time being to Guaranteed Minimum Pensions hereunder:

(a) for each complete tax year after that in which contracted-out employment ceases up to and including the last complete tax year before State Pensionable Age or previous death by such rate of increase as regulations made for the purposes of section 16(3) of the Pension Schemes Act 1993(**a**) specify as being relevant to the date of cessation;

(b) by a rate of increase equal to the percentage by which earnings factors for the tax year in which contracted-out employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992(**b**) to come into force before the tax year in which he reaches State Pensionable Age or dies (if earlier);

provided that

(i) if such Member's Guaranteed Minimum Pension includes amounts transferred to the relevant Section from another retirement benefits arrangement the Guaranteed Minimum Pension which has accrued up to the cessation of contracted-out employment by reference to the previous arrangement may (subject to the terms of the previous arrangement) be increased in accordance with either of the methods in this paragraph 2.5 which the Trustees on the advice of the Actuary determine to be appropriate and which complies with the requirements of regulations made in relation to section 16 of the Pension Schemes Act 1993, and

(ii) if the Member's Guaranteed Minimum Pension is transferred to another retirement benefits arrangement in accordance with Rule 34 the Guaranteed Minimum Pension which has accrued up to the cessation of Contracted-Out Membership may if the Trustees so agree be increased in accordance with either of the methods in paragraph 2.5 which would comply with the requirements of regulations made in relation to section 16 of the Pension Schemes Act 1993.

2.6 Except as provided in sections 87 to 92 and 110 of the Pension Schemes Act 1993(**c**), no part of a Member's or Spouse's pension under the Scheme may be used to frank an increase in the Member's or Spouse's Guaranteed Minimum Pension under paragraphs 2.3(a), 2.3(b) and 2.5 of this Appendix 5.

2.7(a) Payment of a Guaranteed Minimum Pension may be suspended during any period when the person receiving the Guaranteed Minimum Pension is unable to act (by reason of mental disorder or otherwise) but the amount of the Guaranteed Minimum Pension must either be paid or applied for the maintenance of the recipient or his or her dependants or paid to the recipient when the recipient is again able to act or paid to the recipient's estate after the recipient's death.

(b) Any instalment of a Guaranteed Minimum Pension may be forfeited if it is not paid within 6 years of the date on which the instalment became due for the reason that the Trustees were unaware of the existence or whereabouts of the recipient, but the Trustees may pay any such instalment if in their absolute discretion they think fit to do so.

(**a**) Section 16 was amended by the Pensions Act 1995 (c.26), section 151 and Schedule 5, paragraphs 18 and 28.
(**b**) 1992 c.5; section 148 was amended by the Pension Schemes Act 1993 (c.48), section 190 and Schedule 8, paragraph 27.
(**c**) Section 110 was amended by the Pensions Act 1995 (c.26), section 53(4).

2.8 The Guaranteed Minimum Pension and Spouse's Guaranteed Minimum Pension in respect of a Member shall not be payable in cases where the corresponding benefit is secured by payment of a Contributions Equivalent Pension in accordance with the provisions of section 55 of the Pension Schemes Act 1993(**a**), and in this event any benefits from the relevant Section payable to or in respect of a Member shall be reduced as the Trustees on the advice of the Actuary shall consider to be appropriate (having regard, among other things, to the benefit to which such Contributions Equivalent Premium relates) but not so as to infringe any of the provisions (including the preservation requirements) of the said Act.

APPENDIX 6

METHOD FOR ALLOCATING THE ASSETS AND LIABILITIES OF THE SCHEME TO THE CAA SECTION AND THE NATS SECTION

1. Introduction

1.1 The calculations required to place an actuarial value on the assets and liabilities of the Scheme (and consequential allocation of such assets and liabilities between the CAA Section and the NATS Section) will be made by the Actuary as at the Effective Date.

1.2 Words and expressions in this Appendix (and the Schedule to it) shall have the meanings set out in Appendix 1 of this Deed unless otherwise indicated in this Appendix 6.

2. The General Method of Calculation

2.1 The notional share of the assets of the Scheme attributable to HIAL Members at the Effective Date (the ***HIAL Fund***) will be determined in accordance with the terms of the letter between Mr L W Priestley on behalf of the Trustees of the Scheme and Mr H M Lawson of HIAL dated 1 April 1995 and countersigned by Sir Christopher Chataway for the Civil Aviation Authority and Mr S J Ainsworth for Bacon & Woodrow.

The market value of the HIAL Fund will then be deducted from the total market value of the assets of the Scheme at the Effective Date prior to the allocation of the remaining assets of the Scheme between the CAA and NATS Sections. Following such allocation, the HIAL Fund will form part of the assets of the CAA Section.

2.2 No calculation of liabilities in respect of HIAL Members at the Effective Date will be required.

2.3 The assets of the Scheme which are attributable to additional voluntary contributions made by members pursuant to the rules of the Scheme in order to provide additional pension benefits determined on a money purchase basis (the ***AVC Fund***) will be excluded prior to the allocation of the assets of the Scheme between the CAA and NATS Sections. The AVC Fund shall be allocated between the Sections of CAAPS by reference to the allocation of the Member to whom that part of the AVC Fund is attributable.

2.4 The liabilities of the Scheme for and in respect of Members at the Effective Date will be determined by reference to the benefits set out in this Deed together with any subsequent benefit changes notified to Members up until the Effective Date. In addition, provision will be made for an improvement in the rate of pension payable to a Spouse or Dependant on death after retirement (or in deferment) from 60% to 2/3rds of the Member's pension for all Current Pensioners, Deferred Pensioners and Current Members employed by CAA and NATS as at the Effective Date.

2.5 All of the calculation results will be rounded to an accuracy of £0.1 million (nearer).

2.6 The membership of the Scheme (excluding HIAL Members) on the day prior to the Effective Date will be subdivided into the following categories for the purpose of the calculations:—

Current Members employed by CAA (***CAA Active Members***)

Current Members employed by NATS (***NATS Active Members***)

Pensioners who were formerly Current Members and who are not in receipt of a pension from the Scheme (***Deferred Pensioners***)

Persons who are in receipt of a pension or other benefit in respect of a Member from the Scheme (including Spouses, Qualifying Children and Dependants) (***Current Pensioners***)

2.7 Under Clause 3.1 of this Deed, separate CAA and NATS Sections are established within the Scheme. Under Clause 3.2 of this Deed NATS Active Members are allocated to the NATS Section together with the corresponding actuarial liabilities. Under Clause 3.3 of this Deed, all CAA Active Members, Deferred Pensioners and Current Pensioners are allocated to the CAA Section together with the corresponding actuarial liabilities.

(**a**) Section 55 was amended by the Pensions Act 1995 (c.26), sections 141(1), 151 and 177, Schedule 5, paragaphs 18 and 50 and Schedule 7, Part III.

3. Methods and Assumptions

3.1 The actuarial liabilities in respect of CAA Active Members and NATS Active Members at the Effective Date will be calculated on a past service reserve basis on the assumptions set out in this Part 3 of this Appendix 6.

3.2 The actuarial liabilities in respect of Deferred Pensioners and Current Pensioners at the Effective Date will be calculated on a past service reserve basis on the assumptions set out in Part 3 of this Appendix 6 and then multiplied by 1.14 in order to provide for a strengthening of the basis.

3.3 Financial assumptions

Return on investments	Derived from yields on the FTSE Actuaries Government Securities 20 year index at the Effective Date together with an adverse margin provision of −0.5% post retirement and an outperformance premium adjustment of +1.0% pre retirement (except in relation to Deferred Pensioners where an adverse margin provision of −0.5% applies).
Price inflation	Derived from the difference in yields on ordinary gilts and index-linked gilts at the Effective Date (as specified in the Schedule to this Appendix 6).
Future increases in pensionable salaries	
due to seniority and length of service	Age related scale (as specified in the Schedule to this Appendix 6).
due to general pay increases	Taken as equal to price inflation plus 1.5% pa, subject to a minimum annual increase of 0%.
Future increases to the earnings cap	Equal to price inflation, subject to a minimum annual increase of 0%.
Pension increases in payment	In excess of the Guaranteed Minimum Pension (GMP), equal to price inflation, subject to a minimum annual increase of 0%. Increases on post 5.4.88 GMPs are allowed for having regard to price inflation, subject to a minimum annual increase of 0% and a maximum annual increase of 3%.
Pension increases in deferment	Equal to price inflation, subject to a minimum annual increase of 0%.
GMP increases in deferment	Allowance for fixed rate revaluation at the relevant rate.

The financial assumptions will be rounded to one decimal place (nearer).

3.4 Demographic assumptions

Mortality before retirement	Men and women: Standard table AM80 rated down by 2 years.
Mortality in retirement	Men: Standard table PMA80 (base) rated down 5 years.
	Women: Standard table PFA80 (base) rated down 5 years.
Ill health retirements	Allowance consistent with Scheme experience (as specified in the Schedule to this Appendix 6).
Other early retirements	No allowance except for air traffic control officers (ATCOs) (as specified in the Schedule to this Appendix 6).
Withdrawals	Allowance has been made for withdrawals from service consistent with Scheme experience (as specified in the Schedule to this Appendix 6).
Family Details	Husbands three years older than their wives. In respect of CAA Active Members, NATS Active Members and Deferred Pensioners 100% of members married at retirement or earlier death. For Current Pensioners, marital status is as per membership data held by the pensions administrators of the Scheme.

3.5 Procedural assumptions

Commutation	None.
Age	Age taken as age nearest birthday at the Effective Date.
Withdrawals	Members withdrawing from service are assumed to be entitled to deferred pensions.

S Category	Active members assumed to retire at 60 without early retirement factor.

3.6 The value of assets of the Scheme will be the market value of the assets at the Effective Date. It is assumed that audited accounts will be available for this purpose.

3.7 No explicit allowance will be made for administration or investment expenses.

3.8 The actuarial liabilities in respect of Members attributed to each Section of the Scheme at the Effective Date will be determined in accordance with the actuarial method and assumptions set out above. Assets of an equivalent market value to the actuarial liabilities will then be allocated to each Section.

3.9 The balance of the assets of the Scheme remaining after the allocation in under paragraph 3.8 above will be allocated to the CAA and NATS Sections in proportion to the actuarial liabilities of the Current Members allocated to the respective Sections.

3.10 The calculations in paragraphs 3.8 and 3.9 of this Appendix 6 shall determine the assets allocated to each Section. It is anticipated that the Trustees (in consultation with the members of the Section Strategic Asset Allocation Committees (SSAAC) of the CAA Section and the NATS Section, which are to be created at the Effective Date) will decide (prior to the Effective Date) on the nature of the assets representing the appropriate market value to be allocated to each Section. To the extent that no decision is made by the Effective Date, the remaining assets (or the totality of assets if no agreement at all is reached) will be allocated so that the assets for the Current Pensioners and Deferred Pensioners are provided, as far as possible, by bonds/cash and the remainder of assets will be allocated by class of asset in strict proportion to that revealed by paragraphs 3.8 and 3.9 above.

3.11 As it will be impracticable to carry out a full set of calculations, in accordance with the terms of this Schedule, on the Effective Date, the following method will be adopted. Two weeks prior to the Effective Date, an approximate set of calculations will be carried out. The assets of the Scheme will then be allocated, at the Effective Date, in accordance with these calculations. Subsequently, a full and final set of actuarial calculations will be carried out as at the Effective Date. The Actuary will use his reasonable endeavours to ensure that the final results will be available within two months following the Effective Date. In the event that the full and final set of actuarial calculations reveal that a Section has been allocated excess assets, such excess assets will be re-allocated to the other Section together with an adjustment representing the appropriate investment return between the Effective Date and the date of final payment (the ***Relevant Period***). The appropriate investment return will be determined on such basis as may be decided by the Trustees (in consultation with the members of the SSAACs) prior to the Effective Date. If no decision is made prior to the Effective Date, in the case that it is the CAA Section which has been allocated the excess assets, the appropriate investment return will be determined as the investment return on the assets allocated to the CAA Section excluding the bond/cash portfolio over the Relevant Period and, in the case that is the NATS Section which has been allocated the excess assets, the appropriate investment return will be determined as the investment return on the assets allocated to the NATS Section over the Relevant Period. It is assumed that the SSAACs will reach agreement as to the nature of the assets to be transferred. In the event that such agreement is not reached, then payment will be in cash.

SCHEDULE TO APPENDIX 6

1. The derivation of the price inflation assumption is as follows:

$$\text{Price inflation assumption (forward RPI)} = \frac{1 + \text{gross yield}}{1 + \text{real yield}} - 1$$

where

gross yield	= annualised gross redemption yield on the FTSE Actuaries Government Securities 20 year index.
real yield 0% inflation	= the annualised read redemption yield on the FTSE Actuaries Government Securities Index-Linked over 5 years (0% inflation) Index.
real yield 5% inflation	= the annualised real redemption yield on the FTSE Actuaries Government Securities Index-Linked over 5 years (5% inflation) Index.

and $$\frac{\text{forward RPI}}{0.05} = \frac{\text{real yield-real yield 0\% inflation}}{\text{real yield 5\% inflation-real yield 0\% inflation}}$$

2. However, the above formula takes no account of a minimum annual increase in the Scheme of 0% (ie it is assumed that there will be no "negative increases"). The method of dealing with this is derived from a Black-Scholes formula. Sample results are shown in the table below.

Forward RPI Increase % pa	*Pension Increase (in excess of GMP)*	*Post 5.4.88 GMPIncrease % pa*
2.00	2.25	1.73
2.50	2.67	1.95
3.00	3.11	2.16
3.50	3.57	2.35
4.00	4.04	2.51

3. Sample demographic rates (except for published tables) and a sample of the Salary Scale are set out below.

Men

		Percentage leaving the Scheme in the next year as a result of	
Current age	*Promotional Salary Scale*	*Withdrawal from service*	*Ill-health Retirement*
20	122	6.3	0.00
30	209	2.5	0.02
40	261	1.0	0.09
50	300	0.0	0.43
60	335	0.0	0.00

Women

		Percentage leaving the Scheme in the next year as a result of	
Current age	*Promotional Salary Scale*	*Withdrawal from service*	*Ill-health Retirement*
20	122	8.4	0.00
30	209	3.3	0.02
40	261	1.3	0.09
50	300	0.0	0.43
60	335	0.0	0.00

4. Enhanced early retirement terms are available to ATCOs as set out in an ATCO Flexible Retirement Agreement dated 30 April 1993 between CAA and the Institution of Professional, Managers and Specialists, and as subsequently amended prior to the Effective Date (the ***ATCO Agreement***). The cost of this is met from a special reserve within the Scheme. This reserve will be calculated as 8.5% of the value of the actuarial liabilities as at the Effective Date in respect of normal health retirement benefits of Current Members who are ATCOs and are subject to the ATCO Agreement. This percentage has been derived from the actuarial valuation calculations as at 31 December 1998.

SCHEDULE 2

Article 2

Deeds amending the trust deed of the Scheme

1. The supplemental deed dated 16th December 1999 and made between the Civil Aviation Authority and Anthony Leonard Cowell, David Reginald Hobday, Leslie William Priestley, Rupert John Britton, Graham Paul Lee, Frederick Anthony Michael Motture, Barry Robert Gibbs, Anthony George Marx, Anthony Gavin Herron and Stephen Arthur Nash.

2. The supplemental deed dated 1st December 2000 and made between the Civil Aviation Authority and Anthony Leonard Cowell, David Reginald Hobday, Leslie William Priestley, Rupert John Britton, Graham Paul Lee, Frederick Anthony Michael Motture, Barry Robert Gibbs, Anthony George Marx, Anthony Gavin Herron, Stephen Arthur Nash and Highlands and Islands Airports Limited.

3. The supplemental deed dated 21st December 2000 and made between the Civil Aviation Authority and Anthony Leonard Cowell, David Reginald Hobday, Leslie William Priestley, Rupert John Britton, Frederick Anthony Michael Motture, Barry Robert Gibbs, Anthony George Marx, Anthony Gavin Herron, Stephen Arthur Nash, Edward James Walker and Highlands and Islands Airports Limited.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Civil Aviation Authority Pension Scheme ("the Scheme") and provides for the allocation of assets, rights, liabilities and obligations between different sections of the Scheme.

Article 4 substitutes the provisions set out in Schedule 1 to the Order ("the new provisions") for the trust deed of the Scheme. The principal effects of this amendment are—

(a) to establish within the Scheme a section of which the Civil Aviation Authority ("the CAA") is the sponsoring employer ("the CAA Section") and a section of which National Air Traffic Services Limited is the sponsoring employer ("the NATS Section");

(b) to make provision for the establishment of sections within the Scheme in addition to the CAA Section and the NATS Section;

(c) to make provision for the allocation of the rights and obligations of members and beneficiaries of the Scheme to the CAA Section and the NATS Section;

(d) to make provision for the allocation of employer rights and obligations between the CAA Section and the NATS Section;

(e) to set out an actuarial method and assumptions for calculating the value of the liabilities of the CAA Section and the NATS Section of the Scheme;

(f) to set out an actuarial method and assumptions for determining the allocation of assets of the Scheme between the CAA Section and the NATS Section; and

(g) to provide that the benefits, rights and options of—

(i) members of the Scheme who, before the date of the relevant disposal, ceased to be in service for the purposes of the Scheme; and

(ii) persons who, before the date of the relevant disposal, ceased to be current members of the Scheme,

shall be determined in accordance with the provisions of the Scheme at the date of such cessation or other appropriate date.

Article 3 requires the trustees of the Scheme to allocate in accordance with the new provisions on the date on which the CAA transfers the shares it holds in National Air Traffic Services Limited to National Air Traffic Services (No. 2) Limited.

The deeds and documents referred to in Schedule 1 to the Order (save for the tables mentioned in the following paragraph) and the deeds referred to in Schedule 2 to the Order may be inspected at the offices of the Civil Aviation Authority Pension Scheme Secretary, One Kemble Street, London WC2B 4AP by appointment with the Scheme Secretary.

The tables referred to in Appendix 6 to the Trust Deed set out in Schedule 1 to the Order may be inspected at, or obtained from, the Institute of Actuaries at Staple Inn Hall, High Holborn, London WC1V 7QJ or Napier House, 4 Worcester Street, Oxford OX1 2AW or the Faculty of Actuaries, Maclaurin House, 18 Dublin Street, Edinburgh EH2 1EN.

STATUTORY INSTRUMENTS

2001 No. 853

CIVIL AVIATION

The Transport Act 2000 (Civil Aviation Authority Pension Scheme) Order 2001

© Crown copyright 2001

Printed and published in the UK by The Stationery Office Limited
under the authority and superintendence of Carol Tullo, Controller of
Her Majesty's Stationery Office and Queen's Printer of Acts of Parliament.
E684 4/2001 603029 19585