

The Scottish Provident Institution
Staff Pension Fund

Special Booklet

*(applicable to Staff subject to
the “Prolific Pre 1994 Basis”)*

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1. Introduction

This special booklet applies to members of our Staff Fund who were active members of the Prolific Group Pension Fund (the "Prolific Fund") on 31 December 1993 and who have **not** subsequently taken up the option to switch to the "Scottish Provident" benefits structure (first offered to such members as at January 1994).

It contains a summary of the main features of the Fund and includes details of the special provisions which apply to such members in view of their previous membership of the Prolific Fund. Collectively the rights and benefits described in the booklet replace those to which members were previously entitled under the Prolific Fund (now wound up following the transfer of its entire assets to the Fund as at 1 December 1996).

The booklet replaces all previous explanatory literature for members who are in Pensionable Service and is up to date as at 1 June 2001.

Supplements (and/or letters) providing additional information will be issued to any staff to whom other special provisions apply.

The booklet does not include all the detailed provisions which are necessary for the working of the Fund. If you want to know more about the Fund or about your entitlement to benefit under the Fund, a copy of the Trust Deed and Rules which govern its administration will be made available for inspection. If you wish to see them please contact the head of your department or your local Manager, who will make arrangements with the Secretary to the trustees of the Fund at Group Head Office.

The Fund is used for contracting-out of the earnings-related part of the State scheme under section 9(2) of the Pension Schemes Act 1993. The main effects of this are explained in section 7 and Appendix 3 of this booklet.

All benefits under the Fund are "funded", that is resources are set aside in advance for the purpose of providing the benefits.

The Scottish Provident Institution is the appointed Administrator of the Fund. There are currently eight trustees of the Fund, consisting of three non-executive directors, two executive directors of Scottish Provident and three members of the Fund elected by the other members.

Each year all members in Pensionable Service are provided with a statement giving details of their individual entitlements under the Fund. A trustees' report is also prepared annually and members may obtain copies of them by contacting the Staff Pension Fund Administration Team at the address given below.

Formal enquiries about the Fund generally or about your individual entitlement should be marked "Private and Confidential" and sent to the Staff Pension Fund Administration Team, Scottish Provident Institution, Group Head Office, 7-11 Melville Street, Edinburgh EH3 7YZ.

June, 2001

This booklet is issued for information only. The Trust Deed and Rules govern your legal rights and those of your dependants and beneficiaries.

2. Definitions

The following special terms have the meanings given below:

"Directors" means the directors of The Scottish Provident Institution.

"Employer" means either The Scottish Provident Institution or Scottish Provident International Life Assurance Limited, whichever is applicable, but in relation to the period before the Transfer Date, it includes any one or more of the employers who participated in the Prolific Fund.

"Fund" means The Scottish Provident Institution Staff Pension Fund established by trust deed dated 1 December 1936.

"Prolific Fund" means The Prolific Group Pension Fund established by trust deed dated 29 March 1989.

"Provincial Fund" means the Provincial Group Pension Fund established by trust deed dated 18 December 1974 (originally called the Provincial Insurance Company Pension Fund).

"Transferred Provincial Fund member" means a member who joined the Prolific Fund on 1 April 1989 and who immediately before that date was a member of the Provincial Fund with rights to benefit under that fund which were subsequently transferred to the Prolific Fund.

"Normal Retirement Date" means the 1st day of the month following your 60th birthday (or the 1st day of the month in which your 60th birthday occurs if it falls on a 1st, 2nd or 3rd day of the month).

"State Pension Age" is:-

- (i) in the case of a man, his 65th birthday,
- (ii) in the case of a woman born before 6 April 1950, her 60th birthday,
- (iii) in the case of a woman born after 5 April 1955, her 65th birthday, and
- (iv) in the case of a woman born between 6 April 1950 and 5 April 1955 inclusive, an age between 60 and 65 (see Appendix 1).

"Earnings Cap" is an upper limit on pensionable earnings set by law. This limit applies to you unless you are treated as a **"continued rights"** member by virtue of being a former member of the Provincial Fund. The limit, which stands at £95,400 for the 2001/2002 tax year, is normally increased annually in line with increases in the Retail Prices Index.

Note:

If your Pensionable Service includes both part-time Service and full-time Service, please see Appendix 4.

"Pensionable Salary" means your basic annual salary or wages only, excluding:-

- (i) any bonuses, commission, director's fees, awards, and any overtime, local, meal and car allowances, and other fluctuating emoluments, and

- (ii) unless you are a "continued rights" member, any earnings in excess of the Earnings Cap.

"Final Pensionable Salary" means the highest amount arrived at by taking your Pensionable Salary for each of the last five years ending on the date of retirement, the date of death or the date of leaving Pensionable Service (whichever is applicable), and increasing these Pensionable Salaries to reflect increases in the cost of living.

The cost of living increases will be determined by taking each Pensionable Salary and increasing it in proportion to any increase in the Retail Prices Index over the period from the last day of the relevant year up to the date (falling before the date on which Final Pensionable Salary is to be calculated) which is considered by the trustees to be most convenient for the purpose of operating the increase, having regard to the availability of data from the Retail Prices Index.

Unless you are a "continued rights" member, Final Pensionable Salary will be subject to a maximum amount equal to the Earnings Cap applicable at the date of calculation of Final Pensionable Salary.

Note:

- (i) *If you were not paid at the full rate throughout any year because you were on maternity leave, your Final Pensionable Salary will be taken to be the amount which would have applied but for your maternity leave. However the amount which applied immediately before your maternity leave commenced will be used if this produces a higher amount.*
- (ii) *If you were not paid at the full rate throughout the year because of sick leave or unpaid parental leave, your Pensionable Salary for the last year in which you were paid at the full rate will be used if it produces a higher result.*
- (iii) *If your Pensionable Service includes both part-time and full-time Service, please see Appendix 4.*

"Dependant" means any individual who at the date of your death was:

- (i) your spouse, or
- (ii) one of your children aged under 18 years, or aged 18 years or more if in full time educational or vocational training, or
- (iii) in the opinion of the trustees dependent upon you for the provision of the ordinary necessities of life.

"Service" means employment in the U.K. on the permanent staff of your Employer. Individuals who are participating in the career break scheme are not regarded as employees during their break and so career break periods do not count as Service.

"Pensionable Service" means continuous active membership of the Fund up to the date of retirement, death, withdrawal from the Fund (see section 5) or termination of Service (whichever is earliest), together with continuous active membership of the Prolific Fund up to the Transfer Date. The following additional points should, however, be noted:-

- (1) Pensionable Service will, where appropriate, include any pensionable service under the Prolific Fund which was credited to you by virtue of your earlier membership of the Provincial Fund;

- (2) any period of temporary absence before 1 January 2001 (other than maternity leave or parental leave) during which you suspended your ordinary annual contributions to the Fund will be excluded from Pensionable Service;
- (3) if you opted out of the Prolific Fund at any time in the past, your period of membership of the Prolific Fund prior to the date of opting out will be excluded;
- (4) subject to provisions (3) and (5) of this definition and Note (i) to section 3, maternity leave and parental leave will be included as Pensionable Service if you have returned to active Service, in accordance with your conditions of employment relating to the leave; otherwise part of the leave may be excluded from Pensionable Service (see the Note to section 20);
- (5) if any maternity leave or parental leave is included as Pensionable Service and the number of hours you are contracted to work are altered on your return to work, such leave will be treated for Pensionable Service purposes as Service completed before your hours of work were changed;
- (6) special conditions apply if you have moved from full-time to part-time Service (or vice versa) – see (5) above and Appendix 4. You will be notified in writing if other special conditions apply.
- (7) if you have a previous period of Pensionable Service which ended within a month of your current period of Pensionable Service commencing, the periods of Pensionable Service before and after the break will be treated as continuous provided you repay any benefits which might have been paid to you in respect of the previous period.

"Transfer Date" means 1 December 1996.

"Qualifying Service" is normally Pensionable Service completed whilst with your Employer but, where a transfer value is accepted in accordance with section 4, it includes the period of pensionable employment to which the transfer relates.

"Unpaid Maternity Leave" means any period of maternity leave (to which you are entitled under your conditions of employment) during which you are neither in receipt of earnings from your Employer nor in receipt of statutory maternity pay.

"GMP" and Widow(er)'s GMP" are defined in Appendix 3.

"Dependent Child" in relation to a deceased member means a child of his under age 16 who was wholly or mainly dependent upon the member immediately before his death. It also includes such a child who is over age 16 if he:-

- (i) is still in full-time education and has not attained age 23, or
- (ii) is disabled and has not attained age 23 or such later age as the trustees may in any particular case allow.

"RPI" means the Index of Retail Prices published by the Government or any other official index published in its place.

3. Membership

The provisions of this booklet apply only to ex-members of the Prolific Fund who joined the Fund on the Transfer Date and have not switched to the "Scottish Provident" benefits structure brought into the Prolific Fund on 1 January 1994. This section of the Fund is closed to new entrants and members retained in this section no longer have an option to switch to the "Scottish Provident" benefits structure.

Notes:

- (i) *You may be subject to special conditions of membership if you were on maternity leave on the Transfer Date or if you work, or have worked, on a part-time basis. Special conditions may also apply if you did not join the Prolific Fund at your first opportunity or you opted out of the Prolific Fund at any time in the past.*
- (ii) *Prior to 6 April 2001 you were automatically ineligible for membership of the Fund if you became an active member of a personal pension scheme in relation to earnings from an Employer. However, from 6 April 2001, the relevant legislation has been relaxed to enable membership of the Fund to continue provided certain earnings requirements and other conditions are met. Further details are available on request to the Staff Pension Fund Administration Team (address as in section 1).*
- (iii) *If you become ineligible for the Fund, your active membership of the Fund will cease and you will be treated as having left Pensionable Service. If you subsequently become eligible once more and apply for re-admission to active membership, special conditions will apply.*

4. Can the Fund accept transfer values?

If you are entitled to preserved benefits under another employer's scheme or a personal pension scheme or retirement annuity contract you will normally be able to transfer the value of those benefits to the Fund, providing the trustees consent. If you do so, your benefits under the Fund will be increased: special conditions will apply and you will be advised of them.

5. Can I opt out of the Fund?

You may opt out of active membership of the Fund at any time by giving your Employer (c/o Group Personnel Dept. at Group Head Office) one month's written notice of your intention to do so. If you opt out, no further contributions will be paid to the Fund on your behalf and your Pensionable Service and cover for death-in-service benefits will cease. On cessation of your Pensionable Service the rights and options described in section 20 will apply to you.

Because your employment will no longer be contracted-out (see section 7), you will become liable to pay national insurance contributions at the full rate and will be required to participate fully in the earnings-related part of the state scheme (SERPS).

If you opt out of the Fund, you will be allowed to re-enter within one year of opting out provided that you satisfy the eligibility conditions which apply to first time entrants to the Fund as at that date. Special terms and conditions may, however, apply to you on re-entry. You will not be allowed to re-enter the Fund after the expiry of the one year period.

6. Do I pay anything?

With effect from 1 January 2001, the Fund, as it applies to you, will be non-contributory. The cost of the benefits (other than those secured by Member contributions paid prior to 1 January 2001) is met by the Employers. The rates at which they contribute are determined on actuarial advice.

You may pay voluntary contributions in order to increase your benefits. It is, however, an Inland Revenue requirement that, unless such contributions commenced on or before 7 April 1987, the only retirement benefits they can provide are pensions: you cannot obtain a cash sum.

Any compulsory and/or voluntary contributions which you have paid to the Prolific Fund and, where appropriate, the Provincial Fund will be treated as if they were compulsory and/or voluntary contributions to the Fund.

Voluntary contributions are deducted from your salary and are normally applied by the trustees to a separate "money purchase" insurance policy with Scottish Provident Institution.

The maximum contribution you may pay in any tax year is subject to an overriding limit of 15% of your earnings in that year. If, however, your earnings in any tax year exceed the Earnings Cap, your maximum contribution for that year will be limited to 15% of the Earnings Cap unless you are treated as a "continued rights" member by virtue of being a former member of the Provincial Fund.

Contributions are deducted from your earnings and under current tax practice are allowed as an expense for tax purposes: this means that your tax is calculated on your earnings after deduction of your contributions, and so is reduced. Further details will be supplied on request.

In the rest of this booklet voluntary contributions and the benefits secured by them are ignored.

Notes:

- (i) *Where your aggregate retirement benefits exceed Inland Revenue limits a refund of surplus proceeds of voluntary contributions will be made subject to a deduction in respect of tax payable.*
- (ii) *A separate Notice giving more details about voluntary contributions is available from the Staff Pension Fund Administration Team, at the address given in section 1.*

7. How does contracting-out affect the Fund?

As a contracted-out employee, you pay lower National Insurance contributions and participate in the earnings-related part of the State Scheme (SERPS) only to a limited extent. This means that the earnings-related state pension is reduced accordingly.

The reduction in your National Insurance contributions is currently 1.6% your earnings between the National Insurance contribution threshold and the upper earnings limit (your "upper band earnings").

As from April 2001, the National Insurance contribution threshold will correspond with the taxable earnings threshold. The upper earnings limit is approximately seven times the amount of the basic state pension for a single person. The Government fixes the relevant amounts at the start of each tax year.

In order to operate as a contracted-out scheme, the Fund, as a whole, must satisfy a “statutory standard” of quality laid down in the Pension Schemes Act 1993. The Fund will be required to certify to the Department of Social Security (DSS) every three years, that it continues to meet the contracting-out requirements.

See also Appendix 3

8. How is my pension calculated?

On retirement at Normal Retirement Date, you will be entitled to a pension for life. The amount of pension will be 1/60th of Final Pensionable Salary for each year of Pensionable Service (with an allowance for odd months).

Cost-of-living increases will be provided as described in section 18.

See Appendix 2 - Example 1

See also Appendix 3

Note:

If your Pensionable Service includes both part-time and full-time Service, please see Appendix 4.

9. What happens if I should suffer serious ill-health?

If you cannot work any longer through ill-health, you may be granted a special early retirement pension. You will qualify for such a pension if you have suffered physical or mental deterioration in your health which in the opinion of the trustees prevents you from following your normal employment or which very seriously impairs your earning capacity.

The amount of pension will be 1/60th of Final Pensionable Salary for each year of Pensionable Service you would have completed if you had remained in Pensionable Service until Normal Retirement Date (with an allowance for odd months)

Cost-of-living increases will be provided as described in section 18.

See Appendix 2 - Example 1

Notes:

- (i) *The pension may be reduced or terminated if before Normal Retirement Date you recover to such an extent that you are no longer considered to be in a state of serious ill health.*
- (ii) *This section does not apply to members who have already opted out of the Fund in accordance with section 5.*

10. What happens in the event of redundancy?

If you leave Service due to redundancy, you may be entitled to a special early retirement pension. Subject to contracting-out requirements being met, you will qualify for such a pension if you have completed at least 5 years' Qualifying Service and are within 10 years of Normal Retirement Date. The amount payable will be determined in accordance with section 8, except that it will be based on your Final Pensionable Salary and Pensionable Service at the date of your retirement.

(This option is an alternative to being dealt with under section 20.)

11. May I retire voluntarily before Normal Retirement Date?

If you leave Service before Normal Retirement Date and neither section 9 nor section 10 applies to you, you will normally be dealt with as described in section 20. If, however, you are within 10 years of Normal Retirement Date and have completed at least 5 years' Qualifying Service the Directors may consider granting a reduced immediate pension as an alternative to being dealt with under section 20. In this event, the pension you would receive would be calculated actuarially.

12. May I retire after Normal Retirement Date?

Retirement may not normally be postponed beyond Normal Retirement Date.

13. May I take a cash sum on retirement?

On retirement you may exchange part of your pension for a cash sum. The cash sum taken must be within Inland Revenue limits and will be determined actuarially.

14. May I provide for a dependant on retirement?

On retirement, you may be able to give up part of your pension to provide a pension for a named dependant on your death (in addition to any pension under section 16(b)). Details will be available on request at retirement.

15. What is payable if I die in Pensionable Service before Normal Retirement Date?

(a) Lump sum

A lump sum will be payable equal to the **lesser of**:-

- (i) four times your Pensionable Salary at the date of death, disregarding paragraph (ii) of the definition of Pensionable Salary, and
- (ii) four times your Pensionable Salary at the date of death, **plus** a sum equal to the total of your own contributions to the Fund (with interest).

(b) Widow(er)'s pension

If you are survived by a widow(er), a widow(er)'s pension will be payable. The amount of pension will be 55% of your prospective pension at Normal Retirement Date but based on your Final Pensionable Salary at the date of death.

(c) Dependent Child's pension

If you are survived by one or more Dependent Children, a pension will be payable in respect of them. The total amount of Dependent Children's pension to be shared between them at any time will be a percentage of your prospective pension at Normal Retirement Date, but based on your Final Pensionable Salary at the date of death. The percentage will be determined in accordance with the table below and will depend upon the number of Dependent Children and whether a widow(er)'s pension is currently payable:-

No. of Dependent Children for the time being	Total pension whilst widow(er)'s/adult dependant's pension is payable	Total pension whilst no widow(er)'s/adult dependant's pension is payable
1	19%	37%
2	37%	74%
3 or more	45%	100%

See Appendix 2 - Example 2

Notes:

- (i) *If your wife/husband was not living with you at the date of your death, any widow(er)'s pension in excess of the statutory minimum (if any) required for contracting-out purposes will be withheld.*
- (ii) *The pensions under (b) and (c) will be subject to cost-of-living increases as described in section 18.*
- (iii) *During any period of maternity leave or parental leave granted in accordance with your conditions of employment, you will be covered for the benefits under this section. The lump sum benefit will normally be based on the Pensionable Salary that would have applied but for your leave. However, your Pensionable Salary immediately before the absence will be used if this produces a higher amount.*
- (iv) *If you die without a widow(er)'s pension becoming payable under this section, the trustees may, at their absolute discretion, provide a pension for one or more of your adult dependants (if any), of such amount and on such terms and conditions as they may decide.*
- (v) *If your Pensionable Service includes both part-time and full-time Service, please see Appendix 4.*

16. What is payable if I die after retirement?

(a) Lump sum

If you die within 5 years of retirement and no widow(er)'s or dependant's pension is payable under this section a lump sum will be payable. The amount payable will be five times the annual rate of pension payable to you at its commencement after any exchange for a cash sum (under section 13) or a dependant's pension (under section 14) less any instalments of pension already paid to you (before deduction of tax).

(b) Widow(er)'s pension

If you are survived by a widow(er), a widow(er)'s pension will be payable. The amount of pension will be 55% of your pension at the date of your death adjusted to cancel the effects of any exchange of pension for a cash sum (under section 13) or a dependant's pension (under section 14).

For the first six months after your death the widow(er)'s pension will be increased to the same amount of pension as you were receiving at the date of your death.

(c) Dependent Child's Pension

If you are survived by one or more Dependent Children, a pension will be payable in respect of them. The total amount of Dependent Children's pension at any time will be determined by applying the percentages set out in the table in section 15(c) to the pension payable to you at the date of your death and adjusted to cancel the effects of any exchange of pension for a cash sum (under section 13) or a dependant's pension (under section 14).

See Appendix 2 - Example 1

Notes:

- (i) *If your wife/husband was not living with you at the date of your death or you marry or remarry after retirement, any widow(er)'s pension in excess of the statutory minimum (if any) required for contracting-out purposes will be withheld.*
- (ii) *The pensions under (b) and (c) will be subject to cost-of-living increases as described in section 18.*
- (iii) *If you die without a widow(er)'s pension becoming payable under this section, the trustees may, at their absolute discretion, provide a pension for one or more of your adult dependants (if any), of such amount and on such terms and conditions as they may decide.*
- (iv) *If your Pensionable Service includes both part-time and full-time Service, please see Appendix 4.*

17. How are pensions paid?

Your pension commences on retirement and ceases on your death.

Any other pension commences on the date of your death and ceases on the date of the beneficiary's death, except that:

- (i) a Dependent Child's pension ceases when the child ceases to be a Dependent Child, and
- (ii) any dependant's pension provided at the absolute discretion of the trustees will be subject to such special terms and conditions as they may decide.

Pensions are normally payable by monthly instalments at the end of each month.

18. Are there cost-of-living increases in pensions?

(a) Automatic increases

All Relevant Pensions (as defined below) will be increased on 1 January 2001 and on each following 1 January by the increase in the RPI during the year ending on the preceding 30 September (or such other reference period as the Directors and Trustees should decide), subject to a cap of 5% on the size of increase which the Directors are required to grant in respect of any one year.

If on any 1 January after 2001, the RPI increase has to be restricted because of the cap, a record will be kept of the shortfall between the capped increase given and the corresponding increase in RPI. If on a later 1 January the RPI increase should fall to a level below the cap, the opportunity will be taken to make up the shortfall, subject to the total increase (ie the RPI increase plus the "catch up" increase) not exceeding the cap.

Where the period to which an increase applies is less than a full year, the increases and the size of the cap will be proportionately reduced.

"Relevant Pension" means any pension in payment excluding:

- (i) *if you were a member of the Fund before 6 April 1997, your GMP and your widow(er)'s GMP (including any increases in respect of such GMPs),*
- (ii) *any pension secured by your voluntary contributions;*
- (iii) *any benefits in respect of augmentations granted or transfer values received which are not attributable to Pensionable Service completed after 5 April 1997.*

The automatic increases to Relevant Pensions, as described above, are inclusive of any increases in respect of Limited Price Indexation and any discretionary increases provided by the Directors (see below). Increases to GMPs are, where applicable, provided in addition.

(b) Limited Price Indexation ("LPI")

The total increases made to pensions in payment under the Fund are guaranteed to be not less than the minimum increases required under the Pensions Act 1995. In broad terms the Act requires the Fund to provide increases on parts of pensions in payment which relate to Pensionable Service completed after 5 April 1997 up to a maximum of 5% per annum, or the increase in the RPI if less.

The increases may be offset against any other increases to pensions in payment provided by the Fund. Moreover, if in any tax year, the total increases to pensions in payment awarded by the Fund exceed LPI, the LPI which would otherwise have to be paid by the Fund in subsequent tax years may be reduced by the "overpayment" previously made.

LPI does not apply to pensions secured by additional voluntary contributions - it does, however, apply to members' pensions and to widow(er)'s and children's pensions and other dependants' pensions.

(c) Discretionary increases

The Directors have additional powers to authorise increases in pensions to take account of increases in the cost of living and pensions are regularly reviewed with a view to exercising this power in circumstances where the total increases to pensions do not match price inflation. The review covers both pensions in payment and pensions which may become payable on the deaths of existing pensioners.

See also Appendix 3

19. How are lump sum death benefits paid?

Any lump sum death benefit will be paid at the discretion of the trustees, to or for the benefit of such persons and in such proportions as the trustees decide. The beneficiaries may include any individuals, your legal personal representatives, the trustees of any trust whose particulars you have notified to the trustees in writing and any charities whose names you have notified to the trustees in writing.

In exercising their discretion the trustees will take account of any wishes you may have expressed but are not obliged to follow them. An "Expression of Wish" form is available from Group Personnel Dept. for this purpose.

20. What happens if I leave Pensionable Service before retirement?

- (a) If you leave Pensionable Service before retirement, the following benefits will be provided:-
- (1) a deferred pension for you, payable from Normal Retirement Date: the amount will be calculated as described in section 8 but based on Final Pensionable Salary and Pensionable Service at the date of leaving;
 - (2) if you die after your deferred pension comes into payment, a pension payable to your widow(er): the amount will be calculated as described in section 16(b) but determined by reference to your basic deferred pension at the date of leaving.
 - (3) If you die before your deferred pension comes into payment:
 - (i) a pension payable to your widow(er): the amount will normally be 55% of your basic deferred pension at the date of leaving, as described in (1) above, **plus**

- (ii) a lump sum equal to five times the annual amount of your deferred pension at the date of your death, **less** the actuarial value of any pension payable to your widow(er) under (i) above.

Note:

If your wife/husband was not living with you at the date of your death or you marry or remarry after leaving, any widow(er)'s pension under (2) or (3) above, which is in excess of the statutory minimum (if any) required for contracting-out purposes will be withheld.

At Normal Retirement Date, your deferred pension will be subject to revaluation increases in respect of the period from the date of leaving Pensionable Service until Normal Retirement Date.

The widow(er)'s pension will also be subject to revaluation increases: these will be provided in respect of the period from the date of leaving Pensionable Service until Normal Retirement Date or the date of your death, if earlier.

The rate of the revaluation increases will be 5% per annum.

Once pensions have come into payment they will be subject to further increases as described in section 18.

At Normal Retirement Date the conditions and options mentioned earlier in this booklet will apply as if you had retired at that date, with appropriate adjustments.

See Appendix 2 - Example 3.

See also Appendix 3.

- (b) If benefits are preserved for you, you will normally have the right to have the value of those benefits transferred either to another contracted-out scheme which you have joined and which is willing to accept it or to an appropriate personal pension scheme or special insurance policy.

Transfer values must comply with prescribed statutory requirements and will be determined in a manner consistent with the actuarial guidance note GN11 - "Retirement Benefit Schemes - Transfer Values". Provided you submit a written application for the transfer to be made within three months from the date of the statement, the amounts quoted in the statement will normally be guaranteed.

If any of the benefits included in the transfer value are subject to LPI increases as described in section 18(b), the receiving scheme or policy may be required to provide similar increases.

Particulars of transfer values will be provided to active and deferred members on request. Requests for statements and/or payments of transfer values should be made in writing to the trustees c/o the Staff Pension Fund Administration Team (address as in section 1).

- (c) In certain circumstances, on leaving Service, you may be able to effect, without producing evidence of health, a whole-life or endowment assurance policy on your own life with The Scottish Provident Institution, for an amount not exceeding the lump sum death benefit for which you were covered at the date of leaving (but only if the Institution is transacting new policies of this type at the time).

A policy which would provide additional cover such as critical illness benefits during your lifetime, is not permitted. The policy, which must be effected within a month of leaving Service, will be issued subject to The Scottish Provident Institution's then current rates of premium and conditions.

Note:

If you take maternity leave or parental leave in accordance with your conditions of employment, this section will not apply during that absence. If you do not return to work within the permitted period, however, you will be treated as having left Pensionable Service on the later of:

- *the date that you notify your Employer in writing that you do not intend to return to work, and*
- *the end of your ordinary maternity leave* or the commencement of your unpaid parental leave (whichever is appropriate).*

In no case, however, will Pensionable Service be continued after the end of your additional maternity leave or beyond the period of forty weeks beginning on the date that your maternity leave commenced, whichever is later. On cessation of Pensionable Service, the provisions of this section will apply to you.*

* "Ordinary maternity leave" is the period of ordinary maternity leave (generally 18 weeks) provided under section 71 of the Employment Rights Act 1996 and "additional maternity leave" is the period of additional maternity leave (generally 29 weeks) provided under section 73 of the same Act.

21. Can the Fund be altered or terminated?

The Rules provide for the Fund to be discontinued on the winding-up of the Scottish Provident Institution (other than for the purpose of reconstruction or amalgamation), but only if no other employer takes its place for the purposes of the Trust Deed and Rules. There is no obligation to pay the benefits if the Fund's resources are insufficient to do so, but actuarial advice on the adequacy of those resources is obtained at regular intervals.

The trustees, with the approval of the Directors, may alter the Fund provisions at any time. The power of alteration is, however, a limited one and members' interests are protected by the trust documents and by the provisions of the Pensions Act 1995.

22. Additional Information

(a) Internal Disputes Resolution (IDR) Procedures

The Pensions Act 1995 requires trustees to have a formal procedure in place for the resolution of disputes between members of the Fund (and certain classes of beneficiary) and the trustees.

You may raise any concerns you may have about the operation of the Fund, on an informal basis, with your head of department or local Manager. If, however, you have any concerns or complaints concerning the trustees which you wish to raise on a more formal basis you should put the matter in writing to the Staff Pension Fund Administration Team and ask for it to be considered under the IDR Procedures.

For further information about the IDR Procedures and the types of dispute covered, please refer to the separate Note issued on behalf of the trustees or contact the Staff Pension Fund Administration Team at the address given in section 1.

(b) Tax treatment of the Fund

The Fund is treated as an "exempt approved scheme" under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988. This confers tax advantages.

A condition of approval is that both the benefits provided by the Fund and the contributions to the Fund are within limits imposed by the Inland Revenue. These limits mainly depend on periods of Service and earnings.

(c) Contribution and benefit limits

To ensure continued approval of the Fund, the Inland Revenue require that certain conditions are met. Most of these conditions are limits on contributions and benefits but there are others. For example, some conditions govern the dates on which benefits can or must be paid.

If you are entitled to benefits from another approved scheme, in certain circumstances your Fund benefits may have to be restricted.

You will be advised if your Fund benefits or contributions have to be altered to meet Inland Revenue conditions.

(d) Non-assignability

The benefits provided under the Fund are strictly personal and must not be assigned to any other person or used as security.

(e) Income Tax

All pensions payable from the Fund are subject to deduction of income tax under the PAYE procedure.

(f) Pensions on Divorce legislation

A new option for sharing marital assets on divorce, known as "pension sharing" is available to couples who commence proceedings for divorce or nullification of marriage on or after 1 December 2000. This option offers an alternative to the existing options of offsetting pension rights against other marital assets or the earmarking of pension rights.

If you are involved in divorce proceedings and require further information please contact the Staff Pension Fund Administration Team (address as in section 1).

(g) Office of the Pensions Advisory Service and the Pensions Ombudsman

It is hoped that any concerns or complaints you may have about the Fund can be resolved by raising them on an informal basis or by making use of the IDR Procedures (see (a) above). However, if your problem or complaint cannot be resolved in this way there are two organisations from which members and beneficiaries can get advice and help.

In the first instance, you should contact the Office of the Pensions Advisory Service (OPAS). OPAS is an independent voluntary organisation with local advisers who are experts in pension matters. To find out the name and address of your local OPAS adviser, ask your local Citizens' Advice Bureau (which holds an OPAS directory of advisers) or contact OPAS headquarters at -

11 Belgrave Road
London
SW1V 1RB
Tel: 020-7233-8080

If OPAS fails to solve your problem or complaint, you can contact the Pensions Ombudsman. He is appointed by law but is completely independent and acts as an impartial adjudicator. You may contact him at the above address.

(h) Occupational Pensions Regulatory Authority (OPRA)

In addition to the services provided by the Office of the Pensions Advisory Service and the Pensions Ombudsman, there is a further regulatory body, the Occupational Pensions Regulatory Authority (OPRA). OPRA can intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

OPRA may be contacted at the following address:-

Invicta House,
Trafalgar Place,
Brighton,
East Sussex,
BN1 4DW.
Tel: 01273-627600

(i) Scheme registration

The Fund has been registered with the Registrar of Occupational and Personal Pension Schemes in accordance with relevant regulations. The Fund registration number is 100521198.

(j) Data Protection Act 1998

Your rights under the Data Protection Act 1998 ensure that information relating to you is stored securely and that the information must only be used by the trustees or their nominated representatives, in connection with the administration of the Fund.

You are entitled to be provided with information held by the trustees upon written request to the Team Manager, Staff Pension Fund Administration Team (address as in section 1).

State Pension Age for women born between 6 April 1950 and 5 April 1955

For women born between 6 April 1950 and 5 April 1955 inclusive, the table below shows when the state pension is due to start ("State Pension Age").

Date of Birth	State Pension Date	Date of Birth	State Pension Date
06.04.50 - 05.05.50	06.05.2010	06.11.52 - 05.12.52	06.07.2015
06.05.50 - 05.06.50	06.07.2010	06.12.52 - 05.01.53	06.09.2015
06.06.50 - 05.07.50	06.09.2010	06.01.53 - 05.02.53	06.11.2015
06.07.50 - 05.08.50	06.11.2010	06.02.53 - 05.03.53	06.01.2016
06.08.50 - 05.09.50	06.01.2011	06.03.53 - 05.04.53	06.03.2016
06.09.50 - 05.10.50	06.03.2011	06.04.53 - 05.05.53	06.05.2016
06.10.50 - 05.11.50	06.05.2011	06.05.53 - 05.06.53	06.07.2016
06.11.50 - 05.12.50	06.07.2011	06.06.53 - 05.07.53	06.09.2016
06.12.50 - 05.01.51	06.09.2011	06.07.53 - 05.08.53	06.11.2016
06.01.51 - 05.02.51	06.11.2011	06.08.53 - 05.09.53	06.01.2017
06.02.51 - 05.03.51	06.01.2012	06.09.53 - 05.10.53	06.03.2017
06.03.51 - 05.04.51	06.03.2012	06.10.53 - 05.11.53	06.05.2017
06.04.51 - 05.05.51	06.05.2012	06.11.53 - 05.12.53	06.07.2017
06.05.51 - 05.06.51	06.07.2012	06.12.53 - 05.01.54	06.09.2017
06.06.51 - 05.07.51	06.09.2012	06.01.54 - 05.02.54	06.11.2017
06.07.51 - 05.08.51	06.11.2012	06.02.54 - 05.03.54	06.01.2018
06.08.51 - 05.09.51	06.01.2013	06.03.54 - 05.04.54	06.03.2018
06.09.51 - 05.10.51	06.03.2013	06.04.54 - 05.05.54	06.05.2018
06.10.51 - 05.11.51	06.05.2013	06.05.54 - 05.06.54	06.07.2018
06.11.51 - 05.12.51	06.07.2013	06.06.54 - 05.07.54	06.09.2018
06.12.51 - 05.01.52	06.09.2013	06.07.54 - 05.08.54	06.11.2018
06.01.52 - 05.02.52	06.11.2013	06.08.54 - 05.09.54	06.01.2019
06.02.52 - 05.03.52	06.01.2014	06.09.54 - 05.10.54	06.03.2019
06.03.52 - 05.04.52	06.03.2014	06.10.54 - 05.11.54	06.05.2019
06.04.52 - 05.05.52	06.05.2014	06.11.54 - 05.12.54	06.07.2019
06.05.52 - 05.06.52	06.07.2014	06.12.54 - 05.01.55	06.09.2019
06.06.52 - 05.07.52	06.09.2014	06.01.55 - 05.02.55	06.11.2019
06.07.52 - 05.08.52	06.11.2014	06.02.55 - 05.03.55	06.01.2020
06.08.52 - 05.09.52	06.01.2015	06.03.55 - 05.04.55	06.03.2020
06.09.52 - 05.10.52	06.03.2015	06.04.55	06.04.2020
06.10.52 - 05.11.52	06.05.2015		

Examples

The following numerical examples illustrate the calculation of benefits for a member with a straightforward employment history. Modifications may be necessary if, for example, the member has moved between part-time and full-time employment (see Appendix 4), has broken Service or has transferred to the Fund the value of pension benefits earned elsewhere.

Certain pension benefits qualify for increases after the member has retired, died or left Service in accordance with the provisions set out in the main part of the booklet.

Example 1**Retiring from Service at Normal Retirement Date**

- (1) Basic particulars on which the example is based

Pensionable Service at Normal Retirement Date	35 years
Final Pensionable Salary	£18,000 p.a.
3 eligible children	

- (2) Member's pension £10,500 p.a.
i.e. $£18,000 \times 35/60$

On retirement, part of this pension may be exchanged for a cash sum. The cash sum equivalent to the pension exchanged would be determined actuarially.

- (3) Widow(er)'s pension on death after retirement £5,775 p.a.
i.e. $£10,500 \times 0.55$

For the first 6 months the widow(er)'s pension will be equal to the pension you were receiving at the date of your death.

- (4) Total dependent children's pension:-

(i) whilst widow(er)'s pension payable	
$£18,000 \times 35/60 \times 0.45$	£4,725 p.a.

(ii) whilst no widow(er)'s pension payable	
$£18,000 \times 35/60$	£10,500 p.a.

If the Member were to retire before Normal Retirement Date due to serious ill-health his benefits would also be determined as described above.

Example 2**Death in Pensionable Service before Normal Retirement Date**

- (1) Basic particulars on which the example is based

Prospective Pensionable Service to Normal Retirement Date	35 years
Pensionable Salary at date of death	£18,000 p.a.
3 eligible children	

(2)	Benefits	
(a)	Lump Sum £18,500 x 4	£74,000
(b)	Widow(er)'s pension payable i.e. £18,000 x 35/60 x 0.55	£5,775 p.a.
(c)	Total dependent children's pension:-	
(i)	whilst widow(er)'s pension payable £18,000 x 35/60 x 0.45	£4,725 p.a.
(ii)	whilst no widow(er)'s pension payable £18,000 x 35/60	£10,500 p.a.

Example 3

Preserved benefits on leaving Pensionable Service

(1) Basic particulars on which the example is based

Pensionable Service (to date of leaving)	20 years
Final Pensionable Salary	

(2) Member's basic preserved pension

Member's pension from Normal Retirement Date i.e. £18,000 x 20/60	£6,000 p.a.
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(3) Widow(er)'s basic pension on death after deferred pension becomes payable i.e. £6,000 x 0.55	£3,300 p.a.
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For the first 6 months the widow(er)'s pension will be equal to the pension you were receiving at the date of your death.

(4) Benefits payable on death before deferred pension becomes payable:-

(a) Widow(er)'s basic pension i.e. £6,000 x 0.55	£3,300 p.a.
(b) lump sum equal to £30,000 (i.e. £6,000 x 5) less actuarial value of Widow(er)'s pension payable.	

Additional Contracting-out Provisions

The foregoing sections of this booklet give details of the main effects of the new contracting-out system which the Government introduced on 6 April 1997. However, special provisions apply to you in view of being contracted-out prior to that date under the old system and these are described below:

1. Definitions

“**GMP**”(Guaranteed Minimum Pension) means an amount calculated by the Department of Social Security from part of your earnings prior to 6 April 1997 and your contracted-out service as a member of the Fund up to that date. For the purpose of that calculation the earnings will be revalued (i.e. increased) up to age 65 (men) or age 60 (women), or your earlier death, in line with the growth in earnings generally, except that any revaluation after retiring or leaving Service but before reaching age 65 (men) or age 60 (women) will be at a fixed rate determined by the Government from time to time (presently 6.25%).

“**Widow(er)'s GMP**” means an amount equal to half your GMP in the case of your widow or an amount equal to half that part of your GMP which relates to contracted-out service completed between 6 April 1988 and 6 April 1997 in the case of your widower.

2. Pension Guarantees

Some important effects of being contracting-out under the old system are as follows:-

- (a) Member's pension
Your pension from age 65 (men) or age 60 (women) will not be less than your GMP. In the case of a man retiring at Normal Retirement Date, your pension from age 65, (including any cost of living increases), will be further guaranteed to be not be less than the amount which would have applied had no cost-of-living increases been granted, plus that part of your GMP arising from the fixed rate revaluation from your Normal Retirement Date until age 65. If you have exchanged part of your pension for a cash sum or dependant's pension, this will be taken into account in applying the guarantee.
- (b) Widow(er)'s pension
If you die at any time leaving a widow(er) your widow(er)'s pension will not be less than the Widow(er)'s GMP.
- (c) Restrictions
Your options will be restricted where necessary so as to ensure that your pension and your widow(er)'s pension are not less than your GMP and your Widow(er)'s GMP respectively.
- (d) Additional contracted-out service
Your contracted-out service under the Prolific Fund, and where appropriate, the Provincial Fund, will be treated as contracted-out service under the Fund.

3. GMP increases

(a) Pensions in payment

The Fund is required by law, to provide increases from age 65 (men) or age 60 (women) or the date of your death if earlier, on the whole of the Widower's GMP in payment and on the part of your GMP or Widow's GMP in payment which relates to Service on and after 6 April 1988.

These increases will be at the rate of 3% p.a. compound or in line with increases in the Retail Prices Index, if less. (Where increases in the Retail Prices Index exceed 3% p.a. compound, the State Scheme will be responsible for making up the difference).

(b) Deferred pensions

Section 20 of this booklet describes what happens if you leave Pensionable Service before retirement with an entitlement to a deferred pension. It should be noted however, that on reaching age 65 (men) or age 60 (women), the revaluation increases which apply to your deferred pension will be re-calculated to make allowance for your GMP coming into payment.

Provision of Benefits for Members with both Part-time and Full-time Service

The foregoing provisions of the booklet explain how members' pensions are calculated. However, if your Pensionable Service includes a mixture of part-time and full-time Service additional calculations are required in order to ensure that there is a consistency of treatment between the different tranches of Service.

Where you have a period of part-time Pensionable Service followed by a period of full-time Pensionable Service, your part-time Pensionable Service will be converted into its full-time equivalent before calculating your pension. The conversion will be made by applying the following formula:

$$\begin{array}{l} \text{Years of part-time} \\ \text{Pensionable Service} \end{array} \quad \times \quad \frac{\text{contractual number of part-time working hours per week}}{35 \text{ (or such other number of hours as constitutes a normal full-time working week, from time to time)}}$$

Your pension will then be calculated by reference to your total Pensionable Service after conversion.

Where you have a period of full-time Pensionable Service followed by a period of part-time Pensionable Service, your part-time Pensionable Service will be converted into its full-time equivalent as described above. In this case, however, your Final Pensionable Salary will also be converted into its full-time equivalent (the Earnings Cap, if appropriate, being applied to the amount after conversion). Your pension will then be calculated by reference to your Pensionable Service and Final Pensionable Salary after conversion.

Similar calculations will be made when determining your widow(er)'s and children's pensions.

Where benefit calculations take account of prospective service to Normal Retirement Date (see sections 9 and 15(b)) this will be regarded as part-time or full-time depending on your status at the time of death or retirement, as appropriate.