

**NEW AIRWAYS PENSION SCHEME  
OPERATING RULES OF FLEXIBLE RETIREMENT**

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## 1. INTRODUCTION

An option was introduced from 1 October 2012 to enable an eligible Member to elect to receive all or part of his accrued benefits whilst remaining employed by a Participating Employer and continuing to accrue further pension benefits.

In accordance with Rule 10A, these Operating Rules set out how the Management Trustees and the Principal Company intend to operate flexible retirement in practice from time to time, including how a Member's benefits may be affected by Flexible Retirement and the manner in which the Management Trustees intend to pay and apportion benefits. For the avoidance of doubt, nothing in these Operating Rules is intended to result in any increase or enhancement of a Member's benefits under the Scheme.

These Operating Rules may be changed by the Management Trustees with the agreement of the Principal Company at any time, and nothing in them should be construed as conferring any rights on any Member to flexible retirement, or any expectation as to how flexible retirement will be operated in practice. For the avoidance, of doubt, these Operating Rules are separate from, and do not form part of the Scheme Rules, in spite of terms with capital letters and defined in the Scheme Rules having the same meaning as in the Scheme Rules.

## 2. DEFINITIONS

2.1 In these Operating Rules, terms beginning with capital letters and defined in the Scheme Rules shall have the same meaning as in the Scheme Rules. The following definitions shall also apply:

### 2.2 "Final Retirement Benefits":

in relation to a Flexible Retirement Member means all of the Member's benefits under the Scheme except his Flexible Retirement Benefits.

### 2.3 "Flexible Retirement":

means where a Member who is eligible to apply for Flexible Retirement and obtains his Participating Employer's consent to do so commences payment of all or part of his accrued benefits whilst remaining in employment with a Participating Employer.

### 2.4 "Interim Balance":

in relation to an AVC Account means an amount calculated in the same way as the Final Balance, except that it is determined by reference to the Flexible Retirement Date rather than the AVC Account Closing Date.

## 2.5 “Scheme Pays Account”:

has the meaning in the Scheme Pays Operating Rules adopted by the Management Trustees.

## 3. ELIGIBILITY

3.1 To apply for Flexible Retirement a Member must have attained the age of 55.

3.2 A Member’s Participating Employer may (but need not) give consent to a Member’s election for Flexible Retirement, and a Member may not take Flexible Retirement without such consent. A Member’s line manager must provide the Management Trustees with written confirmation of the consent having been given before any Flexible Retirement benefits are paid to him. As at 1 October 2012 the terms and conditions (which may be amended by the Principal Company as required) require a Member to work part-time hours and if they are working part-time hours to have a further reduction in hours unless the Member is already working the minimum number of hours required by the department they are employed by.

3.3 From a Flexible Retirement Member’s Flexible Retirement Date he shall be treated under the Rules as:

- i) a Pensioner for the purposes of his Flexible Retirement Benefits; and
- ii) a Member for the purposes of his Final Retirement Benefits.

including for the purposes of the calculation of his Flexible Retirement Benefits and Final Retirement Benefits.

## 4. FLEXIBLE RETIREMENT ONLY ONCE

A Member who has taken Flexible Retirement once may not do so again.

## 5. CONTINUED SERVICE

5.1 A Flexible Retirement Member may continue in FSS Contributory Service on and after his Flexible Retirement Date.

5.2 An FSS Member who has ceased payment of contributions in accordance with Rule 6(i) is limited to taking 98% of his benefits on his Flexible Retirement Date.

## 6. BENEFITS

6.1 Where a Member elects to take part, but not all, of his accrued benefits at his Flexible Retirement Date, the Management Trustees may at their discretion select which accrued benefits form the Member’s Flexible Retirement Benefits.

- 6.2 An FSS Member's benefits are formed of three tranches:-
- i) benefits accrued before 6 April 1997;
  - ii) benefits accrued between 6 April 1997 and 31 March 2007; and
  - iii) benefits accrued from 1 April 2007.
- 6.3 The default position should an FSS Member wish to receive part, but not all, of his accrued benefits at his Flexible Retirement Date is first to put into payment the benefits accrued before 6 April 1997 (tranche (i) above); followed by tranche (ii) then tranche (iii) if necessary.
- 6.4 An FSS Member's tranche (i) benefits may not be partly put into payment. If an FSS Member's tranche (i) benefits are put into payment, all tranche (i) benefits must be included.
- 6.5 The Management Trustees may consider, but are not obliged to follow, a request from a Member as to which of his accrued benefits are put into payment under his Flexible Retirement.
- 6.6 Where the Management Trustees determine that, as a result of a proposed Flexible Retirement, the pension payable to a Member at the date of his attainment of pensionable age would or might be less in weekly rate than the weekly rate of guaranteed minimum pension appropriate to the Member under the GMP Rule, they may accordingly:
- i) restrict the amount a Member may elect to receive when taking Flexible Retirement; or
  - ii) reject a Member's request for Flexible Retirement.
- 6.7 Subject to paragraphs 6.4 and 6.6 above, there shall be no minimum amount of pension a Member may elect to receive when taking Flexible Retirement.

## **7. FLEXIBLE RETIREMENT DATE**

A Member's Flexible Retirement Date will, unless the Management Trustees and the Principal Company agree otherwise, be the first day of the month following the month in which the Member makes an election to take Flexible Retirement provided the Participating Employer's consent has been obtained (or, if the Member so wishes, the first day of any later month).

**8. CASH LUMP SUM OPTION**

Subject to the conditions in Rule 16, a Flexible Retirement Member may exercise the option to receive a lump sum in lieu of part of his pension under Rule 16:

- (i) in respect of his Flexible Retirement Benefits, at his Flexible Retirement Date; and
- (ii) in respect of his Final Retirement Benefits, at the date on which those benefits are taken.

**9. AVCs**

At his Flexible Retirement Date a Flexible Retirement Member who is an Additional Voluntary Contributor may elect to receive all or part of his AVC benefits in accordance with Rule 36(d), provided that all references to the Pension Commencement Date and Final Balance shall be treated as references to the Flexible Retirement Date and Interim Balance respectively.

**10. SCHEME PAYS**

10.1 When a Member elects to take Flexible Retirement, a minimum percentage of any Scheme Pays Account created as a result of an annual allowance charge paid by the Management Trustees in accordance with Rule 28(b) (the Member’s “**Scheme Pays Deduction**”) must be applied to reduce the Member’s Flexible Benefits at the Flexible Retirement Date. The minimum percentage is:

$$\frac{\text{Flexible Retirement Benefits} \times 100}{\text{Member's total accrued benefits at Flexible Retirement Date}}$$

Example

If a Member requests a pension amount of £10,000 per annum from his total accrued pension of £30,000 per annum and the Member has a Scheme Pays Deduction at his Flexible Retirement Date of £3,000 per annum, the minimum amount of Scheme Pays Deduction that must be deducted is £1,000 per annum [33% of £3,000]. The Scheme Pays Deduction will be deducted from the Member’s Flexible Retirement Benefits and so the pension put into payment will be £9,000 per annum [£10,000 - £1,000].

10.2 A Member may elect to have a greater percentage of his Scheme Pays Deduction deducted from his Flexible Retirement Benefits.

## **11. TRANSFER OPTION**

The Management Trustees may, if requested by a Flexible Retirement Member, rather than commence payment of his Flexible Retirement Benefits discharge all liabilities for his Flexible Retirement Benefits by making a Recognised Transfer of such part of the Fund as is the Actuarial Equivalent of those Flexible Retirement Benefits. Such a transfer will be subject to the provisions of Rule 31, modified to the extent necessary to permit the transfer of a Member's Flexible Retirement Benefits.

## **12. OPTIONAL DEPENDANTS' PENSION: FSS**

Rule 11(a) (optional dependants' pensions: FSS) states that at any time before the commencement date of his pension, an FSS Member may apply to make provision or increase the provision for a pension to commence at the date of his death for his spouse or other Dependants. For the avoidance of doubt, a Member who takes Flexible Retirement may elect this option before his Flexible Retirement Date and again before commencing the payment of his Final Retirement Benefits.