THE PERCY HEDLEY PENSION SCHEME

A Trust set up by your Employer
to provide retirement and death benefits
for you and your family

Percy Hedley
Foundation
Achievement for All

November 2021

FOREWORD

This booklet describes the main provisions of The Percy Hedley Pension Scheme. It replaces all previous booklets for members who are in Pensionable Service and is up to date as at July 2021.

The Scheme is set up under trust so that the assets of the trust are separated from those of the Principal Employer. The terms of the trust are set out in the formal Trust Deed and Rules, which govern its administration and will be made available for inspection if required. The Scheme is administered by the Trustees of The Percy Hedley Pension Scheme, two-thirds of whom are appointed by the Foundation. There is provision for one-third of the Trustees to be elected by contributing Scheme members and pensioners.

This booklet aims to provide you with a summary of the main provisions of the Trust Deed and Rules, but your legal rights are governed by the formal documents and any overriding legislation. In the event of any inconsistency between this booklet and the Trust Deed and Rules, the Trust Deed and Rules will always be taken to reflect the true and correct position.

As a member of the Scheme, you were contracted out of the State Second Pension (S2P) on a salary related basis. The main effects of this are explained later in the booklet.

The main benefits provided under the Scheme are:

- A pension for you when you retire and the opportunity to take part of it as a tax free cash sum.

- A pension for your spouse or your partner on your death.

- A children's pension if your spouse or civil partner should die while receiving a pension from the Scheme.

The Scheme will meet the qualifying scheme criteria for auto-enrolment purposes. This means that you will not be auto-enrolled into any other workplace pension scheme whilst continuing to accrue benefits under the Scheme.

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1. DEFINITIONS

You will need to understand what the following terms mean:

Principal Employer;	The Percy Hedley Foundation and any other employer admitted to the Scheme
The Scheme;	The Percy Hedley Pension Scheme
Anniversary Date;	1st April each year.
Normal Retirement Age;	Before 8th November 2013, a Member's Normal Retirement Date shall be his 65th birthday; On and after 8th November 2013, in respect of a Member who is under age 50 on 8th November 2013 his or her Normal Retirement Date shall be his or her State Pension Age; and On and after 8th November 2013, in respect of a Member who is aged 50 or more on 8th November 2013 his or her Normal Retirement Date shall be his or her 65th birthday;"
State Retirement Age;	As set out by legislation, currently 66 moving to age 67 between 6 May 2026 and 6 March 2028.
Pensionable Service;	The number of years of service you complete as a contributing member of the Scheme (with additional days counting proportionately), but not exceeding 40 years.
Pensionable Salary;	Your total annual fixed salary or wages. This *excludes* bonuses, overtime, commission, and other fluctuating payments, but *includes* the valuation of board and/or lodging (and/or other services provided) under a scale approved by the Trustees. Pensionable salaries were frozen from 31 March 2019 and any pay increases granted from this date will not be pensionable.
Final Pensionable Salary;	The highest Annual Pensionable Salary earned in any calendar period of 12 months within the 3 years immediately preceding your date of retirement or leaving Pensionable Service.
Qualifying Service;	This is Pensionable Service (limited to 40 years in total) and, in relation to any benefits which derive from another pension scheme and have been transferred to the Scheme for your benefit, the period of additional service which has been granted in lieu of retirement benefits under that scheme for will also count towards Qualifying Service.
Revaluation Provision;	The basis by which any deferred pension accrued to a member no longer in Pensionable Service is revalued up to date of payment.
Child;	Any natural or adopted child of yours who is under 18 (or age 23 if in full time educational or vocational training). In addition, your stepchildren are covered together with any child towards whose maintenance you are legally liable to contribute.

Civil Partner;	Your Partner of the same sex where you have entered into a Civil Partnership.
State Earnings Related Pension Scheme (SERPS);	This was replaced by the State Second Pension on 6 April 2002 and provides a pension based on your earnings between the Lower and Upper Earnings Limit throughout your working life.
State Second Pension (SP2);	This was introduced on 6 April 2002 and provides a pension based on your earnings between the Lower and Upper Earnings Limits throughout your working life. SP" was replaced by the new, flat-rate State Pension on 6 April 2016.
Guaranteed Minimum Pension (GMP);	This is the minimum amount approximately equal to the pension you would have earned for contracted-out service up to 5th April 1997 from the State Earnings Related Pension Scheme (SERPS). Further information regarding your GMP can be found in Section 14 'The State Pension Scheme'.
Lifetime Allowance;	This is £1,073,100 for the 2021/22 Tax Year. This is the cash equivalent of the maximum pension you can currently receive from your membership of all Pension Schemes before additional tax charges apply. For the Percy Hedley Scheme, £1 of pension has a Lifetime Allowance value of £20. For the 2021/22 Tax Year your pension will have to be greater than £53,655 pa before the Lifetime Allowance is exceeded.
Annual Allowance;	This is the cash value of the maximum increase in the value of your pension under all your pension arrangements allowed in any year before additional tax charges apply. The cash value of the maximum increase is currently £40,000 for the 2021/22 Tax Year.
Lower Earnings Limit;	This is the level of annual earnings at which you start to build up entitlement to state contributory benefits including the state retirement pension. It is adjusted on 6 April each year.
Upper Earnings Limit;	This is the level of annual earnings at which you stop paying National Insurance contributions. It is adjusted on 6 April each year.
State Pension;	If you have paid enough National Insurance Contributions you qualify for the State Pension at State Retirement Age. The State Pension is adjusted in April each year.

2. MEMBERSHIP OF THE SCHEME

With effect from 12 September 2012, the Scheme no longer accepts applications for membership.

3. OPTING OUT OF THE SCHEME

You may withdraw from the Scheme, at any time, by giving your Employer one month's notice of your intention to do so. If you do so, no further contributions will be paid to the Scheme on your behalf and your Pensionable Service will cease.

If you have opted out of the Scheme, you will only be allowed to re-enter the Scheme with the consent of both the Foundation and the Trustees.

When your Pensionable Service ceases the rights and options described in Section 14 'Leaving Pensionable Service' will apply to you.

4. CONTRIBUTIONS TO THE SCHEME

Member contributions to the scheme are currently either 6.8% or 9.1% of Pensionable Salary. The level of contribution paid determines the accrual rate applied to your pension (see Section 7).

Your contributions will be deducted from your earnings and under current legislation are allowed as an expense for tax purposes. This means that your tax is calculated on your earnings after the deduction of your contributions and is so reduced.

The Principal Employer pays a level of contributions, calculated from time to time on actuarial advice, which is intended to satisfy the balance of the cost of providing the benefits under the Scheme.

It should be noted that, although Pensionable Service is limited to 40 years, contributions will be maintained until you retire after 40 years service, unless you opt out of the Scheme.

From 7 January 2016, your Employer meets the cost of providing the lump sum benefits payable in the event of your death in Pensionable Service under a separate arrangement.

Your Employer operates a Salary Exchange Arrangement by which you can elect to reduce your salary and no longer personally contribute to the scheme. This Arrangement can have financial benefits for you and further details can be obtained from your Employer.

5. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC's) AND PERSONAL PENSION PLANS

You may pay AVC's to Standard Life in order to increase your overall benefits at retirement. AVC's also qualify for full tax relief. If you wish to receive full tax relief your total annual contributions to the Scheme (i.e., normal contributions and AVC's) are limited to a maximum of 100% of your total earnings from your Employer. Such contributions count towards the Annual Allowance limits.

AVC's can be used to provide pension benefits and a tax free cash sum on retirement. The maximum tax free cash sum you can receive is subject to certain limits. Further details and the current limitations will be supplied on request.

Alternatively, you can contribute to a Personal Pension Plan. Your contributions are limited to those applying to AVC's.

6. YOUR RETIREMENT PENSION

(i) Normal Retirement

You will normally retire on pension at Normal Retirement Age and your pension will then be paid for the rest of your life.

Your pension on retirement from service at Normal Retirement Age will be equal to 1/60th of your Final Pensionable Salary for each complete year (additional days counting proportionally) of Pensionable Service prior to 1 April 2019, thereafter members were given the option to move to a lower accrual rate of 1/80th or to retain the accrual rate of 1/60th. Those accruing at 1/80th contribute 6.8% of their Pensionable Salary whilst those retaining the 1/60th accrual contribute 9.1%.

Pensionable service is subject to a maximum of 40 years.

e.g. member retained 1/60th accrual and had 15 years service:

Final Pensionable Salary £19,000

$$\frac{15 \times 19{,}000}{60} = £4{,}750.00 \text{ p.a.}$$

If the member in the example above had opted for the 1/80th accrual rate and 5 years of their service was after 1 April 2019, the calculation would be:

$$\frac{10 \times 19{,}000}{60} = £3{,}166.67$$

Plus;

$$\frac{5 \times 19{,}000}{80} = £1{,}187.50$$

Total pension = £4,354.17

(ii) Early Retirement

After Age 55

You may retire before Normal Retirement Age, (whether or not you remain in employment) provided you have reached normal minimum pension age and completed 5 years Pensionable Service. Under current legislation the normal minimum pension age is 55, but the government is looking to change this to age 57 from 6th April 2028 and for it to be held at 10 years below State Pension Age in future.

Your pension will be calculated in the same way as for normal retirement but based on completed Pensionable Service and Final Pensionable Salary at the date of early retirement. Your pension will be reduced to allow for its early payment. The reduction will be decided by the Trustees acting upon the advice of the Scheme Actuary.

All requests for early retirement **must** be directed to HR Department in the first instance.

To comply with legislation on gender discrimination, benefits in relation to certain periods must be paid without reduction in accordance with the following table:

	Before 1 July 1976	***1 July 1976 to 16 May 1990 inclusive***	***17 May 1990 to 18 September 2002 inclusive***
Male Member who joined the Scheme	*60th*	*60th birthday*	*60th birthday*

before 1 July 1976	*birthday*		
Male Member who joined the Scheme on or after 1 July 1976	*N/A*	*65th birthday*	*60th birthday*
Female Member	*60th birthday*	*60th birthday*	*60th birthday*

Early Retirement Enhancement Contributions (EREC's)

You may elect to pay Early Retirement Enhancement Contributions to the Scheme in such amounts and for such period of time as shall be agreed between you, your Employer and the Trustees.

These contributions will be used to increase the benefits payable to you on taking early retirement at a specified target date which will be before Normal Retirement Date.

The purpose of these EREC's is to offset the effect of the reduction being applied on early retirement and the increase to be applied to your benefits will be of such amount as shall be agreed between the Employer, the Trustees and you at the time at which the rate, Enhancement Contribution Period and Target Date are set.

You may cease making EREC's by giving one month's written notice to the Trustees. If you cease making EREC's before the expiry of the Enhancement Contribution Period, or fail to make all EREC's that are due, the amount by which your benefits at retirement shall be adjusted shall be determined by the Trustees acting on the advice of the Actuary.

If you take your Pension Benefits later than the agreed Target Date your benefits at actual retirement shall be increased by such additional amount as the Trustees shall determine having taken the advice of the Actuary to take account of late payment.

Full details are available upon request.

(iii) Early Retirement On grounds of Incapacity

If you have completed at least 5 years' service, a pension may be paid to you if your employment has to stop because of Incapacity, regardless of your age at that time.

'Incapacity' means ill-health or incapacity which in the opinion of the Foundation renders you incapable of discharging any duties to the Foundation. The Foundation may require you to undergo medical examination(s) to assist it in making its decision.

If you are awarded an incapacity pension, it will be calculated as for normal retirement, but based on completed Pensionable Service and Final Pensionable Salary at the date of early retirement. No reduction for early payment will be applied.

Once granted, incapacity pensions are subject to review by the Trustees, who may ask for any medical or other evidence that they consider appropriate. If on review the Trustees consider that there is an improvement in your health, or they consider that you are able to carry on remunerative employment with your Employer, the Trustees may reduce or suspend your pension. If this applies you will be advised of the pension that would be payable to you at Normal Retirement Age in the light of the Scheme benefits that you have already received.

(iv) Late Retirement

If by arrangement with your Employer you remain in service after your Normal Retirement Age, you will not be deemed to be in Pensionable Service and no further contributions will be payable by or in respect of you, nor will benefits continue to accrue. Benefits may be taken at a time chosen by you and your benefits will be increased to take account of their later starting date, should this be after Normal Retirement Age. If you die after your Normal Retirement Age but before you actually retire, benefits as described in Section 11 will be provided, on the assumption that you retired on the day immediately before the date of your death.

7. PROTECTION OF PAY

Ill-Health

A Member who has at least 5 years' Qualifying Service and suffers a reduction in Salary following a change in responsibilities as a consequence of ill health may apply to protect his benefits accrued up to the first pay day (the Reduction Date) on which the reduced Salary was paid

Such election must be made in writing to the Trustees within three months of the Member taking up the change in responsibilities. The Trustees shall be entitled to seek such evidence of ill health and changed responsibilities as they think fit and shall have absolute discretion to determine whether to grant protection of pay to the Member.

Voluntary

A Member who is aged 50 or more and has at least 5 years' Qualifying Service may elect to take voluntary protection of pay by giving written notice to the Trustees where the following conditions are met:

- The Member's Salary must have reduced whether by reason of the Member taking a step down in responsibilities and/or hours or as a result of restructuring of the Employer with a consequent reduction arising through no fault of the Member. Such reduction must be by at least 10% of the Member's Salary for a period of at least one year, beginning with the Reduction Date as verified by the Principal Employer;

- The Member's Salary must not have been subject to any other reductions in the 12 month period before the Reduction Date, as verified by the Principal Employer;

- A valid election must not have been made previously by the Member; and

- Protection of pay must not have been granted previously

- The election must be made after 12 months but within 15 months of the Reduction Date.

If protection of pay is granted then the Member's benefits accrued up to the Reduction Date will be calculated by reference to the Member's Pensionable Service and Pensionable Salary as at the Reduction Date and will be increased up to the date of the Member's actual retirement as though the Revaluation Provision applied to such benefits.

If the Member has paid any Early Retirement Enhancement Contributions in respect of benefits accrued before the Reduction Date then the pension payable shall be increased by such amount as the Trustees, acting on the advice of the Actuary shall determine fairly takes account of the Early Retirement Enhancement Contributions.

Benefits accrued on and after the Reduction Date will be calculated using the Member's Pensionable Salary on and from the Reduction Date as a separate tranche of pension, which at retirement will be added to the Member's benefits that were accrued before the Reduction Date. Any Early Retirement Enhancement Contributions paid on or after the Reduction Date will be used to increase pension earned on and after the Reduction Date by such amount as the Trustees, acting on the advice of the Actuary, shall determine. Both tranches of pension will be paid to the Member as one pension.

8. OPTIONAL CASH SUM

When you retire you have the choice of taking your full pension or exchanging part of it for a tax-free cash sum. The maximum amount of cash you can normally take will be calculated by use of the following formula: -

Commutation Factor / (1+ (0.15 x Commutation Factor)) x Pension

The Commutation Factor is currently £18.00 cash for each £1.00 of pension exchanged.

For example, if you retired at Normal Retirement Age with a Pension of £10,000 your maximum cash sum would be £48,648.65. To receive this cash, you would currently have to give up £2,702.70 pa of pension

9. TRIVIAL COMMUTATION

In certain circumstances, it may be possible for your retirement benefits to be fully commuted for a lump sum. These circumstances will depend on a number of factors taking account of your accrued benefits within the Scheme and other pension benefits held elsewhere. You will be advised whether this option is available at the time of your retirement.

10. PAYMENT OF RETIREMENT PENSIONS

Pensions are paid by monthly instalment, in advance on the 27th day of each month. Payment is usually made direct to a bank or building society account. A payslip is issued in advance confirming the amount to be credited. The pension is payable for life and is treated as earned income and is subject to Income Tax.

With effect from 6 April 1997 your pension will be increased in two parts. That part of your pension earned on or after 6 April 1997 and up to 7 November 2013 will increase in line with the increase in the Retail Price Index, up to a maximum of 5% pa. Any pension accrued after 7 November 2013 will increase in line with the increase in the Consumer Price Index up to a maximum of 5%. This form of increase is known as Limited Price Indexation.

It is also the intention of the Trustees, in consultation with the Employer, to consider increasing pensions in April each year taking into account the resources of the Scheme. Any such increases are entirely discretionary. However, once granted they cannot be taken away.

In addition, the Guaranteed Minimum Pension earned between 6 April 1988 and 5 April 1997 will be increased in line with Guaranteed Minimum Pension Increase Orders. These currently reflect the increase in the Consumer Price Index and the Scheme will be responsible up to a maximum of 3% per annum with any increase above this being provided by the State.

11. BENEFITS ON DEATH IN PENSIONABLE SERVICE

Lump Sum

If you have paid any AVCs or EREC's, the fund value accrued to your date of death will become payable.

The lump sum death benefit will be paid to such of your dependants, relatives or estate as the Trustees may decide. The Trustees will usually take account of any wishes you may have expressed. A form is available for you to express such wishes. Under current legislation the benefit will normally be free of all taxes.

Spouse's Pension

If you are survived by a spouse, or a Civil Partner a pension will be payable. This pension will be one one hundred and sixtieth of your Final Pensionable Salary for each year of Pensionable Service (additional days counting proportionately) up to the date of your death and will increase once in payment.

The pension will be payable for your spouse's or partner's lifetime from the date of your death and will increase once in payment on the same basis as applies to your own pension (see Section 9). On their death the pension will continue to be paid for the benefit of such one or more of your children under the age of 18 (or under the age of 23 if in full time education or vocational training) as the Trustees decide. The pension will similarly be paid for the benefit of your children if you die without leaving a spouse or Civil Partner. The spouse's or partner's pension may be reduced if your spouse or Civil Partner is more than 10 years younger than you.

12. BENEFITS ON DEATH AFTER RETIREMENT (or in Service on and after Normal Retirement Age)

Lump Sum

If you die after you have retired and before you have received five years' pension payments and you do not have a spouse or Civil Partner surviving your dependants will be entitled to a payment based on the unexpired balance of your five year pension entitlement at the rate being paid to you at the date of death.

If you paid Early Retirement Enhancement Contributions and die within five years of the commencement of this pension a lump sum will be payable equal to your Early Retirement Enhancement Contributions less any amount that the Trustees determine, on the advice of the Actuary, is to be used in order to increase the pension payable to a Spouse or Civil Partner (see below).

What is known as a defined benefit lump sum death benefit will be the most tax efficient option for your dependants. This is because they will only get taxed on this lump sum if your total pension benefits exceed the Lifetime Allowance.

As an alternative the remainder of five years' instalments of pension at the rate being paid to you at the date of death can be paid as an income to a dependant as the Trustees may decide.

If your benefits exceed the Lifetime Allowance this entitlement can be paid as a pension protection lump sum benefit. This will be subject to tax at 35%.

If you die on or after Normal Retirement Age and before your pension has started there will be payable:

1) A lump sum equal to the maximum amount of cash you could have elected to take under Section 8 ‘Optional Cash Sum’, and

2) A lump sum equal to five years’ instalments of pension you would have received if you had retired on the day before your death and had elected to receive the maximum amount of cash under Section 8 ‘Optional Cash Sum’.

These lump sums will be payable in the same manner as the lump sum under Section 11 ‘Benefits on death in Pensionable Service’.

Spouse’s Pension

If you are survived by a spouse or Civil Partner a pension will be payable. The pension will be one one hundred and sixtieth of your Final Pensionable Salary at the date of your retirement for each year of Pensionable Service (additional days counting proportionally) to the date of your retirement, increased as described in Section 9 in respect of the period between the date the first instalment of your pension became due and the date of your death.

The pension will be payable for your spouse’s or Civil Partner’s lifetime from the date of your death and will increase once in payment on the same basis as applies to your own pension (see Section 9). On their death the pension will continue to be paid for the benefit of such one or more of your children under the age of 18 (or under the age of 23 if in full time education or vocational training) as the Trustees decide. The pension will similarly be paid for the benefit of your children if you die without leaving a spouse or Civil Partner

The spouse’s or Civil Partner’s pension may be reduced if your spouse or Civil Partner is more than 10 years younger than you.

Unless the Trustees determine otherwise, a spouse you married or a civil partnership that took place after retirement and within 6 months of your death shall not be entitled to a pension under this Section (although this is subject to the GMP requirements – see Section 15).

13. ABSENCE FROM WORK

While you are on paid maternity leave or other paid ‘family break’ (including family need break, paternity, or adoption leave), your membership of the Scheme will continue.

If you are on unpaid maternity leave or other unpaid ‘family break’, or you are absent from work for any other reasons, membership will continue for such period as the Foundation decides.

14. LEAVING PENSIONABLE SERVICE

Preserved / Deferred Benefit

If you leave Pensionable Service before your Normal Retirement Age and you have completed more than two years’ Qualifying Service or assets have been transferred to the Scheme for your benefit, a deferred benefit will be provided for you.

This pension will be equal to 1/60th of your Final Pensionable Salary for each complete year (additional days counting proportionately) of Pensionable Service completed prior to 1 April 2019, and either 1/60th or 1/80th of your Final Pensionable Salary for service after that date, depending upon the contribution category chosen by you.

Your deferred pension, excluding any GMP, will be increased from the date you leave Pensionable Service to your retirement date in line with statutory increases over the period, subject to a maximum of 5% each year for service up to 5 April 2009 and 2.5% thereafter. Your GMP will be increased up to State Retirement Age for each complete tax-year during that period as set out below:

Leaving service occurring	Percentage
From 6 April 2017	3.5%
Between 6 April 2012 and 5 April 2017	4.75%
Between 6 April 2007 and 5 April 2012	4%
Between 6 April 2002 and 5 April 2007	4.5%
Between 6 April 1997 and 5 April 2002	6.25%
Between 6 April 1993 and 5 April 1997	7%
Between 6 April 1988 and 5 April 1993	7.5%
Before 6 April 1988	8.5%

When you leave you will be notified in writing of your entitlement under the Scheme and how to claim your benefits. All the options exercisable on retirement will be available when you later come to retire.

The option to Transfer Out

If you leave with a Deferred Pension at any time prior to one year before attaining Normal Retirement Age, you have the right to have your benefits transferred to either another Occupational Scheme which you may have joined and which is willing and able to accept the transfer payment or to a Personal Pension Plan, or Section 32 Buy-Out policy with a regulated provider of your choice, (usually a Bank or Insurance Company).

At any time, whether you have left Pensionable Service or not, you may request an estimate of the cash equivalent transfer value available to you. If the estimate is needed because of a divorce settlement, you should inform the Trustees as they may require further information from you. In normal circumstances, these estimates are available without cost once in any 12 month period and the Trustees reserve the right to charge for the cost of providing any additional estimates.

The cash equivalent transfer value is the amount which is expected to be sufficient at the date of the calculation to provide your deferred benefits at Normal Retirement Age allowing for any statutory increases to be applied between the date you leave Pensionable Service and your Normal Retirement Age. The basis of calculation used will be no less favourable to you than the prescribed statutory basis. Cash equivalents may be reduced from time to time to reflect the Scheme's financial position.

Benefits on death after leaving Pensionable Service

Spouse's Pension

If you leave Pensionable Service with deferred benefits and die before Normal Retirement Age (and before your benefits become payable) a pension will be payable to your surviving spouse or Civil Partner. The pension will be one one hundred and sixtieth of your Final Pensionable Salary at the date of leaving Pensionable Service for each year of Pensionable Service (additional days counting proportionally) to the date you left Pensionable Service, increased to the date of death by an amount not less than that required by legislation.

The pension will be payable for your spouse's or Civil Partner's lifetime from the date of your death and will increase once in payment on the same basis as applies to your own pension (see Section 9). On their death the pension will continue to be paid for the benefit of such one or more of your children under the age of 18 (or under the age of 23 if in full time education or vocational training) as the Trustees decide. The pension will similarly be paid for the benefit of your children if you die without leaving a spouse or Civil Partner

The spouse's or civil partner's pension may be reduced if your spouse or Civil Partner is more than 10 years younger than you.

Lump Sum

If you die without leaving a surviving spouse or Civil Partner, a lump sum will be payable equal to 5.5 times the amount of the annual deferred pension you would have received if you had been eligible to receive it on the date of your death.

The lump sum will be payable in the same manner as the lump sum under Section 11.

15. THE STATE PENSION SCHEME

Prior to the introduction of the flat-rate State Pension in 2016, state pensions provided a pension at State Retirement Age made up of two parts: -

(1) a basic flat-rate pension increased annually normally in line with rises in prices; and
(2) an additional earnings-related pension which will also be increased in line with prices.

Up to 2016, members were not included in the earnings-related part of the State Scheme, but the Percy Hedley Pension Scheme was required to provide a minimum level of benefit to compensate.

For contracted-out service up to 5th April 1997 the minimum benefit which must be provided is known as a Guaranteed Minimum Pension (GMP). It is calculated on an individual basis and is broadly equivalent to the benefit you would have earned under SERPS had you not been contracted-out. The GMP will apply only in respect of the period up to the 5th April 1997, but it will be revalued up to retirement.

For contracted-out service after 5th April 1997 the requirement is that your Scheme must provide a minimum level of benefit. This minimum level will generally provide a higher benefit than provided by the State Second Pension.

16. ADDITIONAL INFORMATION

Tax treatment of the Scheme

The Scheme is operated as a Registered Pension Scheme as defined in Section 150 of the Finance Act 2004.

The Government's simplified approach allows pension schemes that are registered with HM Revenue & Customs (HMRC) to pay any level of benefits. There are very few benefit limits. Where the value of benefits is in excess of the Lifetime or Annual Allowance additional tax will be payable.

Contribution and Benefit limits

HMRC requires that certain conditions be met, or additional tax charges will arise. Most of these conditions are limits on contributions and benefits.

In general benefits will not be subject to additional taxation unless they exceed the Lifetime Allowance. Contributions from you are restricted to a maximum of 100% of relevant taxable earnings provided this does not exceed the Annual Allowance. Employer contributions greater than the Annual Allowance will be subject to a tax charge (currently 40%).

You will be advised if your Scheme benefits or contributions will give rise to an additional tax charge.

Discretionary Benefits

In special circumstances, the Principal Employer may pay additional contributions (or the Trustees of the Scheme may apply any surplus assets) in order to provide increased or additional benefits. You will be informed if this affects you.

Transfer In from another approved scheme

If you were a member of another approved scheme, either an Occupational, Personal Pension, or Section 32 Buy-Out policy you may request that the Scheme accept a transfer payment from that previous scheme.

The Trustees have discretion to accept a transfer payment subject to certain terms and conditions.

Before a transfer payment is accepted, you will be provided with details of the benefits that the Scheme can provide and your authority to proceed will be requested.

Divorce

If you should get divorced, the Trustees may be obliged to pay part of your retirement or death benefits to your ex-spouse or ex-Civil Partner to comply with any court order requiring this. In order to understand the implications on your pension when going through divorce proceedings, please contact the Trustees who will provide you with all the necessary information that your or your solicitor require. The Trustees have agreed to apply the NAPF (National Association of Pension Funds – now the Pensions and Lifetime Savings Association) charges in all divorce cases.

Data Protection

All personal details held by the Trustees are kept secure and will only be disclosed in certain limited circumstances. It is important that you keep the Trustees informed of any changes in your personal details to help them provide you with an efficient service.

Part time service

If you have a period or periods of part time Pensionable Service, you will be separately advised of the affect on your benefits.

Actuarial Valuations and Trustees' Annual Report

Under statute, the Scheme assets must be valued at least every 3 years by the Scheme Actuary. The results are summarised in the Trustees' Annual Report & Accounts, a copy of which is available upon request to the Trustees.

Non-assignability

The benefits provided under the Scheme are strictly personal and cannot be assigned to any other person or used as security. However, they may be subject to an "earmarking or pension sharing" order by the courts in the event of divorce.

Scheme registration

The Scheme is registered with the Registrar of Occupational and Personal Pension Schemes. An online tracing service provided by the Government may be of help to you if you need to contact the Trustees of a previous Employer's Pension Scheme and cannot trace them. This can be found at https://www.gov.uk/find-pension-contact-details

Alteration and termination

The right is reserved to terminate the Scheme. In such event the funds of the Scheme will be used by the Trustees in the way set out in the governing Trust Deed and Rules, subject to overriding legislation.

The Foundation may with the consent of the Trustees alter or modify the Scheme from time to time. Alterations are subject to certain restrictions under legislation and the governing Trust Deed and Rules.

Pension Protection Fund

The Pension Protection Fund was established to pay compensation to Members of eligible Defined Benefit Pension Schemes when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Money and Pensions Service

The Money and Pensions Service (MaPS) is an arm's-length body sponsored by the Department for Work and Pensions, established at the beginning of 2019, and also engages with HM Treasury on policy matters relating to financial capability and debt advice: https://maps.org.uk/

MoneyHelper, provided by MaPS, is available to provide guidance to members by bringing together support previously provided by the Money Advice Service, Pension Wise and The Pensions Advisory Service (TPAS). Their website can be found at: https://www.moneyhelper.org.uk/en

Pensions Ombudsman

The Ombudsman may investigate and determine any complaint or dispute of fact of law in relation to the Scheme. The address is:

10 South Colonnade, Canary Wharf, London, E14 4PU

Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers and professional advisors have failed in their duties and in other circumstances. Their address is:

Napier House, Trafalgar Place, Brighton, BN1 4DW

17. OTHER USEFUL ADDRESSES

To contact the Trustees, you should write to:

Company Secretary
The Percy Hedley Foundation
Hampeth Lodge
Station Road
Forest Hall
Newcastle upon Tyne
NE12 8YY

To contact the Scheme Administrators, you should write to:

XPS Administration
Wellbar Central
Gallowgate
Newcastle upon Tyne
NE1 4TD

DISPUTE RESOLUTION PROCEDURE

We would hope that any dispute can be dealt with on an informal basis. However, should you wish, you have the right to take advantage of the formal Dispute Resolution Procedure, details of which are as follows.

Who may make a complaint?

Complaints about matters in relation to the Scheme may be made against the Trustees by: -

- active members, deferred pensioners, and pensioners;
- a spouse, Civil Partner or surviving dependant of a deceased member;
- prospective members;
- anyone who was in one of the aforementioned categories within the preceding six months;
- anyone claiming to be covered by one of the aforementioned categories;
- a representative nominated by anyone in any of the aforementioned categories (or by a personal representative if the complaint concerns someone who is deceased, or by a suitable person if the complaint concerns a child or someone who is otherwise incapable of acting for themselves).

Complaints Procedure – Stage 1

A complaint must be in writing and signed; it should be addressed to:

Company Secretary
The Percy Hedley Foundation
Hampeth Lodge
Station Road
Forest Hall
Newcastle upon Tyne
NE12 8YY

The complaint must include:

- Name, address, and National Insurance details of the Member.
- A statement of the complaint

You will receive an acknowledgement of your formal complaint within seven days and the complainant will normally receive a formal response to his/her complaint within two months. If a complaint is not dealt with within two months the complainant will be sent a letter explaining the reason for the delay; this letter will also tell the complainant when a formal response will be provided.

The formal response will include:

- a statement of the decision;
- a reference to any legislation relied on;
- a reference to any scheme rules relied on and, where a discretion has been exercised, to any scheme rules conferring that discretion; and
- a reference to the complainant's right of appeal if made within six months.

Complaints Procedure – Stage 2

If a complainant is not satisfied with the decision made an appeal may be made by the complainant to the full board of Trustees.

An appeal must be in writing and signed; it should be addressed to:

Trustees of The Percy Hedley Pension Scheme
The Percy Hedley Foundation
Hampeth Lodge
Station Road
Forest Hall
Newcastle upon Tyne
NE12 8YY

The appeal must include

- Name, address, and National Insurance details as in the initial complaint;
- A copy of the initial decision;
- A statement of why the complainant is dissatisfied with the initial decision; and
- A statement that the complainant wishes the grievance to be reconsidered by the Trustees.

The Trustees will acknowledge receipt of an appeal within seven days and the complainant will normally receive a formal response to his/her appeal within two months. If an appeal is not dealt with within two months the complainant will be sent a letter explaining the reason for the delay; this letter will also tell the complainant when a formal response will be provided.

The formal response will include:

- A statement of the decision and an explanation as to whether and, if so, to what extent the new decision confirms or replaces the original decision;
- A reference to any legislation relied on;
- A reference to any scheme rules relied on and, where discretion has been exercised, to any scheme rules conferring that discretion
- A statement that the Pensions Ombudsman may investigate complaints or disputes, together with the address of the Ombudsman's office.