BARCLAYS GROUP STAFF UNION

PENSION SCHEME

Assured by

CRUSADER INSURANCE PLC
REigate, SURREY RH2 8BL
INTRODUCTION

This booklet describes the Barclays Group Staff Union Pension Scheme (formerly known as Barclays Group Staff Association Pension Scheme) which was brought into operation on 1st January, 1974 and revised with effect from 1st January, 1978 and 1st January, 1982.

The Union's Scheme provides

(a) a pension for you when you retire, with the options of

(i) taking part of it in the form of a tax-free cash sum, and

(ii) giving up part of it to provide a pension for a Dependant when you die;

(b) life assurance benefit if you die in the Union's service before the date you would normally retire; and

(c) if you are male, a pension for your Dependant on your death either in the Union's service, or after retirement.

Employees who are eligible to join the Union's Scheme for full pension benefits are all permanent employees who are over 20 years of age but less than 59 years of age and who have completed at least 6 months' service with the Union on a 1st January which is the day in each year on which new Members are admitted to the Union's Scheme.

An employee may be able to join the Scheme for lump sum death benefits on a date other than 1st January.

This booklet describes the various benefits payable under the Union's Scheme and the ways that various circumstances can affect them.

The present State Pension Scheme, which has been in operation since April, 1978, provides two levels of pension:

(a) a basic pension, and

(b) a further "earnings related" pension.

Because the Union's Scheme offers you substantially better benefits, as soon as you join that Scheme, you are "contracted-out" of the "earnings related" part of the State Pension Scheme. This means:

(a) you will only be entitled to the basic pension under the State Pension Scheme;
(b) your "earnings related" pension will be provided through the Union's Scheme instead of the State Pension Scheme; and

(c) your contributions to the State Pension Scheme (made through National Insurance contributions) will be reduced.

More details about the State Pension Scheme and its relationship with the Union's Scheme will be found in later sections of this booklet.

This booklet is descriptive only, and does not govern the administration of the Union's Scheme. The formal documents which do govern the Scheme may be inspected if more detail is required.

DEFINED TERMS

Throughout the booklet you will find a number of technical terms being used. They have the following meanings:

"NORMAL RETIREMENT DATE"

The date on which in normal circumstances you will retire and receive your pension, being your 60th birthday.

"PENSIONABLE SALARY"

On each 1st January Pensionable Salary is calculated as your basic pay, excluding bonuses, commission or any other fluctuating emoluments and remains at that figure for the next twelve months. Your life assurance benefit is based on Pensionable Salary.

"FINAL PENSIONABLE SALARY"

Final Pensionable Salary means your Pensionable Salary on the 1st January immediately prior to your Normal Retirement Date or prior to your earlier date of retirement or leaving service. Your own pension and the pension payable to your widow on your death in the Union's service are based on Final Pensionable Salary.

"PENSIONABLE SERVICE"

If you joined the Scheme on 1st January, 1974 this means the period of your service with the Union up to your Normal Retirement Date. If you join on any subsequent 1st January this means the period of your service with the Union from the date of joining the Scheme up to Normal Retirement Date.

In any event Pensionable Service will be subject to a maximum of 430 months.

"GUARANTEED MINIMUM PENSION" (G.M.P.)

The G.M.P. is the minimum pension with which you must be provided under the Union's Scheme to match the "earnings related" pension under the State Pension Scheme in relation to each tax year during which you are contracted-out of that scheme.

There is also a Widow's G.M.P., which is one half of the G.M.P. payable on the death of a married male Member.

"QUALIFYING SERVICE"

This means the length of time during which you have been a member of the Union's Scheme or any other pension scheme run by the Union. If, before joining the Union you were a member of another employer's scheme and brought a transfer value with you, you must add on the length of time you were a member of that scheme.

"TRUSTEES"

The Union acting by a resolution of its Executive Committee may appoint new or additional Trustees and may remove from office any of the Trustees.
"WIDOW"

1. A Widow means the woman to whom you are married at the date of your death.

"DEPENDANT"

Dependant means your spouse, child and any other individual who is financially dependent on you at the date of your death or retirement for all or any of the necessaries of life. A child may only be regarded as a Dependant until he reaches 18 years of age or ceases to receive full-time educational or vocational training, if later.

"QUALIFYING CHILD (OR CHILDREN)"

A Qualifying Child is a child who is aged under 18 years of age or who is in receipt of full-time educational or vocational training but less than 23 years of age.

YOUR PENSION

Your pension at Normal Retirement Date will be 1/720th of Final Pensionable Salary for each completed month of Pensionable Service. If, however your complete 3 years' Pensionable Service the minimum amount of pension payable shall be equal to 50% of Final Pensionable Salary, provided that you retire on or after Normal Retirement Date, and provided further that Inland Revenue limits are not exceeded.

Your pension will not be less than your G.M.P.

(a) Payment of Pension

Your pension will be payable by monthly instalments, from which income tax will be deducted.

(b) Exchanging part of your pension for cash

As long as the Trustees' agreement is obtained, at retirement you can exchange part of your pension for a tax-free cash sum, the maximum amount of which is one and a half times your earnings at retirement. Only if you have completed at least 20 years' service with the Union can you take this maximum sum; a sliding scale operates for Members with less than 20 years' service.

(c) Exchanging part of your pension for a Dependant's pension

It will normally be possible for you to exchange part of your pension to provide a pension for a Dependant payable from the date of your death. The pension for the Dependant must not be greater than the pension you retain.

NOTE: The exercise of either or both of options (b) and (c) must not reduce the pension you receive below your G.M.P.

(d) Date of retirement

Although it is normally expected that you will retire on your Normal Retirement Date, circumstances may dictate that you retire earlier or later than that date.
(1) Retiring early

If you retire early, you may choose to receive your pension payable immediately. The amount will be calculated as follows:

(a) Your pension entitlement at the Normal Retirement Date will be calculated based on your completed Pensionable Service and your Final Pensionable Salary at the date of your retirement.

(b) The result will then be reduced by a figure calculated in accordance with actuarial advice, which takes account of the fact that the pension is being paid from a date earlier than your Normal Retirement Date.

Notes:

1. The amount of your early retirement pension will not be less than your G.M.P. revalued up to your Normal Retirement Date.

2. Early retirement can normally take effect on or after your 50th birthday, but not before. The exception to this is that you may retire before your 50th birthday if you are in circumstances of exceptionally serious ill-health, of which the Trustees shall be the judge.

3. The amount of cash you can take by exchanging part of your pension will be reduced.

4. Early retirement benefits may have to be restricted if Inland Revenue limits would otherwise be exceeded.

(2) Retiring late

Even if you retire late, you may still take your pension as if you had retired on your Normal Retirement Date, but you will probably wish to defer its payment until the date you actually retire.

If you do decide to defer your pension, it will be increased in amount to take account of the period between the Normal Retirement Date and the date payment actually commences. This increase, insofar as it applies to the G.M.P., will not be less than 1/7% for each complete week of deferment as long as the deferment is for at least 7 weeks.

CONTRIBUTIONS

Each year you will contribute 2.5% of your gross annual salary to the Union’s Scheme. The rest of the money required to purchase the benefits will be provided by the Union.

If you stay in the Union’s service after your Normal Retirement Date you will cease to pay contributions.

Your contributions should attract full tax relief so the net amount you pay will be substantially reduced.
DEATH BENEFITS

The amount payable will depend on the date of your death.

(a) Death in the Union's service before Normal Retirement Date

In these circumstances a lump sum equal to four times current Pensionable Salary will be payable together with an amount equal to your contributions to the Union's Scheme. They will be dealt with in the manner described later under the heading "Benefits payable at Trustees' Discretion".

If you are male and leave a Dependant, there will be paid to him or her a pension equal to one-half of your total expected pension at your Normal Retirement Date based on your Final Pensionable Salary at the date of your death. The pension will commence immediately and will be paid by monthly instalments for the remainder of your Dependant's lifetime.

If you are male and also leave a Qualifying Child or Children, such a child shall be entitled to a pension of an amount as set out in the Table below, commencing on the monthly due date after your death, and ceasing on the monthly due date prior to the child ceasing to be a Qualifying Child.

TABLE

<table>
<thead>
<tr>
<th>No. of Qualifying Children</th>
<th>Total Amount of Pension</th>
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<tbody>
<tr>
<td>1</td>
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</tr>
<tr>
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If, on your death, there is no Dependant, the Qualifying Child's pension described in the table above shall be doubled.
(b) Death in the Union's service after Normal Retirement Date

If you are still in the Union's service after your Normal Retirement Date but have already taken your pension, the benefits are described later under the heading "Death after Retirement".

If you have not started to receive your pension, there will be payable a lump sum equal to the value of five years' payments of the pension which would have been payable had you retired on the day before your death. It will be dealt with in the manner described later under the heading "Benefits payable at Trustees' Discretion".

If you are male and leave a Dependant, there will be paid to him or her a pension equal to one-half of the pension to which you would have been entitled at Normal Retirement Date. The pension will commence immediately and will be paid by monthly instalments for the remainder of your Dependant's lifetime.

If you are male and also leave a Qualifying Child or Children, such child shall be entitled to a pension of an amount as set out in the Table below, commencing on the monthly due date after your death, and ceasing on the monthly due date prior to the child ceasing to be a Qualifying Child.

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If, on your death, there is no Dependant, the Qualifying Child's pension described in the table above shall be doubled.
(c) **Death after Retirement**

If you die after retirement but before you have received five years' payments of your pension, there will be payable a lump sum equal to the value of the unpaid balance of five years' instalments. It will also be dealt with in the manner described later under the heading "Benefits payable at Trustees' Discretion".

If you are male and leave a Dependant, subject to the following paragraph, there will be paid to him or her a pension equal to one-half of your pension entitlement at the date of your death (including the pension value of any cash sum you have taken and any pension surrendered for a Dependant). The pension will commence on the due date of the next instalment of your pension and will be paid by monthly instalments for the remainder of your Dependant's lifetime.

If your marriage took place after the date on which your Union service ended or, if earlier after your Normal Retirement Date and you die within 6 months of your marriage any pension payable to your Widow will be restricted to the Widow's G.M.P.

If you are male, and also leave a Qualifying Child or Children, such child shall be entitled to a pension of an amount as set out in the Table below, commencing on the monthly due date after your death, and ceasing on the monthly due date prior to the child ceasing to be a Qualifying Child.

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If, on your death, there is no Dependant, the Qualifying Child's pension described above shall be doubled.

(d) **Death after leaving the Union's service**

These benefits are dealt with in the LEAVING SERVICE BEFORE RETIREMENT section of the booklet.
(e) **Benefits payable at Trustees' Discretion**

Lump sum benefits payable on your death will be held by the Trustees on trust to pay them to, or apply them for the benefit of, such one or more of your relatives, dependants and legal personal representatives in such shares and in such manner as the Trustees shall decide.

The Trustees do, however, invite you to indicate your wishes about who should receive these benefits by completing a "Nomination Form" which can be obtained from the Trustees. The Trustees will give consideration to your wishes, but will remain free to decide whether to put them into effect.

It has to be done this way because if you are allowed to bind the Trustees by your wishes the benefit will be caught up in Capital Transfer Tax problems.

(э) **Evidence of Insurability**

Benefits beyond certain limits which are payable on death before retirement are subject to evidence of insurability. If such evidence of insurability is unsatisfactory or is not supplied to the Insurance Company, the benefits described may be restricted to the minimum which the Unions Scheme must provide to meet contracting-out requirements.

**TEMPORARY ABSENCE FROM WORK**

If your absence is due to your own injury or illness normally your contributions to the Unions Scheme can be suspended until you return to work. You will then have the chance to make up the lost contributions in order to ensure that your pension is not reduced. The Union will continue to pay its contributions as usual, but after thirty months may stop paying contributions to your death in service benefits and these benefits will no longer be payable.

If your absence is for any other reason, what happens will depend very much on the circumstances of each case, but normally death in service benefits will not be payable after you have been away for 12 months.

The Trustees will advise you what will happen in your particular circumstances.

**PROTECTION AGAINST INFLATION**

The Unions's Scheme helps to provide protection against inflation by increasing the pensions it provides by 4% per annum compound. Exceptions to this will be found in the LEAVING SERVICE BEFORE RETIREMENT section of the booklet.

There is a restriction to this increase, in that if the Government's Index of Retail Prices over a period does not increase at more than 3% per annum compound, the increases in pension will be reduced over that period to fall in line with that Index.
In addition to provisions made under the Union's Scheme the State increases all G.M.P.'s for you or your Widow in line with prices, by making additions to the State pensions.

LEAVING SERVICE BEFORE RETIREMENT

If you leave the Union's service before retirement, the benefits to which you will be entitled will depend on the circumstances.

The series of questions on the chart on the following page will lead you to which of the alternatives A to E on the pages after the chart are available in the particular circumstances in which you are leaving service.
Are you at least 26?

Yes
Have you completed at least 5 years Qualifying Service?

Yes
Did your Qualifying Service start before 6 April 1975?

Yes
You may choose whether to take the benefits shown in A or in E.

No
You will be automatically entitled to the benefits shown in A.

No
Have you been Contracted-out for at least 5 years?

Yes
You may choose whether to take the benefits shown in C or in D. If you choose to take the benefits shown in D, the Trustees may decide to grant you the benefits shown in A instead.

No
You may choose whether to take the benefits shown in B or in D. If you choose to take the benefits shown in D, the Trustees may decide to grant you the benefits shown in A instead.

NOTES:

(i) The power which the Trustees have in some cases to grant better benefits than you choose will not normally be used if you are leaving voluntarily, or if you are being dismissed through fraud or misconduct.

(ii) If, by your criminal, negligent or fraudulent act or omission, the Union suffers any financial loss, then that loss may be recovered by the Union from the Trustees and your benefits may be reduced accordingly.
A. The Union's Scheme will provide retirement benefits at your Normal Retirement Date of a proportion of the amounts to which you would have become entitled had you remained in the Union's service up to your Normal Retirement Date. The calculation of these benefits will be based on your completed Pensionable Service and your Final Pensionable Salary at the date of leaving.

The actual amount of pension secured by any transfer value paid into the Union's Scheme will also be payable.

The pension payable will not be less than your G.M.P. at retirement.

If you subsequently die before retiring and before your Normal Retirement Date, there will be payable a refund of the gross amount of your own contributions paid into the Union's Scheme (whether directly or as part of a transfer value): if you are a married man and die in these circumstances the Widow's G.M.P. will be payable to your Widow for the remainder of her lifetime. Note, however, that no increases in this pension will be provided by the Union's Scheme.

B. The gross amount of your own contributions paid into the Union's Scheme (whether directly or as part of a transfer value) will be returned to you, after two deductions:

1. the amount equivalent to your share of the cost of reinstating your benefits in the State Pension Scheme, and

2. tax, currently at 10%, on the net amount of the refund after the first deduction.

You will then cease to be entitled to any further benefit from the Union's Scheme.

C. The gross amount of your own contributions paid into the Union's Scheme (whether directly or as part of a transfer value) will be returned to you, after two deductions:

1. the amount equivalent to your share of the cost of reinstating your benefits in the State Scheme (even though no payment will be made to the State Scheme in these circumstances), and

2. tax, currently at 10%, on the net amount of the refund after the first deduction.

The Union's Scheme will also provide the G.M.P. from your Normal Retirement Date, and if you are a married man and die leaving a Widow, the Widow's G.M.P. will be payable for the remainder of her lifetime. Note, however, that no increases in either of these pensions will be provided by the Union's Scheme.
D. The Union's Scheme will provide whichever is the greater of the following at your Normal Retirement Date:

1. the benefits which are purchased by your own contributions to the Union's Scheme and by any transfer value paid into the Union's Scheme from another employer's scheme, and

2. the G.M.P.'s for both you and your Widow, if you die before her.

If you subsequently die before retiring and before your Normal Retirement Date, there will be payable a refund of the gross amount of your own contributions paid into the Union's Scheme (whether directly or as part of a transfer value): if you are a married man and die in these circumstances the Widow's G.M.P. will be payable to your Widow for the remainder of her lifetime. Note, however, that no increases in this pension will be provided by the Union's Scheme.

E. The gross amount of your contributions paid prior to 6th April, 1975 either to the Union's Scheme or to any scheme from which a transfer value has been paid to the Union's Scheme will be returned to you after the deduction of tax, currently at 10%.

The Union's Scheme will also provide you with the benefits set out in A, calculated as if your membership of the Union's Scheme had started on 6th April, 1975. No pension benefits will be provided for any period in respect of which you have taken a refund of contributions.

NOTES:

1. If you leave the Union's service and remain entitled to benefits under the Union's Scheme, the normal options regarding early and late retirement, cashing part of the pension and surrendering part in favour of a dependant will still apply, subject to the overall restriction that you cannot reduce your benefits below the level of the G.M.P.

2. To replace the death in service benefits you lose when you leave the Union's Service, provided at the date of leaving you are less than 60 years of age and are not retiring on pension the Insurance Company is prepared to consider a proposal made within 31 days of the date of leaving for a Whole of Life or Endowment Assurance Policy for a sum assured not exceeding the value of your death in service benefits, without calling for further evidence of your health. Any rating applied to your benefits in the Union's Scheme would be reflected in the premium for this new policy.
3. You will receive a note of the actual benefits to be provided under the Union's Scheme when you leave service.

4. If when you leave the Union's Service you join another scheme which is contracted out, you may request the Trustees to pay a transfer value to the new scheme and have all your benefits provided under the new scheme.

**HOW THE UNION'S SCHEME OPERATES**

The Union's Scheme is established by the Union under trust and all the assets of the Scheme are held quite separately from the Union's assets by Trustees appointed by the Union, to provide the Scheme's benefits to the appropriate members and other beneficiaries in accordance with the governing Trust Deeds and Rules.

The formal governing documents will be available for inspection by members who wish to have more detail than this booklet provides.

The assets of the Scheme are invested by the Trustees in appropriate policies issued to the Trustees by Crusader Insurance PLC of Reigate, Surrey, to provide the necessary benefits.

The Union hopes that the Scheme will continue indefinitely, but has the right to discontinue or amend it at any time if for any reason, whether financial or otherwise, it feels that such action is appropriate. Benefits already secured or in payment would not normally be affected by such action.

You should note that the benefits under the Union's Scheme are entirely personal and cannot be assigned or pledged or alienated in any way, nor can they be used as security.

You are required to produce your birth certificate, and marriage certificate if a female, so that the Trustees know your precise age, in order that the appropriate benefits can be provided under the Union's Scheme. Any mis-statement of age may result in benefits being reduced or deferred.

The Union's Scheme has been designed to be capable of approval by the Commissioners of Inland Revenue under Chapter II of Part II of the Finance Act, 1970 as an exempt approved scheme. The terms of this booklet reflect this approval, and will not necessarily apply if it is not obtained.

**STATE PENSION SCHEME**

The State Pension Scheme provides a pension at age 65 for a man and age 60 for a woman comprising

(a) £1 per week for every £1 of average weekly earnings up to the level of the single person's flat rate pension in force from time to time (the basic pension referred to in the introduction), and
(b) a further "earnings related" pension, being 1.25% of all earnings between the level of the basic pension from time to time in force and a figure which is approximately 7 times the basic pension.

Once earnings for a particular year have been calculated they will be revalued year by year up to State pension age (65 for men and 60 for women) to keep their value against general earnings.

If on 6th April, 1978 a man was aged 44 or less, or a woman was aged 39 or less, the "earnings related" pension will be calculated on the best 20 years' revalued earnings.

There will be supplements to these pensions for married couples where only one spouse has earned a pension.

Once pensions have started to be paid they will be increased regularly, the basic pension in line with general earnings (or prices if greater) and the "earnings related" pension in line with prices.

A woman widowed over 50 or a Widow with children will inherit all of her husband's pension earned by his contributions. If she is widowed between 40 and 50, or is still under 50 when her children grow up, she will get a proportion of this pension.