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THE SCHEDULE

PENSION TRUST OF THE RAILWAYS PENSION SCHEME

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Appendix 2

THE ARRANGEMENTS AND RULES GOVERNING THE ARRANGEMENTS

The Arrangements of the Scheme are the Shared Cost Arrangement, the Defined Benefit Arrangement and the Defined Contribution Arrangement.

PART 1

RULES OF THE SHARED COST ARRANGEMENT

Early Retirement Level Pension Option

6D A Member who is about to retire and whose pension starts on or after age 50 but before State Pension Age may elect, by notice in writing to the Trustee, to have the pension increased before that age and reduced after it, so that:

- (i) the pension from the Section before State Pension Age is greater than the pension but for this Rule; and
- (ii) at State Pension Age the pension but for Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits) reduces by:
 - (a) (subject to the following paragraph) th of Final Average Basic State Pension multiplied by the number of years of the Member's Pensionable Service; multiplied by
 - (b) the Normal Pension at State Pension Age; and divided by
 - (c) the Basic Pension.

The amount calculated under (a) above shall be reduced as necessary to ensure that the pension receivable after State Pension Age but for Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits) and ignoring any application of Rule 18A (Pension Increases) after the election is made, is not less than whichever is the greater of:

- (1) half the pension but for this Rule, Rule 19B (GMP Increase) and Rule 19C (State Graduated Retirement Benefits); and
- (2) the aggregate of (i) the State Graduated Retirement Benefit; and (ii) whichever is the lesser on the date the pension becomes payable of the Contracted-out Pension and the Forecast GMP.

The basis on which the election may be made is set out in Schedule 7.

An election under this Rule does not affect the pension payable after death to a Member's spouse, dependants or children.

Any election under Rule 6A (Additional Pension), 6B (Additional Lump Sum), 6C (Joint Annuitant's Pension) or Rule 11A (Early Benefits) must be made before an election is made under this Rule.