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SCHEDULE 1

The New Provisions

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APPENDIX 3—RULES OF THE NATS SECTION

PART 2:

BENEFITS AND THE ADMINISTRATION OF BENEFITS

27.

COMMENCEMENT OF MEMBER'S PENSION

At Normal Pension Date

- (a) (a) A Current Member of the NATS Section who ceases to be in Service at Normal Pension Date shall be entitled to receive a pension from the NATS Section at Normal Pension Date calculated in accordance with Rule 24.1.
- (b) A Member of the NATS Section who has become entitled before Normal Pension Date to a pension described in Rule 32 other than a Member whose benefit from the NATS Section has become payable before Normal Pension Date shall be entitled to receive from the NATS Section at Normal Pension Date a pension calculated in accordance with Rule 24.2 or, in the case of a Member in respect of whom the Cash Value of a part of his benefits has been applied in accordance with Rule 33 or Rule 34, the appropriate part of such pension.

Before Normal Pension Date

- (a) (a) A Member of the NATS Section who on leaving Service or retiring before Normal Pension Date becomes entitled to a pension under Rule 32 may with the consent of the Trustees commence to receive such pension at any time on or after his 50th birthday, or earlier if he is retiring because of incapacity.

Such pension shall include the increases described in Rule 24.3 calculated up to the date on which the pension is to commence, the total pension for that Member being, subject always to Appendix 4, reduced to such extent (if any) as the Trustees shall, on the advice of the Actuary, consider to be reasonable and determine to be appropriate having regard to, among other things, the period between the date of its commencement and Normal Pension Date but so that the reduced pension shall be not less than the actuarial equivalent of the pension which would have been payable under Rule 32 from the Member's Normal Pension Date, provided always that in special circumstances specifically approved by the Sponsoring Section Employer the pension payable under the preceding provisions of this Rule 27.2 shall not, if the Sponsoring Section Employer so determines and subject as hereinafter provided, be reduced as described above in this Rule and the provision of such unreduced pension shall be regarded as augmentation of benefit in accordance with Rule 12 and shall be subject to payment by the Employer of the appropriate additional contribution to the NATS Section.

Incapacity

- (b) On ceasing to be a Current Member of the NATS Section on the grounds of ill-health before attaining Normal Pension Date in consequence of incapacity (which is expected to be permanent) to perform his duties resulting from accident or mental or physical infirmity not resulting from his own misconduct a Member may commence to receive his pension immediately upon his retirement, provided that a Member may not make a claim to receive

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a pension under this paragraph (b) later than 90 days after the date on which he ceased to be a Current Member of the NATS Section. Such pension shall be calculated as described in Rule 24.1 except that the Member's Pensionable Service shall be increased by an addition equal to 50% of the amount of his Pensionable Service immediately before such addition (exclusive of any part of it provided in return for a Member's voluntary contributions under Rule 23.3) or 100% of it, if the Trustees so determine, upon his retirement or at any other date prior to Normal Pension Date that the medical advice referred to in (c) below indicates that the Member is incapable of gainful employment (except to an extent acceptable to the Trustees) or such greater amount as the Trustees at their absolute discretion shall in exceptional circumstances decide, provided always that no such addition shall cause the Member's total pension from the NATS Section to exceed 2/3rds of Final Pensionable Earnings or, if less, a pension equal to that fraction of Final Pensionable Earnings which the Member would have received at Normal Pension Date if he had remained a Current Member of the NATS Section until that date.

The Administrator shall give prior notice to the Board of Inland Revenue in accordance with the Taxes Act before commencing to pay a pension from the NATS Section on the retirement prior to Normal Pension Date on account of incapacity of a Member of the NATS Section who is a Controlling Director.

Payment of pensions under Rule 27.2

- (c) Payment of a pension described in paragraph (b) above shall be subject to the Member submitting himself for medical examination by a Medical Adviser whenever the Trustees require him to do so. The Trustees may withhold payment of such pension for such period as the Member refuses or fails to submit himself to any such examination or in any way obstructs the same.

The 100% addition of Pensionable Service as described in (b) above shall be subject to the Member providing such confirmation in such manner as the Trustees may reasonably require that he has not been in receipt of remuneration from any other employment (or alternatively that he has been in receipt only of remuneration which the Trustees have decided may be ignored) and the Trustees may withhold payment of a pension in respect of any period during which the Member refuses or fails to provide such confirmation or in any way obstructs the obtaining of such confirmation and if at any time the Trustees are of the opinion that as from a certain date the Member no longer qualifies for the 100% addition in accordance with (b) above the pension from that date shall be calculated as if the Member qualifies for the 50% addition in accordance with (b) above but without prejudice to the power of the Trustees to reverse that decision at a later date.

- (d) Where as a result of evidence supplied in respect of a Member in accordance with paragraph (c) above the Trustees are of the opinion that the Member would be able before Normal Pension Date to resume employment with his Employer or to take up employment with any other Employer, the Trustees shall inform the Employers and if an Employer offers such Member employment in which he would become eligible for membership of the NATS Section, the pension payable from the NATS Section in accordance with this Rule 27.2 shall cease to be payable upon his commencing such employment or, if earlier, at the end of three months (or such further period as the Trustees in their discretion shall allow) from the date of the said offer of employment, provided always that if a Member's remuneration (taken for this purpose as remuneration other than Non-Pensionable Earnings) at the date on which his pension would cease to be payable as described above in this paragraph (d) is less than his corresponding former remuneration at the date on which the Member ceased to be a Current Member of the NATS Section, a proportion of his pension payable under this Rule 27.2 shall continue to

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be payable, such proportion being the proportion of that pension which the reduction in the Member's remuneration bears to his former remuneration, and provided further that upon the subsequent cessation of membership of such a Member the pension payable from the NATS Section to the Member shall not be less than the pension previously payable to him under this Rule 27.2.

- (e) If a Member in receipt of a pension under Rule 27.2 other than a pension to which paragraph (d) above applies but being a pension not subject to a reduction as described above in this Rule is offered employment with any of the Employers in which he becomes eligible for membership of the NATS Section, payment of such pension shall cease upon his commencing such employment or, if earlier, at the end of three months (or such further period as the Trustees in their discretion shall allow) from the date of the said offer of employment.
- (f) The payment of a pension in respect of a Member to whom this Rule 27.2 applies shall be subject otherwise to the provisions of Rule 38.
- (g) If a Member of the NATS Section who is offered employment with an Employer in accordance with paragraph (d) or (e) above in this Rule returns to such employment within the period described in those paragraphs, he may recommence membership of the NATS Section as a Current Member on such terms as the Trustees on the advice of the Actuary shall determine. Such a Member who does not recommence membership as a Current Member and such a Member who does not return to the employment within the period described shall become entitled to such deferred or reduced pension as the Trustees on the advice of the Actuary shall determine provided that such determination does not prejudice approval of the Scheme as an exempt approved scheme for the purposes of Part I of Chapter XIV of the Taxes Act(1).

After Normal Pension Date

Service after Normal Pension Date

- (a) (a) The pension of a Member who is a Current Member of the NATS Section immediately before Normal Pension Date and whose Service continues beyond that date shall be postponed until the date of cessation of his Service (or, in the case of a Class A Member, his 75th birthday if earlier) provided that such a member who is a Class B Member may by notice in writing to the Trustees elect to receive a cash sum in accordance with Rule 29.2 or to commence receiving his pension or the balance of it as appropriate at any date on or after Normal Pension Date but not later than the date of his actual retirement from Service. The amount of pension of a Member to whom this paragraph applies shall, subject to Appendix 4 and except as provided below in this Rule, be calculated in accordance with Rule 24.1 as at the date of its commencement or, if greater, but only in the case of a Member whose pension so calculated would have been 2/3rds of Final Pensionable Earnings, an amount of 2/3rds of Final Pensionable Earnings as at the later of the Member's Normal Pension Date and the date of completion of the shortest period of Pensionable Service for which the pension calculated in respect of the Member under Rule 24.1 would be equal to 2/3rds of the Member's Final Pensionable Earnings, with the addition of an amount determined by the Trustees with the advice of the Actuary having regard to the date of commencement of the pension and/or such other factors (if any) as the Actuary shall consider to be relevant. The amount of pension calculated in accordance with Rule 24.1 as aforesaid shall be reduced by the value, determined by the Trustees

(1) 1988 c. 1.

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with the advice of the Actuary, of any benefit paid to the Member in accordance with the proviso above in this paragraph.

Postponement of deferred pensions

- (b) Payment of a pension to which a Member of the NATS Section becomes entitled under Rule 32 may at his request be postponed beyond Normal Pension Date until such date not later than his 75th birthday as shall be agreed between the Trustees and the Member; provided always that:
 - (i) in the case of a Class A Member who has ceased to be a Current Member of the NATS Section while remaining in Service in accordance with Rule 31, the Member's pension from the NATS Section may not commence to be paid before he ceases to be in Service; and
 - (ii) in the case of a Class B Member, the Member's pension from the NATS Section may be postponed only for so long as his retirement from all employment is postponed.

The amount of pension of a Member to whom this paragraph (b) applies shall, subject to Appendix 4, be calculated in accordance with Rule 24.2 as at Normal Pension Date increased by such amount as the Trustees with the advice of the Actuary shall determine having regard to the period for which payment of the pension has been postponed.