A Guide for Members

CARE Scheme

The Pensions Trust

Definitions

The Scheme
is The Pensions Trust – Career Average Revalued Earnings (CARE) Scheme.

Scheme Year
means, for the purpose of Revaluation, the year from 1 April to 31 March.

Earnings
means your full gross taxable pay, including all overtime, shift-pay, bonuses and any other monetary allowance or special payments.

Exit Date
means the latest date on which you are treated under the rules as being in pensionable service – normally the date of leaving the Scheme, retirement or death.

Final Earnings
means the better of your:

- earnings for your final 12 months up to Exit Date, or
- earnings in the year ending on the day before any reduction or suspension of earnings because of illness or injury, revalued under the rules if appropriate

Index
is the Retail Prices Index (RPI), or any replacement index prescribed as the measure of price inflation.

Normal Pension Age (NPA)
is always age 65 for scheme benefits. Your employer may have agreed an earlier retirement age.

Protected Pension Age
Members who joined the Scheme before 6 April 2006 will have a Protected Pension Age of 50 from 6 April 2010. This will allow these members to retire from age 50 after 5 April 2010, but if they retire before age 55 they will be required to leave the employment to which the pension relates.

Revaluation
means the percentage increase in the Index in the year up to the Revaluation Date.

Revaluation Date
means 1 April each year.

Revalued Earnings
Earnings in one scheme year are revalued in line with inflation in subsequent scheme years, according to the rules, for the purpose of calculating your pension. For example, your earnings/pension in scheme year one will be revalued at the end of scheme year two.
A detailed worked example is given at the end of this booklet in 'Further Information.'

Revalued Career Earnings

- earnings from the latest April up to Exit Date, plus
- earnings for the 12 months before that April, plus
- previous accumulated Revalued Earnings

Pensionable Service
is your period of membership of the Scheme (in completed years and months).

Deferred Pension
If you leave the Scheme before you retire and leave your pension in the Scheme, this pension becomes known as a deferred pension.

Reference Scheme Test
The Scheme must provide benefits at least equal to the Reference Scheme (as defined by legislation for contracting-out purposes).

Guaranteed Minimum Pension (GMP)
is that part of your pension, or your legal spouse's or civil partner's pension, which represents the equivalent of the State Earnings Related Pension (SERPS), for pensionable service before 6 April 1997. The Scheme pays a GMP to you or your legal spouse or civil partner during retirement, as part of the Scheme pension, to replace the State Earnings Related Pension. **See also 'Contracting-Out page' 17.**

Note: You may have a GMP if you have transferred in benefits from a previous scheme.

Additional Voluntary Contributions (AVCs)
is the name given to any contributions you pay above your 'normal' contributions to the Scheme to secure extra benefits.

Free Standing AVCs (FSAVCs)
is the name given to AVCs paid privately to any pension provider other than The Pensions Trust.

Benefits
are the pensions and other payments made to members and their dependants on death, retirement and after leaving the Scheme.

These definitions are provided as a summary. Please see the formal **Trust Deed and Rules,** as appropriate, for further clarification.

Limited Price Indexation (LPI)
is a requirement under the Pensions Act 1995 to pay specified increases on pensions in payment. For pension accrued from 6 April 2005, LPI is defined as the rise in the Index, up to a maximum of 2.5%. For pension which was earned before 6 April 2005, LPI is the rise in the Index, capped at 5%.

Annual Allowance
The Annual Allowance came into effect on 6 April 2006 and is £215,000 for the tax year 2006/07, and will increase by £10,000 each year to £255,000 in 2010/11.

If the amount by which the value of your pension benefits increase in any one year (known as the 'input value' – explained below) exceeds the Annual Allowance, you will be liable for an 'Annual Allowance tax charge,' even if your contributions are less than 100% of your earnings. This tax charge is payable (through self assessment) at 40% on any increase in benefits above the Annual Allowance.

In defined benefit schemes (such as final salary or CARE schemes), the input value is measured by the increase in the value of the pension over the year. The input value is calculated as the increase in the annual pension amount multiplied by 10. For money purchase arrangements, such as the Trust's Flexible Retirement Plan, the input value is the total annual contribution made by you and your employer.

The input value does not take account of transfers into the Scheme or debits or credits from pension sharing arrangements following divorce.

You will be responsible for reporting any excess growth on your annual tax self-assessment return and also for paying the Annual Allowance tax charge. If you are concerned about this we recommend that you seek independent financial advice. The Trust will, on request, supply you with information on the increase in the value of any pension rights held with us.

The input value in the final tax year before your retirement will not count towards the Annual Allowance, as long as you have drawn all benefits in full from the Scheme or if you should die.

Lifetime Allowance

Due to changes introduced by the Finance Act 2004, from 6 April 2006 each individual in the UK is allowed to accumulate pension benefits up to a value of £1.5m (the limit for the 2006/07 tax year) without incurring tax charges.

Each year your benefit statement from the CARE Scheme will show the value of the pension benefits you have accrued as a percentage of the current Lifetime Allowance. You must also take into account the value of any pension benefits you have from previous pension arrangements in estimating whether you have scope to pay AVCs without any danger of breaching the Lifetime Allowance.

If the Lifetime Allowance is exceeded a tax charge of 55% will be levied on the excess fund if the benefits are taken as a lump sum. If the excess benefits are taken as pension then a tax charge of 25% will be levied, as well as the usual income tax payable on the pension instalments.

If you are concerned that your benefits from all sources may breach the Lifetime Allowance you should consult an Independent Financial Adviser as to your best course of action.

Please note that The Pensions Trust and its representatives are not permitted to give financial advice.

Retirement

For members who start to receive their pension after 5 April 2006, there will no longer be the requirement to have left the employment to which the pension relates. With the exception of ill-health early retirement, and Protected Pension Age retirements after 5 April 2010, any reference to retirement in this booklet includes those members who choose to receive their pension benefits **and** continue working, as opposed to retiring in the more traditional sense (i.e. stopping work).

The CARE Scheme

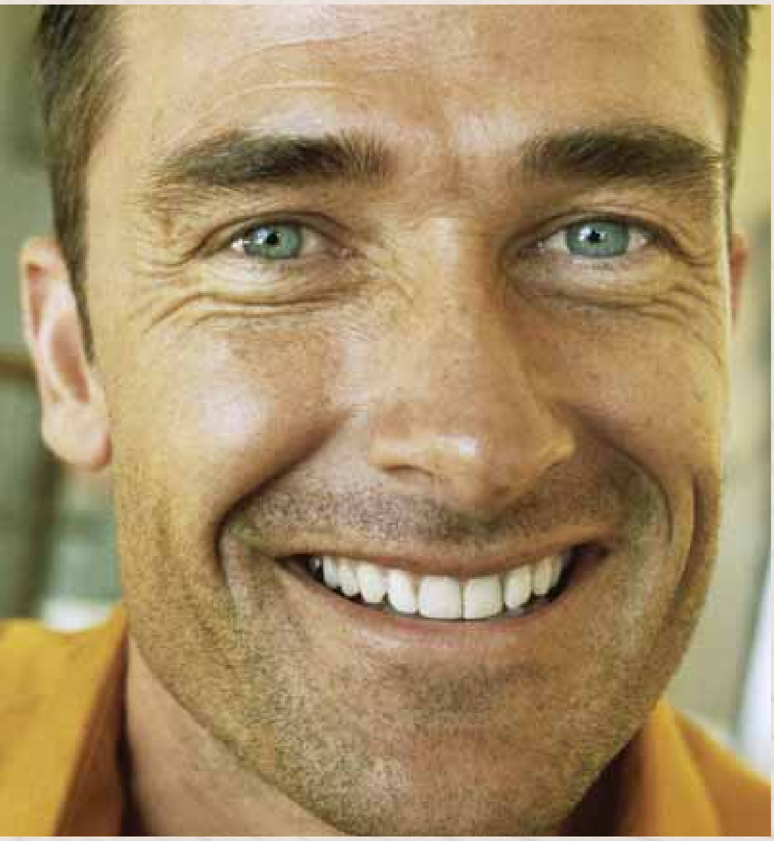
The Scheme has been designed to provide security for you during your retirement and for your dependants in the event of your death. The Scheme provides benefits related to your total earnings for the period of your membership of the Scheme.

CARE has been designed by The Pensions Trust to provide pensions that are affordable to members and employers alike when there is low inflation, falling long-term investment returns and increasing life expectancy.

The Scheme is administered by The Pensions Trust, which is the leading provider of pensions in the voluntary and not-for-profit sector.

This booklet provides general information about the Scheme. It gives general guidance only, and it should not be regarded as a complete or authoritative statement on the formal Trust Deed and Rules.

It is provided to all members and (on request) prospective members.



In the first instance, if you have any general enquiries about joining please contact the person designated by your employer.

Should you have any other queries or require further clarification or detailed information about your own benefits you should contact:

The Pensions Trust – CARE Scheme
Verity House
6 Canal Wharf
Leeds
LS11 5BQ
Telephone: 0113 394 2736
E-mail: enquiries@thepensionstrust.org.uk

Verity House
19 Haymarket Yards
Edinburgh
EH12 5BH
Telephone: 0131 341 1200
Email: enquiries@thepensionstrust.org.uk

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Contents

Joining the Scheme

Can I join the Scheme?
Yes. If your employer has agreed to offer this Scheme, you may join by completing an Application Form which you can get from your employer. The upper age limit is 64. You may have to complete a minimum period of service (specified by your employer) before membership is permitted.

When can I join?
You can join on the first day of the month on which the above conditions are fulfilled. If you do not join within one year of becoming eligible, you can only join with the agreement of your employer and the Trustee, and subject to a minimum of three months' service unbroken through illness.

Every member is bound by the obligations of the Trust Deed and Rules.

How much do I pay?
The amount you pay (your normal contributions) depends on your age and will be recalculated each year on 1 April (unless your employer has agreed a different date). Please see the table below.

The calculation each year is:

- age (at the agreed date) in complete years divided by 10

For example, if you are 35 your contribution rate would be 3.5% of your earnings

However, the actual cost to you is substantially less because:

- Contributions are deducted automatically from your salary each month before tax is calculated. This means that you do not pay tax on your contributions.

- As a member of the Scheme your employment is contracted-out of the additional State Pension (known as Second State Pension) and both you and your employer will pay lower National Insurance contributions.

How much does my employer pay?
The Trustee Board has set the contribution rate for employers at 10% of each member's gross earnings. In the event of any unforeseen or exceptional circumstances, this rate may be amended. Each participating employer will also contract-out of the additional State Pension (known as Second State Pension) and there by pay lower National Insurance contributions.

Can I transfer previous benefits into the Scheme?
Yes, subject to certain criteria and the transfer not affecting the Scheme's tax-registered status, transfers from previous pension arrangements are accepted at your request. This is subject to your written agreement to the alternative rights offered. The transfer value will secure additional pension for you in the CARE Scheme, on a basis agreed by the actuary.

If you would like to consider a transfer of previous benefits, you should write to The Pensions Trust giving details of your previous scheme.

Monthly Cost Example: (Member paying 3.5%)

Annual salary:	£10,000	£15,000	£20,000
3.5% monthly contributions	£29.17	£43.75	£58.33
22% tax relief *	(£6.42)	(£9.63)	(£12.83)
NI rebate *	(£7.51)	(£14.18)	(£20.84)
Actual monthly cost to you	£15.24	£19.94	£24.66

* subject to change

Your decision as to whether or not to transfer previous benefits should not affect your decision about joining the Scheme.

The Pension Trust does not currently permit transfers-in by members who are no longer contributing to the Scheme.

Supplementary Scheme Details
If the Trustee decides there is sufficient surplus in the Scheme, an additional profit share retirement benefit will be provided for each individual member. This benefit will be held for you in the Trust's Flexible Retirement Plan.

Benefits from any surplus will be payable in accordance with the rules of the Flexible Retirement Plan, and will be paid together with your CARE pension.

Supplementary Scheme Options
Any profit share allocation will be invested in The Pensions Trust's Flexible Retirement Plan.

The Flexible Retirement Plan is a low-cost occupational money purchase pension scheme designed for the 21st century.

You will be able to choose where you would like any surplus to be paid, from a range of investment funds. You will also have the option of switching investments in the future.

Some of the funds are managed by The Pensions Trust's own in-house team; others are managed by a guest manager.

You may, if you wish, choose a lifestyling option whereby units are switched to less volatile investment funds as retirement draws near.

Further information on each of the investment funds and the lifestyling option can be found online at: www.thepensionstrust.org.uk /Our Products/Money Purchase/ The Pensions Trust's Flexible Retirement Plan

The fund is converted into a pension at the time your CARE pension is taken.

Leaving

What happens if I leave the Scheme?
If you leave the Scheme, this will normally be because you change jobs. You may also leave the Scheme and continue to work for your employer, by giving one month's written notice. In this case you can only rejoin the Scheme if your employer and the Trustee agree to you doing so. In both cases, you can choose to:

- have a deferred pension; or
- transfer your benefits to another scheme; or
- take a refund of any contributions you have paid to the Scheme, but only if you leave with less than two years' qualifying service (see the following explanations)

Deferred Pension
Your deferred pension is calculated at your exit date in the same way as described in the 'Retirement' section of this booklet. The pension from your total revalued career earnings will be revalued under the rules by the rise in the Index (see 'Definitions') until you retire. A detailed worked example is given at the end of this booklet in 'Further Information.'

Also, you will continue to receive any surplus allocation based on your deferred pension which will be paid into your separate supplementary scheme.

You may apply for early payment of your pension at any time from when you become eligible (see 'Retirement' section).

Transfer of Your Benefits
You may transfer your benefits to another pension arrangement (such as your new employer's pension scheme or to a personal pension plan) at any time after you leave the Scheme, but before you take your pension. The amount transferred will be the cash value of your deferred benefits, including the value of any amount in your supplementary scheme. You will need to consider carefully whether such a transfer is in your own best interests.

Refund of Your Contributions

You may take a refund **only** of your own contributions to the Scheme (with interest) and only if you have less than two years' qualifying service. (Qualifying service includes your period of membership of this Scheme and other schemes of The Pensions Trust, plus membership relating to benefits from any previous scheme which you have transferred into this Scheme). If you have transferred benefits from a personal pension plan to the Scheme you cannot take a refund of your contributions.

There are two deductions from the refund: tax (see paragraph below) and an amount which will buy you back into the additional State Pension (known as Second State Pension). ***By taking a refund you will, by law, lose any benefit from the supplementary scheme.***

The first £10,800 of any refund will be taxed at 20%. Any amount in excess of £10,800 will be taxed at 40%.

Retirement

When can I retire?

The Normal Pension Age (NPA) under the Scheme is 65. This is fixed even if you retire from your job at a different age.

What will I get?

At retirement you have the option to take a pension, or a lump sum and a reduced pension. Lump sums are covered later in this section.

Your pension from NPA will be calculated as:

- 1/80th (or 1.25%) of total revalued career earnings, for example:

Gross Earnings	Annual Pension
£8,000 x 1/80	100
£16,000 x 1/80	200
£24,000 x 1/80	300

This calculation is made for every year that you have been a member of the Scheme. If you had been in the Scheme for 20 years **earning £16,000** each year, before revaluing for inflation which is dealt with next, your pension would be:

- **20 years x £200 = £4,000 a year**

However, the pension you earn for each year will be increased as described in the next section.

What about inflation?

The pension you build up from your earnings each year is increased before retirement:

- by the rise in the Index that follows in each subsequent year before retirement: and
- revaluation under the rules is for complete Scheme years – April to the end of March, effective from April each year
- earnings from April to your retirement date in the year you retire, and in the one year up to that April, are not increased. This is because, under the rules, a year's inflation has to occur after each April before your benefit is increased.

For example, if price inflation is 5% for two years and if you have already accumulated £1,200 pension, that pension will increase before retirement by:

£1,200 x 1.05 x 1.05 = £1,323 annual pension

A detailed worked example is given at the end of this booklet in 'Further Information'

Can I retire early?

Yes, you can take early retirement from age 50 even if you choose to continue working. However, from 6 April 2010, you may only take your pension benefits before age 55 if you are retiring on grounds of ill-health, or have a Protected Pension Age (see 'Definitions') and have left the employment to which the pension relates. Your pension will be calculated as shown above but will then be reduced to allow for the fact that:

- you will have been a member of the Scheme for a shorter time; and
- pensions paid early are expected to be paid for longer

If you retire early, you still have the option to take a lump sum. This sum will also be smaller than it would be if you retired at NPA.

Can I take a cash sum?

Yes, you can give up part of your pension and exchange it for a pension commencement lump sum (PCLS). This will leave you with a smaller pension, reduced according to your age.

The maximum lump sum available is 25% of the value of your pension benefits. Unfortunately the calculation is not straightforward, however, as an indicator, some examples are shown below of the cash sums available to individuals at age 65. Please note that these figures are only provided as examples.

Taking a PCLS at retirement will leave you with a reduced pension. The table below shows comparisons between a full pension (Option 1) or a PCLS with a reduced pension (Option 2) for an individual aged 65.

Option 1		**Option 2**
Full Pension	Maximum Cash Lump Sum	Reduced Pension
£5,000 a year	£23,885.78	£3,582.88 a year
£10,000 a year	£47,771.56	£7,165.76 a year
£15,000 a year	£71,657.34	£10,748.60 a year

Flexible Retirement

In most cases members are able to take part of their pension whilst continuing to work and, should they wish to, accrue further pension benefits. Exceptions to this are ill-health retirements, and from 6 April 2010, those with a Protected Pension Age (see 'Definitions') who retire before age 55. This option is only available once in a 12 month period. Enquiries in the first instance should be directed to The Pensions Trust.

Are there any other options?

You may surrender part of your pension to provide a pension or extra pension for a dependant. Details will be given on request.

Can I contribute after normal pension age?

Yes, you can continue to contribute up until your 75th birthday, at which point you must start to receive your pension even if you continue to work. This is our understanding of the law at the time of printing this booklet, however, please contact us if this affects you and you require further clarification.

The full range of death benefits continues to apply after normal pension age.

What happens if I am too ill to continue working?

Provided there is satisfactory medical evidence that you are, and will continue to be unable to work again in any capacity, your pension can be paid immediately, regardless of your age.

In this case your pension will be calculated in the same way as for normal retirement using:

- the pension for your total revalued career earnings up to the date of your ill-health retirement, plus
- extra pension calculated on unchanged final earnings for full potential service to age 65

If you retire early due to ill-health you still have the option to take a pension commencement lump sum.

You may also apply for early payment if you are too ill to continue working and have a deferred pension after leaving your employment or leaving the Scheme. In this case your pension would not be reduced for early payment, but it would not be enhanced to age 65 as described above.

Death Benefits

What happens if I die before retiring?

If you die before retirement while still employed and contributing to the Scheme, the benefits are:

- **Lump Sum**
  - refund of your own contributions with interest, and:
  - three times your annual Final Earnings

- **Survivor's Pension**
  - 50% of the pension you would have received based on your total revalued career earnings up to your date of death plus extra pension calculated on unchanged final earnings for full potential service to age 65

What happens if I die after leaving the Scheme?

If you die after leaving the Scheme, but before you start receiving your pension, the benefits are:

- **Lump Sum**
  - A refund of any contributions you may have paid, with interest

- **Survivor's Pension**
  - 50% of the pension you would have received based on your revalued career earnings at the date of death

- **Important Notes:**
  - In all cases the value of your supplementary scheme, where appropriate, is paid additionally
  - If your survivor or partner is more than 10 years younger than you, the survivor's pension will be reduced by 2.5% for each year in excess of 10 that your survivor is younger than you (this reduction does not apply if the survivor's pension is paid to a child)
  - If you also have benefits in other schemes of The Pensions Trust, benefits from those schemes will be payable under the rules of those schemes

What happens if I die after retiring?

If you die after retirement the benefits are:

- **Lump Sum**
  - If you die within five years of retiring then a lump sum is paid. The balance of any unpaid pension for the period of five years from retiring will be paid at the current rate of pension payable at the date of death

- **Survivor's Pension**
  - 50% of your pension (calculated on your full pension before you took any pension commencement lump sum and including increases to your pension since retirement)

- **Nominations**
  - You must complete a Nomination Form or put your nominations to us in writing
  - Separate nominations are required for lump sums and pensions (even if you have nominated the same person to receive both)
  - You should ensure your nominations are kept up-to-date. If you wish to make any changes to the nomination or a nominee's address, please notify The Pensions Trust in writing

Who gets what?

- **Lump Sum**
  - You can nominate one or more persons or organisations
  - If you choose more than one, you must state how much each person or organisation will receive
  - You must complete a Nomination Form stating who you would like to receive the lump sum
  - You should not use the words 'Executor' or 'Estate' for your nomination, but the proper names of persons or organisations

- **Survivor's Pension**
  - your spouse or civil partner; or
  - a child who is disabled and is unable to earn a living; or
  - you may nominate a dependent child to receive the survivor's pension, but this would stop when he or she ceased to be treated as a 'Child' as described below under 'Important Notes'; or
  - anyone who lives with you and shares living expenses; or
  - anyone who is largely financially dependent on you

- **Important notes**
  - Except for legal spouses and civil partners, it will be necessary for the Administrator to receive confirmation that the nominee for a survivor's pension is eligible at the date of the member's death
  - Under the rules of the Scheme, a 'Child' is:
    - any child who is aged under 18; or
    - any child below age 22 if in full-time education; or
    - a child of any age who is disabled and unable to earn a living, unless the child is already receiving a survivor's pension

'Child' will have the meaning defined in the formal rules.

Your Pension

How will my pension be paid?
You will receive your first pension payment on the day of your retirement or by seven working days after receipt of appropriate forms. Thereafter pensions are paid quarterly in advance, on 6 of April, July, October and January. They will be paid direct to your bank account, building society account or Giro account.

If tax is due on the pension then it will be deducted under the PAYE system.

When will my pension increase?
Pension increases are applied on 6 April each year. Increases are based on the rise in the Index in the January of the same year.

Pensions from CARE receive the full rate of increase on the whole pension commencing on the first 6 April after the pension has started.

How does my pension increase?
Pensions in payment are guaranteed to increase each year by Limited Price Indexation (LPI) (See 'Definitions').

These increases apply to your own retirement pension and to any survivor's pension.

Previous Scheme Benefits
If you have transferred-in benefits from previous contracted-out service:

- Any Guaranteed Minimum Pension (GMP) (See 'Definitions') part of your pension (applicable for benefits earned before April 1997) after State Pension age is guaranteed to increase each year by the rise in the Retail Prices Index (RPI). This increase is paid partly by the State and partly by the Scheme
- The rest of your pension is guaranteed to increase each year by LPI

The above increases, if you have a GMP, are adjusted if your retirement is before or after State Pension age. This is because there are different arrangements for increasing any GMP element before or after State Pension age.

Boosting your Pension Additional Voluntary Contributions (AVCs)

Should I pay AVCs?
Firstly, remember that these contributions are for extra provision for retirement. You should not pay them if your circumstances are such that you cannot afford to wait until retirement to have access to your contributions.

There are various reasons for choosing to pay AVCs. These include:

- increasing the pension you will receive at Normal Pension Age; or
- to offset the reduction which is applied to pensions paid early; or
- to boost your pension in order to reduce the impact of previous breaks in employment or periods where you didn't have access to a pension scheme

The decision whether to pay AVCs is yours and you may wish to discuss this with an independent financial adviser.

Who do I pay AVCs to?
You can pay them to The Pensions Trust or privately as Free Standing AVCs (FSAVCs) to a pension provider of your choice. If you choose to pay them to The Pensions Trust's Unitised Ethical Plan or Flexible Retirement Plan (if offered by your employer) you will have a choice of investment options. Full details of the investment options available to you under the Plans are available on request.

How do I pay AVCs?
Your AVCs to The Pensions Trust will be deducted from your salary in the same way as your normal contributions thereby gaining tax relief immediately. They are usually a percentage of your salary and can be stopped, started, increased and decreased on request.

If you prefer, you can pay your AVCs direct to The Pensions Trust as one lump sum instead of regular monthly payments. You would then need to reclaim tax relief direct from HM Revenue & Customs, at the end of each tax year.

Before making any payment you will need to complete an AVC Application Form and hand it in to your Payroll Department.

What do AVCs buy?
Your AVC fund will be used to provide additional pension benefits on a money purchase basis.

This means the amount of pension will depend on variable factors such as:

- how much you pay
- the investment return
- the cost of pensions when you retire

Because of these variables it is not feasible, before contributions commence, to project what pension might be expected. After you start paying AVCs you will receive an annual statement which will include, where appropriate, a pension projection on stated assumptions.

The AVC pension is payable from the same date as your main Scheme benefits.

Can I take my AVCs as cash?
If you retire after 5 April 2006 you will be entitled to take up to approximately 25% of the value of your AVCs as a lump sum. This will be tax-free provided your overall benefits do not exceed the Lifetime Allowance (see 'Definitions').

How can I find out more?
A separate booklet giving further information about AVCs is available on request from The Pensions Trust.

What if...

What if I work part-time?

It does not matter how many hours you work because your pension is calculated from your actual gross earnings.

What if I divorce?

If your divorce proceedings started on or after 1 December 2000 the courts may order that your pension rights must be shared with your ex-spouse. An information leaflet is available on request. Members should take appropriate legal advice. On the dissolution of a civil partnership, the same pension sharing rules as those used for divorce will apply.

What if I take maternity leave?

Provided that you are paid during maternity leave, the following will apply:

- you will pay your normal rate of contributions but based on the pay you actually receive during maternity leave; and
- your pensionable service will continue, based on the salary you would be receiving if you were not on maternity leave (your employer pays the shortfall)

- if you die whilst on maternity leave, the full range of death benefits will be paid based on your normal salary (not your maternity pay, if any)

Where you have statutory entitlements, benefits under the Scheme will be provided for (currently) 26 weeks.

If you are on maternity leave without pay (this includes statutory maternity pay):

- Your pensionable service and any contributions will stop until you return to work. (On your return you can pay the contributions missed over that period to give you continuous pensionable service, or you will receive reduced benefits at retirement.)

What if I take family leave?

In the rules, family leave means leave that men or women are entitled to take by law – either paternity leave when a child is born or adopted, or parental leave to care for a child. If such leave is paid, the rules apply as for maternity leave. If unpaid, the rules apply as for any other temporary absence.

If you die whilst on family leave the full range of death benefits will be paid. These would be based on the rate of earnings you would have been receiving if you were not on family leave.

What if I am absent from work?

If your absence is due to illness or injury, or you are on family leave as allowed by law, and your pay ceases, contributions will stop. You have the option to pay the contributions missed on your return to work:

- if you choose to pay the contributions missed, your employer will also pay their contributions, and your pensionable service will be reinstated
- if contributions are paid at a different level from your normal rate, for example, on half-pay, your pension will be adjusted accordingly
- if the contributions missed are not paid that period, they will not count towards your final pension
- where your absence lasts for less than one year the full range of death benefits will be payable

If you remain absent from work for more than one year, either without pay or on reduced pay, you will be treated as a leaver, as described in the 'Leaving' section of this booklet.

Further Information

Revaluation of Pension – Example

If your earnings and prices inflation in the scheme years are as shown in Table 'A,' then the basic pension earned would be revalued before retirement as shown in Table 'B' below.

Table 'A' – Example Data

Scheme Years April – March	Gross Earnings	Basic Pension 1/80th of Earnings	Prices Inflation April – March
Year 1	£6,000 x 1/80 (6 months only)	£75.00	n/a
Year 2	£12,000 x 1/80	£150.00	3.0%
Year 3	£12,400 x 1/80	£155.00	3.5%
Year 4	£12,800 x 1/80	£160.00	2.5%
Year 5	£13,440 x 1/80	£168.00	3.6%

Table 'B' – Revalued Pension (compound interest)

Pension	End of	End of Year 1	End of Year 2	End of Year 3	End of Year 4	Total Year 5
Year 1	£75.00	x 1.03	x 1.035	x 1.025	x 1.036	=£84.90
	+ Year 2	£150.00	x 1.035	x 1.025	x 1.036	=£164.86
		+ Year 3	£155.00	x 1.025	x 1.036	=£164.59
			+ Year 4	£160.00	x 1.036	=£165.76
				+ Year 5	(not revalued)	=£168.00

- Retirement after the end of year 5 = Total Revalued Pension = Total £748.11
- Pension for year 6 up to retirement date will be added

Note: In addition to the above you may have a separate pension from your supplementary scheme.

Who looks after the Scheme?

The day-to-day administration is entrusted to The Pensions Trust for Charities and Voluntary Organisations, which has been administering pension schemes since 1946. The Pensions Trust is a not-for-profit organisation. It is not an insurance company.

The Trustee Company

The Trustee Company, Verity Trustees Ltd, has 16 Directors and is responsible for all policy matters and for ensuring that The Pensions Trust operates lawfully and within the provisions of the formal Trust Deed and Rules. Eight Directors are elected by the members and pensioners of the Trust, and eight are elected by the participating employers.

Investments are managed by independent external authorised fund managers.

Trustee Board Elections

All members at 30 September each year are eligible to take part in the next annual elections.

This means you may:

- vote for candidates
- stand as a candidate

There are vacancies for 3 Member Nominated Directors each year and invitations for nominations will be published each October.

Your employer is also entitled to nominate a candidate to stand as an Employer Nominated Director.

Scheme Registration
From 6 April 2006, the Scheme is a registered pension scheme for the purposes of Part 4 of the Finance Act 2004. The Pension Scheme Tax Reference is 0028218RV.

Benefit Limits
If you retire after 5 April 2006, there are no limits on the pension benefits you can receive. However, if your benefits exceed the Lifetime Allowance (see 'Definitions'), tax charges will apply to the excess.

Can I assign my pension?
No. Except where permitted by law on divorce, you cannot sign away your pension rights, even temporarily, for example as security for a loan.

Leaving the Scheme
A transfer value can be paid to another scheme or pension contract at your request. The transfer value represents the cost of securing your pension entitlement in the CARE Scheme, using rates provided by our Actuary at the date of calculation. A Statement of Entitlement for a guaranteed cash equivalent transfer value of your benefits will be provided on request at any time. Future discretionary surplus distribution is not taken into account in assessing the value of transfer payments.

The State Pension Scheme and Contracting-Out
The State provides pensions on two levels:

- the basic State Pension; and
- the additional State Pension

The Age Concern publication 'Your Rights' (or any suitable alternative), which is updated each year, explains the State Pension. The Pensions Trust automatically sends a copy to you when you retire.

Basic State Pension
The basic State Pension is a flat rate pension and is based on your National Insurance contributions. It is payable from age 65, except that a lower age applies to women born before 6 April 1955.

Your entitlement to this pension is not affected in any way by your membership of the Scheme.

Additional State Pension
Before April 2002, the additional State Pension was known as SERPS – the State Earnings Related Pension Scheme. From April 2002, it is the State Second Pension (S2P).

Contracting-Out
As a member of the Scheme your employment is contracted-out of the additional State Pension (known as State Second Pension) and as a result you will pay lower National Insurance contributions. The minimum level of pension to be provided by a contracted-out scheme is determined by a statutory 'Reference Scheme' test. For pensionable service before April 1997, a Guaranteed Minimum Pension (GMP) has to be provided. You may have a GMP if you have transferred in benefits from a previous scheme. (See 'Definitions' for further information on GMPs and the Reference Scheme Test).

Pension Tracing Service

Details of The Pensions Trust (and all pension schemes) have been lodged with the Pension Tracing Service and the address is:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle-upon-Tyne
NE98 1BA
Telephone: 0845 600 2537
Reference: 10170418

The purpose of this registration is to help individuals trace their pension rights.

Rights, Obligations, Limitations

The rights and obligations of members of the CARE Scheme are set out in the Trust Deed and Rules, which are the formal documents of the Scheme. This booklet is intended to provide a clear and simple explanation of the main benefits you are entitled to under the Scheme.

If there is any conflict between the interpretation given in this booklet and the formal Trust Deed and Rules, the legal interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules are available from The Pensions Trust.

Before making any financial commitment on the basis of any information provided, please contact The Pensions Trust for final confirmation of the expected level of benefits. Staff will be pleased to provide any further information or assistance you may need.

The Pensions Trust is not registered under the Financial Services and Markets Act to give financial advice. Any information that is provided to members or prospective members should therefore be taken to constitute information and not be taken to constitute advice. When providing information to members or prospective members, the Trust takes care to provide an accurate service but the decision and choice remains the individual's for which The Pensions Trust cannot be responsible.

Pension Protection Fund (PPF)

1. The PPF is a fund designed to protect members' rights under company defined pension schemes should the employer become insolvent.
2. The PPF will be funded by a levy on company pension schemes that are potentially eligible to benefit from it. The levy on the scheme will not result in a reduction to your pension.
3. Benefits payable under the PPF are, briefly, as follows:
   - Your full pension if you have reached your scheme's Normal Pension Age or receive an ill-health pension (regardless of your age)
   - 90% of the expected scheme pension for all other members, subject to a maximum of £25,000 a year at age 65. This maximum figure is reduced actuarially for those under age 65
   - Widow/ers,' civil partners' or survivors' pensions of 50% of the members pensions
   - Pension earned from 6 April 1997 will increase each year in line with the Index up to a maximum of 2.5%. Pension relating to the service before 6 April 1997 will not be increased under the PPF.
4. In general, benefits will be paid from the PPF, as opposed to your own scheme, when:
   - your employer becomes insolvent, or in circumstances where the Trustee or Pensions Regulator consider this likely; and
   - the assets of the pension scheme are insufficient, i.e. there is not enough money to pay at least the level of pension described in point 3 above.
5. Multi-employer schemes (such as the CARE Scheme) will only be admitted to the PPF if all the participating employers become insolvent, or if the PPF believes it is very likely that all of the employers are unlikely to continue as going concerns.

Annual Report & Financial Statements

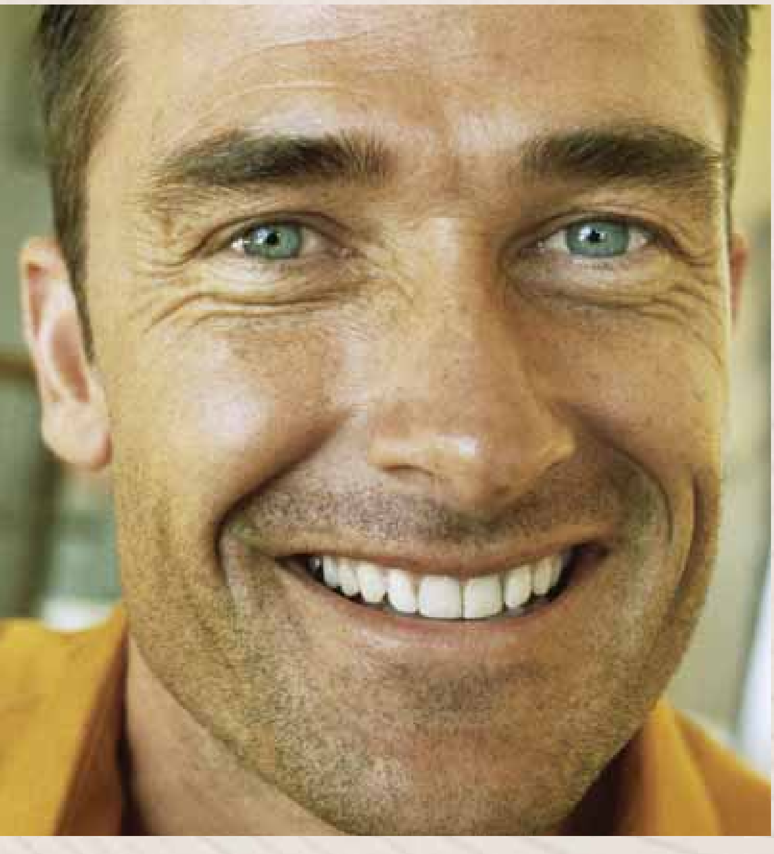
Members receive a summarised version of the Annual Report and Financial Statements each year, but are entitled to the full version on request. A copy can be downloaded from the Trust's website: www.thepensionstrust.org.uk

Complaints

In the first instance, complaints/disputes should be referred to the Pensions Administration Manager who is responsible for your pension's administration at The Pensions Trust.

Complaints Procedure

- If you are dissatisfied you may at any time write to the Head of Customer Services who will attempt to resolve the issue
- If you fail to get satisfaction from the Head of Customer Services, you may request a formal resolution from the Chief Executive. A decision should be provided within two months of your formal request
- If you remain unhappy or disagree with the formal resolution from the Chief Executive, within six months of the above you have the right of appeal to the Trustee. The result of your appeal should be provided within two months of your request



The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with difficulties they have failed to resolve. The address is:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Telephone: 0845 601 2923
Fax: 020 7233 8016
Email: enquiries@pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to the Scheme where TPAS has not resolved the issue. The address is:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Telephone: 020 7834 9144
Fax: 020 7821 0065
Email: enquiries@thepensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is able to intervene in the Scheme administration where Trustee, employers or professional advisers have failed in their duties. It replaces the previous regulator, the Occupational Pensions Regulatory Authority (Opra), which ceased to exist on 6 April 2005. The Pensions Regulator inherited all the previous powers held by Opra along with some new ones to give it wider scope. The address is:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW
Telephone: 0870 606 3636
Fax: 0870 241 1144
Email:
customersupport@thepensionsregulator.gov.uk

The Pensions Trust

Verity House, 6 Canal Wharf, Leeds LS11 5BQ
tel: 0113 234 5500 fax: 0113 234 5599

Verity House, 19 Haymarket Yards, Edinburgh EH12 5BH
tel: 0131 341 1200 fax: 0131 341 1299

In Tuition House, 4th Floor, 210-212 Borough High Street, London SE1 1JX
tel: 020 7788 0100 fax: 020 7788 0129

email: enquiries@thepensionstrust.org.uk
or visit www.thepensionstrust.org.uk

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