

PENSION SCHEME

**Employees entering
service on or after
1st January 1975**



**Midland
Bank
Limited**

Midland Bank Limited Pension Scheme

This leaflet summarises the benefits provided by the scheme for and in respect of members who last entered the service of a participating company on or after 1st January 1975. A copy of the trust deed and rules is available on application to branch or departmental managers.

The scheme is contracted-out under the Social Security Pensions Act 1975.

The Trustee of the scheme is Midland Bank Pension Trust Limited.

A list of the companies participating in the scheme and a note of the effect of contracting-out appear at the end of this leaflet.

Membership

Membership begins on entering whole-time employment with a participating company. MEMBERS ARE NOT REQUIRED TO CONTRIBUTE TO THE SCHEME.

Normal retirement age

Normal retirement age is 65 for male and 60 for female members. A member may retire earlier on account of incapacity proven to the satisfaction of the Bank or may be required to retire within 10 years before normal retirement age.

Retirement pension

The qualification for retirement pension is 5 years' pensionable service. The retirement pension is $\frac{1}{60}$ th of final salary for each year (maximum $\frac{40}{60}$ ths) of pensionable service less a deduction, from normal retirement age, equal to $\frac{1}{80}$ th of the basic component of a single person's state pension for each year of such service.

Pensionable service is whole-time employment by a participating company.

Final salary does not include overtime pay or allowances.

Calculations of retirement pensions are based on completed months of pensionable service. If retirement is due to incapacity pensionable service includes the period between retirement and normal retirement age but this period is not taken into account in calculating the deduction in respect of state pension.

The basic component of the state pension taken into account for calculating the deduction from normal retirement age is that paid in the 52 weeks before retirement.

Deferred pension

A member who leaves service, having completed 5 years' pensionable service and attained age 26, without becoming entitled to a retirement pension, is entitled to a deferred pension beginning at normal retirement age. The amount is calculated as for retirement at normal retirement age except that the deduction in respect of state pension is related to the basic component paid in the 52 weeks before the member left service.

A member entitled to a deferred pension may apply to the Trustee for earlier commencement. In this event the amount of the pension will be reduced.

Death in pensionable service

The benefit, on death in pensionable service, is a sum equal to 3 times final salary. Also, if the member is male, has completed 5 years' pensionable service and leaves a widow who was ordinarily resident with him when he died, she will be entitled to a pension. If the member is female, has completed 5 years' pensionable service and leaves a widower with whom she was ordinarily resident when she died, he will, if he can satisfy the Trustee that he was, and might have been expected to remain, substantially dependent on her for the ordinary necessities of life, be entitled to a pension.

The amount of the widow's or widower's pension will be half that of the pension which the member would have received if he had retired on account of incapacity and there were no deduction in respect of the basic component of the state pension. Such amount will be reduced if the widow or widower is 15 or more years younger than the member by 1/40th (maximum 20/40ths) for each complete year of the difference in ages in excess of 15 years. The pension will normally be reduced by one half on remarriage.

If the member has completed 5 years' pensionable service and leaves qualifying children a children's allowance will be paid. The amount will depend on the number of qualifying children (i.e. dependent children under age 18 or in full-time education and under age 21) for the time being in existence. Older children may, at the Trustee's discretion, qualify.

The allowance will be the following percentage of a widow's or widower's pension calculated as above (ignoring any reduction for difference in ages) :—

Number of qualifying children	Percentage
1	40
2	60
3	80
4 or more	100

The allowance will be doubled during such time as no widow's or widower's pension or adult dependant's allowance is payable.

Death of pensioner

If a pensioner dies within 5 years after his pension began there will be a benefit equal to the excess of 3 times final salary over the instalments of pension paid (or which would have been paid if no part of the pension had been exchanged for a lump sum) and any other payments made on the understanding that they are to be taken into account for this purpose. The benefit will be limited to the total of the further payments of pension (exclusive of prospective increases) which would have been paid if the pensioner had lived for 5 years after it began.

If a pensioner dies leaving a surviving spouse and the following requirements are satisfied such spouse will be entitled to a pension. The requirements are, in the case of a male pensioner, that his widow was his wife and ordinarily resident with him at the date of his death and, in the case of a female pensioner, that he was her husband and ordinarily resident with her at the date of her death and that he was at that date and might have been expected to remain dependent on her for the ordinary necessities of life.

The amount of the pension will be one half of the pensioner's pension as it would have been if there were no deduction in respect of the basic component of the state pension. Such amount will be reduced if the widow or widower is 15 or more years younger than the member by 1/40th (maximum 20/40ths) for each complete year of the difference in ages in excess of 15 years.

If a pensioner leaves qualifying children an allowance, the amount of which will be calculated in the same way as on death in pensionable service, will be paid.

Death of deferred pensioner (i.e. a former member entitled to a pension which has not begun)

If a deferred pensioner dies leaving a surviving spouse and the requirements listed in relation to pensioners are satisfied, and also the marriage and ordinary residence took place (and in the case of a female deferred pensioner the husband's dependence on her began) before cessation of pensionable service and continued until death, such spouse will be entitled to a pension.

If a deferred pensioner leaves qualifying children in being or "expected" at the date when he ceased to be in pensionable service an allowance will be paid.

The amount of the surviving spouse's pension will be calculated as for a pensioner except that it will be based on the deferred pensioner's prospective pension. The amount of the children's allowance will be calculated in the same way as for a pensioner.

Adult dependant's pension

If a member pensioner or deferred pensioner dies not leaving a qualifying widow an allowance may, at the Trustee's discretion, be granted to an adult dependant.

Exchange of pension for lump sum

A member will be allowed, when his pension begins, to exchange part of it for a lump sum. The maximum amount of the lump sum depends on the length of the member's pensionable service and other circumstances. It cannot exceed $1\frac{1}{2}$ times his final salary. The pension cannot be reduced below a certain minimum.

Death benefits

Benefits arising on death (other than pensions and children's allowances) are paid to or applied for the benefit of dependants (as defined by the scheme rules) the selection being made by the Trustee, or paid to the estate of the deceased.

Transfer values

The scheme can receive transfer values and, in appropriate circumstances, pay transfer values in respect of former members.

The participating companies

Midland Bank Limited
Midland Bank Trust Company Limited
Forward Trust Limited
Midland Bank Finance Corporation Limited
Midland Montagu Leasing Limited
Midland Bank Trust Corporation (Jersey) Limited
Midland Bank Trust Corporation (Guernsey) Limited
Midland Bank Trust Corporation (Isle of Man) Limited

Note on contracting-out

The new state pension scheme came into operation in April 1978. It provides a retirement pension consisting of a basic component and an additional earnings related component. The Midland Bank Limited Pension Scheme provides pensions in excess of the additional component and is accordingly contracted-out of the earnings related part of the state scheme. The effect of this is that members pay lower Social Security contributions and do not qualify for the additional component of the state scheme.