

# The Co-operative Pension Scheme (Pace): Group Section

## Deed of amendment

This deed is made on 3 JUNE 2019 between:

- (1) **Co-operative Group Limited**, a society registered under the Co-operative and Community Benefit Societies Act 2014, number 525R and with its registered office at 1 Angel Square, Manchester, M60 0AG; and
- (2) **PACE Trustees Limited**, a company registered in England, number 05530776 and with its registered office at 1 Angel Square, Manchester, M60 0AG.

### Background

- 1 Co-operative Group Limited (the "**Group**") is the principal employer in relation to the Group section of The Co-operative Pension Scheme (Pace) (the "**Group Section**" and the "**Scheme**" respectively).
- 2 PACE Trustees Limited is the trustee for the time being of the Scheme (the "**Trustee**").
- 3 The Scheme is governed by Rules made on 4 June 2018, as amended. General Rule 8 (changing the Rules) says that the Group may, with the written consent of the Trustee, amend the Rules at any time and may do so retrospectively. All amendments must comply with any applicable requirements of Sections 67 to 67I of the Pensions Act 1995 (the subsisting rights provisions). Any amendment must be made or confirmed by deed. General Rule 8 is subject to various provisos relating to the sectionalisation of the Scheme.
- 4 In exercise of its power under General Rule 8, the Group, with the written consent of the Trustee, amends the Group Section Rules as described in this deed.
- 5 The amendments described in this deed only amend the Rules so far as they apply to the Group Section and take effect as follows:
  - 5.1 the amendments described in clause 6 below take effect from 6 April 2018; and
  - 5.2 the amendments described in the remainder of this deed take effect from 10 June 2019.

### Employer debts

- 6 General Rule 4.3 (Employer Debt Laws) is deleted and replaced with the following new rule:

#### "4.3 Employer Debt Laws

The Trustee may enter into any arrangement it thinks fit to modify any amount that might otherwise be treated as a debt due from an employer to the Trustee under Section 75 of the Pensions Act 1995 (deficiencies in the assets) (the "**Employer Debt Laws**"), to treat an event that might otherwise have caused such a debt to become due as if that event had not occurred or to manage any such debt in any other way which is permitted by the Employer Debt Laws. However, only a flexible apportionment arrangement or a deferred debt arrangement can reduce the amount of a debt that has become due to less than £1.

The Trustee may enter into an arrangement under this Rule before, on or after the time when the debt would otherwise have become due or would have been

calculated and certified. However, the arrangement must comply with the Employer Debt Laws and the Trustee must comply with those Laws when entering into the arrangement.”

## **Contributions in the Defined Contribution Section of the Group Section**

- 7 Rule 17.1 (basic contributions by Members) is deleted and replaced with the following new rule:

### **“17.1 Basic contributions by Members**

#### **Contributions by Members who join the Group Section on or after 10 June 2019**

**17.1.1** Unless the Group agrees otherwise and notifies the relevant Member, each Member in Service who joins the Group Section on or after 10 June 2019 must contribute to the Group Section at the rate of at least 4% of Pensionable Earnings.

However, a Member may elect to pay lower contributions of 1%, 2% or 3% of Pensionable Earnings.

A Member may also contribute a greater amount up to a maximum of 10% of Pensionable Earnings (or such other amount as the Group and the Trustee may agree). However, any greater amount of contributions must be a full percentage of the Member’s Pensionable Earnings.

#### **Contributions by Members who joined the Group Section before 10 June 2019**

**17.1.2** Each Member in Service who joined the Group Section before 10 June 2019 must contribute to the Group Section at the rate of at least 3% of Pensionable Earnings.

However, a Member may elect to pay lower contributions of:

- (a) 1% of Pensionable Earnings for any time from 1 October 2017;
- (b) 2% of Pensionable Earnings for any time from 6 April 2019.

A Member may also contribute a greater amount up to a maximum of 10% of Pensionable Earnings (or such other amount as the Group and the Trustee may agree). However, any greater amount of contributions must be a full percentage of the Member’s Pensionable Earnings.

#### **Conditions that apply to all Members under this Rule**

Any Member in Service may elect to change the rate of his or her contributions by giving notice to his or her Employer and the Trustee. The Employer may decide from time to time to restrict the ability of a Member to change his or her contributions in which case the Employer will notify the Trustee and the Member in writing.

The Employer will deduct each Member’s contributions from the Member’s earnings and pay them to the Trustee.

Unless the Group agrees otherwise and notifies the relevant Member, a Member in Service who joined the Group Section before 10 June 2019, opts out of the Group Section under Rule 27 (opting out) and re-joins the Group Section on or after 10 June 2019 must contribute to the Group Section in accordance with Rule 17.1.1.

**Note:** In the case of Members who participate in Salary Sacrifice, this Rule is modified as described in Rule 28.2 ("Salary Sacrifice" for Member's contributions)."

- 8** Rule 18.2 (credits to Retirement Accounts) is deleted and replaced with the following new rule:

**"18.2 Credits to Retirement Accounts**

The Trustee will credit to each Member's Retirement Account:

**18.2.1** an amount equal to the Member's basic and voluntary contributions under Rule 17 (contributions by Members);

**18.2.2** in respect of Members who pay contributions under Rule 17.1.1 (contributions by Members who join the Group Section on or after 10 June 2019), a further amount equal to:

- (a) 1% of Pensionable Earnings if the Member is contributing 1%;
- (b) 2% of Pensionable Earnings if the Member is contributing 2%;
- (c) 3% of Pensionable Earnings if the Member is contributing 3%;
- (d) 4% of Pensionable Earnings if the Member is contributing 4%;
- (e) 5% of Pensionable Earnings if the Member is contributing 5%;
- (f) 6% of Pensionable Earnings if the Member is contributing 6%;
- (g) 7% of Pensionable Earnings if the Member is contributing 7%;
- (h) 8% of Pensionable Earnings if the Member is contributing 8%;
- (i) 9% of Pensionable Earnings if the Member is contributing 9%; and
- (j) 10% of Pensionable Earnings if the Member is contributing 10% or more;

**18.2.3** in respect of Members who pay contributions under Rule 17.1.2 (contributions by Members who joined the Group Section before 10 June 2019), a further amount equal to:

- (a) 2% of Pensionable Earnings if the Member is contributing 1%;
- (b) 3% of Pensionable Earnings if the Member is contributing 2%;
- (c) 5% of Pensionable Earnings if the Member is contributing 3%;
- (d) 8% of Pensionable Earnings if the Member is contributing 4%; and
- (e) 10% of Pensionable Earnings if the Member is contributing 5% or more; and

**18.2.4** an amount equal to any assets or surrender values accepted by the Trustee in respect of the Member under Rule 32.1 (transfers from other pension schemes and arrangements).

**Note:** The amounts described in Rules 18.2.2 and 18.2.3 are "employer contributions"."

## Benefits on death in Service

- 9 Rule 20.1 (benefits on death in Service) is amended by deleting the part of the Rule which sets out the benefits payable to Employees of an Employer who die before reaching age 75 and replacing it with the following new provisions:

### "Employees of an Employer who die before reaching age 75

If a Member dies in Service before reaching age 75, the Trustee will provide the following lump sum death benefits:

**20.1.1** in respect of Members who pay contributions under Rule 17.1.1 (contributions by Members who join the Group Section on or after 10 June 2019), a standard lump sum equal to:

- (i) 2 times Life Assurance Earnings if the Member dies while contributing to the Group Section at the rate of at least 5% of Pensionable Earnings; and
- (ii) one times Life Assurance Earnings in any other case;

**20.1.2** in respect of Members who pay contributions under Rule 17.1.2 (contributions by Members who joined the Group Section before 10 June 2019), a standard lump sum equal to:

- (i) 3 times Life Assurance Earnings if the Member dies while contributing to the Group Section at the rate of at least 4% of Pensionable Earnings; and
- (ii) one times Life Assurance Earnings in any other case; and

**20.1.3** in respect of all Members, a further lump sum equal to 3 times Life Assurance Earnings if the Member switched from the Defined Benefit Section to the Defined Contribution Section with effect from 29 October 2015 (when the Defined Benefit Section was closed to all future benefit accrual), whether or not the Member leaves a Dependant."

## Family leave

- 10 Rule 23.2 (family leave) is amended by deleting the words: "The amounts credited under Rule 18.2.2" at the start of the fourth and fifth paragraphs and replacing them with the following new wording:

"The amounts credited under Rules 18.2.2 and 18.2.3".

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The common seal of **Co-operative Group Limited** was put on this deed in the presence of an authorised signing and sealing officer:

C J Sellers  
Authorised Sealing Officer  
CAL9361

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The common seal of **PACE Trustees Limited** was put on this deed in the presence of:

Director

Secretary

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