

PLAN AHEAD

November 2024

EATON

Powering Business Worldwide

UK Pension Plan





Welcome message from Rachel Brougham, the Chair

Welcome to this year's edition of Plan Ahead. In addition to covering good news about the Plan's funding level, this edition tells you about recent developments for the Plan including the introduction of an Independent Financial Adviser, ilumiti, to help members who are approaching retirement.

Plan funding improves

Possibly the Trustee's most important job is to ensure that the Plan has sufficient assets to pay benefits now and in the future. Every three years we perform a full valuation of the Plan, with annual funding checks in between, to monitor progress. The latest funding check showed that as at 31 December 2023 the Plan's funding level was 103%.

Our postal address has changed

We have recently changed the postal address for the Plan. Everything else stays the same but please note that from now on, our address for post is:

**The Eaton UK Pension Plan
WTW
Sunderland
SR43 4JU**

Get more out of the Plan – going digital

When we wrote to you in September about the Plan's funding, we also asked for your email address. If you haven't done so already, please let us have your personal email address so that we can keep in touch with you in a timely, secure and environmentally friendly way.

Part of our values as Trustee is our commitment to minimising our impact on the environment. With this in mind we are committed to reducing our carbon footprint by moving to online communications.

So, we will be following up with you one more time about going digital to save trees. Our intention is that we will stop sending generic messages on paper unless you specifically ask that you continue to receive paper communications.

More help at retirement

Retirement is a complex process and there are many once-only decisions and choices that you have to make. To help you through this process we have appointed an Independent Financial Adviser (IFA), **ilumiti**, who are fully briefed on the Plan and its benefits.

The Plan will pay for one session of financial advice from ilumiti if you live in the UK and are either a) over 54 and a half years old, or b) retire on the grounds of ill-health. See inside for more information about this.

Don't forget that if you are an Eaton employee then you can also receive impartial guidance from **Foster Denovo (formerly 80Twenty)** to help you plan ahead for life after work.

Changes to the Board

Trustee Directors normally serve for a period of three to five years. We have two positions for Member Nominated Directors (MNDs) on the Trustee Board of the Eaton UK Pension Plan. We're looking for members of the Eaton UK Pension Plan family to join us and help govern the Plan; find out more inside.

If you think this is something that would interest you, then please apply; we would love to hear from you! Be sure to apply no later than **Wednesday 4 December**. It is our intention that any new Trustee Directors will start their roles early in 2025.

Rachel Brougham, Chair of the Board of Trustees

Tony Kilshaw

It is with great sadness that I have to tell you that one of our Board members, Tony Kilshaw, passed away earlier this year. This was a shock to us all.

Tony worked for Eaton for over 40 years, and he was elected to the Eaton UK Retirement Benefits Plan Trustee Board in 2008. He then continued as a Trustee of the Eaton UK Pension Plan until the end of 2017. He was re-elected as a pensioner member-nominated Trustee at the start of 2022.

Those who knew Tony and worked with him will miss his experience, careful consideration of issues, and gentle humour. He was married with three children and four grandchildren.

On behalf of the Board and all our advisers I'd like to wish his family well.

Looking after the Plan

The Trustee Board

The Trustee Board looks after the Plan on behalf of all members. The Board comprises three Member Nominated Directors and six Employer Nominated Directors (including an independent Chair of Trustees).

Employer Nominated Trustees are nominated by the Company as the Sponsor of the Plan. Currently, our Employer Nominated Directors include pensioner and active members of the Plan, and an independent professional trustee.

The Board has an **Independent Professional Trustee**, Rachel Brougham, who represents BESTrustees Limited, a firm of independent professional trustees. Rachel acts as the Chair of the Board. Having an Independent Professional Trustee means that the Plan benefits from an expert, impartial perspective and experience. It also reduces conflicts of interests, thereby improving governance and oversight.

Member Nominated Directors are nominated by you, the members of the Plan, and can be pensioner members or active members (members who are still working for Eaton) of the Plan.

Trustee selection

Member Nominated Directors (MNDs) are selected to serve for a fixed term (usually between three and five years) and they must make up at least one third of the Trustee Board.

This is a fantastic opportunity to get involved and be a key part of securing our Plan members' financial futures.

What is the role of the Trustee?

The Trustee Directors govern the Plan for the benefit of all our members, including current employees, deferred members (those who've left Eaton but haven't retired yet), pensioners and their dependants.

Doing this involves a wide range of responsibilities. The Trustee Directors work with advisers and pension professionals to govern the Plan in line with the Plan Deed and Rules and prevailing legislation, ensuring that members' benefits are paid accurately, as well as determining the Plan's investment and funding strategy.

What does being a Trustee entail?

This is a rewarding and challenging role and involves working with a friendly and professional team. Our work is carried out primarily through Board and Committee meetings (a mixture of in person and virtual) with occasional matters dealt with by email and ad hoc calls. And don't worry; lots of support is given to new MNDs to help them with the technical aspects of pensions!

What next?

If you are interested, and we hope you are, then please go to www.eatonukpensionplan.co.uk/eukpp/your-trustees.aspx where you can find out more about the process, what to expect and how to get involved. You'll need to apply online before **Wednesday 4 December**.

Introducing paid-for advice from the Plan



There is a lot to consider when planning to retire. To help you, the Trustees, following an in-depth selection process, have appointed ilumiti, an Independent Financial Adviser, authorised and regulated by the Financial Conduct Authority.

If you live in the UK and either a) you're over age 54 and a half or b) you're retiring on the grounds of ill-health, then you are entitled to **one paid-for session of financial advice from ilumiti**.

ilumiti are fully briefed on the Plan and its benefits and can help you understand your retirement options and decide which are right for you.

ilumiti To arrange your once-only, paid-for session, contact ilumiti:

 **0800 619 1019**

 www.ilumiti-hub.co.uk/eaton

 eaton@ilumiti.co.uk

Please ensure you have your Plan Reference number to hand. This can be found on your retirement statement, or any letter about your benefits you may have received from the administrator, WTW.

ilumiti's advice is entirely independent from the Trustee and the Company. It will take into account your own personal circumstances and retirement objectives. If you do decide to take advice from ilumiti, the contract will be between you and ilumiti.

If ilumiti makes a recommendation to transfer, they will act on an independent basis when selecting product providers and products.

Making the most of this opportunity

Timing is everything. The Eaton UK Pension Plan (the Plan) will pay for one round of advice from ilumiti for eligible members, so it is important you make sure you use this service at the best time for you.

What does advice look like?

Here is a brief description of the advice process. ilumiti's advice process is made up of two main stages. You might need just the first stage.

The first stage is called the Abridged Advice meeting and will help you understand if your Plan benefits can meet your retirement goals.

After completing the first stage, ilumiti may recommend keeping your benefits in the Plan or may suggest a second meeting to determine if you could benefit from transferring to an alternative arrangement. The second stage is the Full Advice meeting and after this ilumiti will provide a recommendation as to whether a transfer away from the Plan is the right option for you and will advise where to transfer to.



The Plan pays for both stages. Find out more in our leaflet at www.eatonukpensionplan.co.uk/documents/Eaton-Pension-Plan-IFA-factsheet.pdf

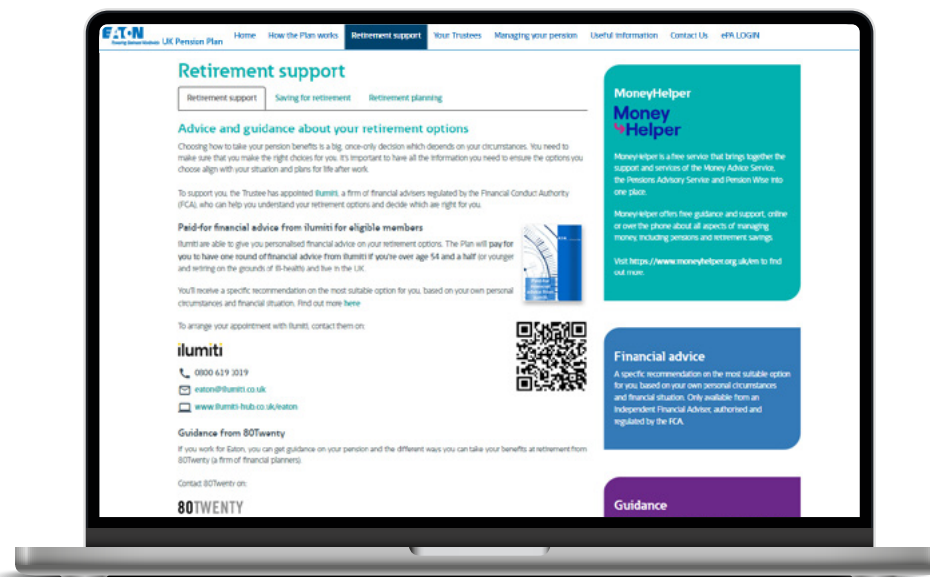
Preferential rates

If you decide to take any subsequent advice beyond your paid-for session, you will need to meet the cost of this yourself. However, the Trustee has negotiated preferential rates with ilumiti which are likely to be significantly cheaper than the typical cost if you were to find your own financial adviser.

Go online for more information

We can only provide an overview here of the process. But we have plenty of information to help you on our website.

Visit the Retirement support page on the Eaton public pages and find out more at www.eatonukpensionplan.co.uk/eukpp/retirement-support.aspx



What is the difference between financial guidance and financial advice?

An Independent Financial Adviser, like **ilumiti**, can provide you with personalised, regulated recommendations tailored to your personal financial circumstances. Financial guidance, such as that provided by **Foster Denovo (formerly 80Twenty)**, offers generalised information, which is non-regulated and cannot be tailored to your situation.

Plan funding – an update from Richard Akroyd, our actuary

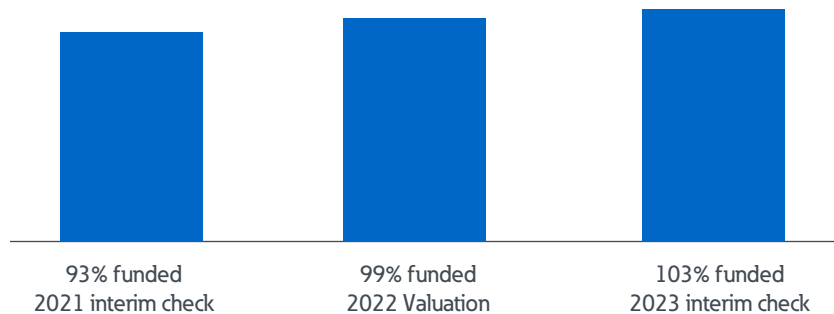
The Trustees must make sure that the Plan has the assets necessary to meet the benefits promised to members when they are due to be paid.

We therefore complete full valuations of the Plan every three years and run interim funding checks each year between formal valuations, to help the Trustees to monitor the Plan's financial health. As a part of the full valuations, we check the effect of changes in the value of the Plan's assets, and the member experience, and review the assumptions for future investment returns and inflation, as well as life expectancy. The interim checks use the assumptions from the most recent full valuation updated for changes in financial markets.

How's the Plan funding doing?

Since our last Plan Ahead, we have completed both the full valuation at 31 December 2022 and the interim funding update at 31 December 2023. The funding position has improved, and the Plan was in surplus on its funding measure at 31 December 2023. The Plan's Summary Funding Statement can be found at www.eatonukpensionplan.co.uk/documents/EUKPP-SFS.pdf

Here is a summary of the Plan's funding journey since 2021:



Why has the funding position improved?

One of the main reasons for the improvement in the funding position during 2022 was the investment turbulence in autumn 2022 which saw a significant reduction in the value of the Plan's assets, but also a bigger reduction in the expected cost of providing the Plan's benefits. The other main reason was the contributions paid by Eaton which were more than sufficient to cover the cost of the benefits earned by members. There has been a further improvement during 2023 due to Eaton's contributions and the Plan's investment returns being higher than expected. This has meant that the Plan is now fully funded on an ongoing basis.

How much money does Eaton pay into the Plan?

Eaton and the Trustees have agreed that the Employers should now pay contributions of 20% of members' pensionable earnings to cover the cost of benefits being earned by Plan members. Eaton no longer needs to pay deficit contributions as the Plan is now fully funded. There is no change to the rates being paid by members.

Where to find more information about the 31 December 2022 and 2023 Summary Funding Statements

Each year the Trustees produce a Summary Funding Statement which is available online on our public website. This Statement includes further details about the funding of the Scheme and about how your pension benefits are protected.

The latest Summary Funding Statement is available on our public website at www.eatonukpensionplan.co.uk/documents/eukpp-sfs.pdf

You can request a copy of the Scheme Actuary's actuarial valuation and subsequent actuarial reports from the Administration Team (details on [page 14](#)).

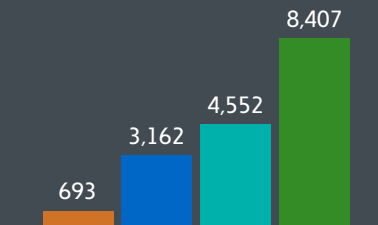
The Plan in figures as at 31 December 2023

Plan accounts

Plan assets at 31 December 2022	£678.0m
	+
Total contributions	£24.5m
Total outgoings	(£32.3m)
	+
Change in value of investments	£28.3m
	=
Plan assets at 31 December 2023	£698.5m

Plan membership

Actives Pensioners
Deferreds Total



You can request a copy of the Plan's full Report and Accounts from the Administration Team (details on [page 14](#)).

Plan Investments – an update from our investment advisers, LCP



Actuarial Valuation and strategy update

The Trustees have reviewed the Plan's investment strategy in conjunction with the full valuation as at 31 December 2022. Given the significant improvement in the funding level since the previous full valuation of 2019, the Trustees and Eaton agreed to target a lower investment return, reduce risk and increase liquidity.

A new investment strategy was formally agreed in March 2024, which has a lower target allocation to equities and real assets (property and infrastructure) and a higher target allocation to credit to help make cashflow more predictable for the Plan.

The Plan's target credit allocation is split equally between corporate bonds (which provide a level of liability matching) and a portfolio of higher return-seeking credit.

The first step in the new strategy, was for the Trustees to sell the Plan's property holdings with Legal and General. This sale was completed in April 2024 and the proceeds were invested in the Plan's LDI portfolio with CTI, where they will be held until new credit mandates are ready to be funded.

Regarding the new credit mandates, following input from its advisers and Eaton, the Trustees have agreed to create a bespoke credit portfolio and has appointed a single manager to build and manage this. The portfolio is expected to be fully funded by early summer 2025 although there is plenty of associated activity required in the meantime.



Net zero ambition

In July 2023 the Trustees set an ambition to align the Plan's assets to achieve net zero greenhouse gas emissions by 2050. This reflects the Trustees' belief that climate risk is financially material for the Plan and its members, and exposure to this risk should be mitigated where possible. This ambition has been included in the latest Statement of Investment Principles (SIP) and communicated to the Plan's investment managers.

The Trustees aim to achieve their net zero ambition by selecting managers and investing in funds with credible net zero targets. Responsible investment practices in general and climate risk in particular were key considerations for the Trustees during the selection process for the new credit mandates.

You can find a copy of the latest SIP at www.eatonukpensionplan.co.uk/documents/Eaton-UK-Pension-Plan-SIP.pdf

Stewardship in action

The Trustees take active ownership seriously and holds the Plan's investment managers to account by monitoring performance, regularly requiring them to attend meetings, reviewing voting data and engaging on specific issues that may arise over time.

The Trustees selected climate change, human rights, and business ethics as priorities against which to monitor the managers' voting and engagement activities. These priorities were chosen because they are market-wide areas of risk that are financially material for the Plan's investments and can be addressed by good stewardship.

When preparing the Plan's annual implementation statement (which can be found on the Plan's public website www.eatonukpensionplan.co.uk/documents/Eaton-UK-Pension-Plan-Implementation-Statement.pdf), the Trustees review the most significant votes by managers that relate to these stewardship priorities. Where managers have voted in ways that appear to be contrary to these priorities, or in cases where managers have voted differently on the same issue, the Trustees engage with managers to understand the rationale behind these voting decisions.

Connect to your Plan pension



Single Sign On now available

If you work for Eaton, then you can now sign onto ePA, the Plan's secure member portal, directly from the Eaton network using Single Sign On.

This means that you do not need to enter your username and password but are still protected by the full network security when you access your record.

Remember that if you no longer work for Eaton, then you will still need to access ePA in the usual way using your username and password. You can either go the Eaton Public Pages at www.eatonukpensionplan.co.uk or you can go directly to the ePA login page at <https://epa.towerswatson.com/accounts/epp>

If you have forgotten your username or password, you can use our User ID reminder or Reset your Password services which can be found on the ePA login page.

Please take the opportunity to use ePA and provide us with a personal email address. This will allow us to keep in contact with you should you leave Eaton.

Protecting your loved ones

The Plan provides benefits to help you protect those you care about in the event of your death. Things change, and it may not be top of your list to update your Expression of Wish form; however, it is very important to keep it up to date.

Your Expression of Wish form helps the Trustee to understand to whom you wish benefits to be paid after your death.

If a member dies, the Trustee will always try to find out as much as they can about the member's circumstances before paying benefits, and the first thing they check is your Expression of Wish form! So please update it today.

NEW Transfer and retirement quotes: coming soon!

We'll be enhancing ePA during 2025 so that members who are over 55 can run calculations to show retirement statements and up-to-date indicative transfer values.

These enhancements will further help you with your retirement planning. In the meantime, if you have any questions, please contact the administration team for more information.

Pensions in the news

Tax limits

HM Revenue & Customs (HMRC) limits the contributions that can be paid into a UK pension arrangement and the benefits you can receive from one on a tax-efficient basis. While these limits normally only affect high earners, it is your responsibility to keep track of your total pension savings both within the Plan and outside it.

The Annual Allowance

This is the maximum value of benefits you can build up on a tax-efficient basis in any tax year. The current Annual Allowance for most people is £60,000, but your Annual Allowance can be as low as £10,000 in certain circumstances. You can carry forward any unused allowance from the previous three tax years.

NEW Lump Sum Allowances replace the Lifetime Allowance

Previously HMRC also applied a Lifetime Allowance (LTA) which limited the total value of pension benefits you could build up in all UK pension arrangements. This was abolished on 6 April 2024, but was replaced with the Lump Sum Allowance which restricts the tax-free lump sums taken when you retire.

You can normally take up to 25% of the value of your Plan benefits as a tax-free lump sum. The Lump Sum Allowance restricts the total amount of cash which you can take tax-free from all of your UK pension arrangements to £268,275 (or to 25% of your LTA at 5 April 2024 if higher).

More information on the Annual Allowance and new Lump Sum Allowances is available at www.gov.uk/tax-on-your-private-pension

Pension tax is complex

Your tax liability is your responsibility. If you need help understanding your personal financial circumstances then remember that the only person or organisation that can give advice is an Independent Financial Adviser, authorised and regulated by the FCA.

Find one at MoneyHelper www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers





Remember to stay scam smart

Your benefits are valuable. And fraudsters know this too. If you have not yet taken your benefits, it's particularly important for you to ensure you are aware of scams and the tactics used when making decisions around how and when you take your benefits.

Note that no one representing the Plan will ever 'cold call' members of the Plan, but you may receive a direct call from us if you have already raised an enquiry and we have an ongoing case for you. However, if anyone calls you claiming to be from the Company, the Trustees or WTW and asks you questions you are not comfortable with, take their name and call our administration team on the number shown below.

Normal Minimum Pension Age is rising

The Government has announced that the normal minimum age at which members may start to take their pension benefits will increase from age 55 to age 57 from 6 April 2028. As before, a member may be able to retire earlier than this age if a scheme's trustees decide that retirement is due to ill health. However, some Plan members will retain the ability to retire from age 55.

Guaranteed Minimum Pension (GMP) update

This very complex project is now moving into its final phase. Earlier this year we began a consultation with members of the Plan about a process called GMP conversion. This was part of our proposal to address inequality relating to GMP benefits in the Plan.

The consultation has now ended, and **those affected** will be contacted. If you are already receiving a pension from the Plan, we will send you a personalised statement showing you how you have been affected. If you are not yet receiving your pension from the Plan, we will calculate any changes to your pension at the point you take your benefits from the Plan.

The Trustees have ensured that no member's pension will go down as a result of this exercise.

Help with your pension

If you need help with your pension, or have any questions about your benefits, please contact the Administration Team at:

@ eatonpensions@wtwco.com

☎ 01707 607603

✉ **Eaton UK Pension Plan**
WTW
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If you email us, please include your month of birth, postcode, and the last four characters of your national insurance number in your email.

Data protection

Your data is extremely important, and the Trustees are committed to protecting your data and privacy. The Plan's Privacy Notice can be found on our website too. It outlines the data we store about members to administer the Plan, as well as how we use this data.

www.eatonukpensionplan.co.uk

Need advice?

By law the Trustees and their advisers can't give you financial advice. So, if you want personalised advice on tax or financial matters, then the only person or organisation legally allowed to help you is an Independent Financial Adviser (IFA) who is authorised and regulated by the Financial Conduct Authority (FCA).

ilumiti can provide financial advice and the service they provide for Plan members as described earlier is only applicable to Plan benefits. If you would rather use your own IFA, then you can find one at www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers. Note that the Plan will not pay for advice where you use your own IFA.

Here are some tips on how to find an IFA if you don't have one:

- Ensure that any adviser you are considering is authorised and regulated by the FCA.
- Shop around and don't proceed until you find someone you are comfortable with.
- Understand how much they will charge you, how and when you will pay for advice and what you can expect to get for your money.
- Ask what kind of advice they are authorised to give (fully independent or restricted in some way to certain companies, product types or subject areas).