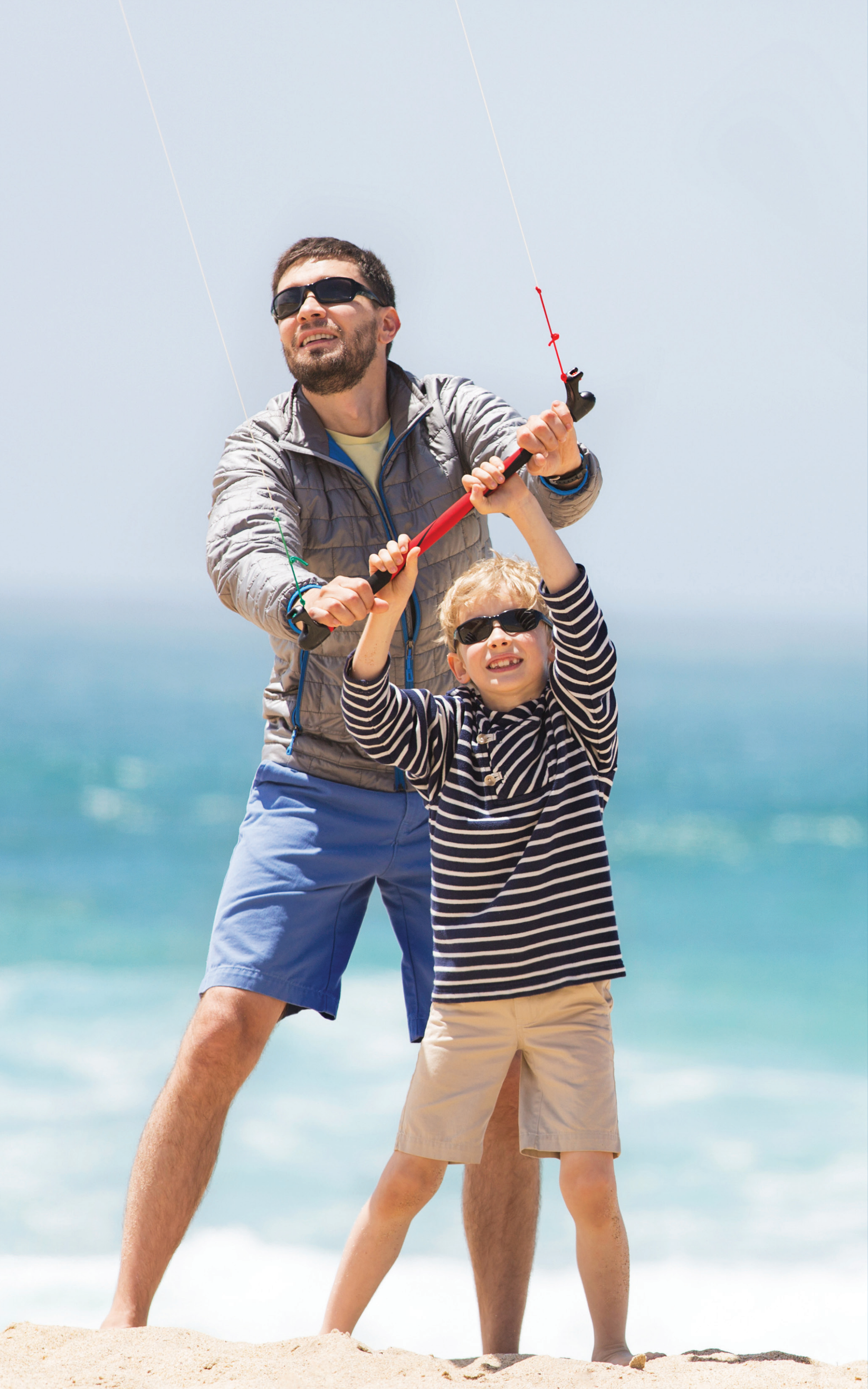
April 2022

UK Pension Plan



A GUIDE TO YOUR PENSION BENEFITS

Contents

	Welcome to the Eaton UK Pension Plan	3
	Special terms	4
1	Benefits in brief	5
2	Membership	6
3	Contributions	7
4	Your benefits at retirement	8
5	Early retirement	10
6	Family benefits	11
7	Leaving the Company	13
8	State pension	15
9	How the Plan works	16
10	Help and information	17
AVCs	Additional Voluntary Contributions	18

Welcome to the Eaton UK Pension Plan

How the Plan works

Money paid into the Plan builds up in a fund. The fund is kept quite separate from the Company's assets. When you retire, die or leave, the money from the fund is used to provide your Plan benefits.

The lump sum payable if you die while in Pensionable Service is insured.

The Plan website

The Eaton UK Pension Plan has a dedicated website, www.eatonukpensionplan.co.uk.

This site has information about the Plan and links to useful pension websites.

Contact us

If you have any questions about membership or the benefits provided, please contact the Plan's administrator at:

Pensions helpline: 01707 607603
or write to:
Eaton UK Pension Plan
WTW
PO Box 545
Redhill
RH1 1YX
or email: eatonpensions@willistowerswatson.com

Looking after the Plan

The Plan is run by a corporate trustee, Eaton UK Pension Plan Trustee Limited. There are currently nine Directors, three of whom are nominated by members. The Directors of the corporate trustee are responsible for the administration of the Plan and the investment of the fund. The Trustee Board includes an independent professional Trustee as well.

Since 1 April 2016, the Eaton UK Pension Plan has provided benefits to employees who were previously members of the Eaton UK Retirement Benefits Plan and the Eaton Pension Plan. The Plan is closed to new members.

Eaton UK Pension Plan

April 2022

This booklet outlines the main features of the Plan in straightforward language. It is intended as a summary only and is not legally binding. If you left the Plan before April 2016, your benefits may be different from those detailed in this booklet. The benefits detailed in this booklet are subject to HM Revenue & Customs' rules. The full rules governing the Plan are set out in the Trust Deed and Rules which will always override this booklet.

Special terms

Certain terms in this booklet have special meanings. These are explained below and appear in **bold** text throughout this booklet.

Company is Eaton Limited.

Employer is Eaton Limited or any other employer participating in the Plan which employs you.

Final Pensionable Salary is the highest annual average of your Pensionable Salary in any consecutive three year period ending on 5 April within the 10 years immediately before you retire, leave the Plan or die, whichever is earlier.

Guaranteed Minimum Pension is the part of the pension that must be provided from the Plan for your membership up to 5 April 1997, because that Plan was contracted out of the State Earnings-Related Pension Scheme.

Normal Pension Date is your 65th birthday.

Payment Protection Limit ensures that you are no worse off taking part in Smart Pensions. If you take part in Smart Pensions, your earnings will be tested each year against this limit to ensure you do not lose out on State benefits. If your pay does fall below this limit you will automatically be opted out of Smart Pensions. See the useful figures sheet for the current Payment Protection Limit.

Pensionable Salary means your monthly or weekly basic salary or wages before adjustment for Smart Pensions. It excludes any payments made to you in respect of any car allowance, but will normally include Executive Incentive Compensation bonuses, commission and overtime. It may include other elements of pay depending on your Previous Plan.

Pensionable Service is the number of years that you complete as a member of the Plan with a proportionate amount for each complete additional month.

Previous Plans are the Eaton Pension Plan and the Eaton UK Retirement Benefits Plan. These Plans themselves incorporated other historic pension arrangements operated by Eaton or by businesses bought by Eaton.

Smart Pensions enables you and the Company to make contributions to the Plan through salary sacrifice. You will automatically take part in Smart Pensions unless you earn less than the Payment Protection Limit, or opt out. See Section 3 for more information.

Spouse means the person who at the date of your death was your legal wife or legal husband (including a same-sex spouse) or civil partner.

State Pension Allowance is the average annual amount of the single person's basic State pension over the three years ending on the 5 April immediately before you retire, leave the Plan or die, whichever is earlier.

Trustee is the corporate body, independent of the Company, that manages the Plan in accordance with the Trust Deed and Rules and applicable legislation (Eaton UK Pension Plan Trustee Limited).

Useful figures sheet

Certain pension figures including the tax allowances and State Pension change each year or are subject to Government review. Please see the **Useful information** tab on **www.eatonukpensionplan.co.uk** for the **Payment Protection Limit**, the Annual and Lifetime Allowances, the State Pension and **State Pension Allowance** for the current tax year.

1 Benefits in brief

Special benefits

The benefits summarised in this booklet are those that apply to current members of the Plan for service in the Plan and for service on the standard scale of benefits in the **Previous Plans**.

The Appendix to this booklet provides a summary of the main benefit scales that applied for historic **Pensionable Service** in the **Previous Plans**.

If you would like to know more about how your benefits differ, please call the Pensions Helpline, or write to or email the Plan Secretary.
The contact details are given in Section 10.

When you're at work

If you die as a contributing member of the Plan before **Normal Pension Date**, your dependants are entitled to receive:

- a tax-free cash sum of three times your **Pensionable Salary**
- a pension, payable to your **Spouse**. At the discretion of the **Trustee**, on your death where there is no surviving **Spouse**, a pension may be paid to a dependant or dependants.

At retirement

- If you retire at **Normal Pension Date**, your pension is normally based on your salary close to retirement and your length of Plan membership.
- You can retire early from age 55, on a reduced pension.
- You can choose to exchange part of your pension for a tax-free lump sum. The consent of your **Employer** and the **Trustee** may be required.
- You can give up part of your pension to provide additional pension on your death for a dependant.

After retirement

- Once you have retired, your pension will increase each year in line with the Rules of the Plan and overriding legislation.
- On your death, a pension is paid to your **Spouse**. At the discretion of the **Trustee**, where there is no surviving **Spouse**, a pension may be paid to a dependant or dependants.

2 Membership

Can I leave the Plan while still working for the Company?

You can opt out of the Plan after giving one month's written notice to your local Human Resources (HR) Department.

Important

Once you have left the Plan you will not be able to rejoin as the Plan is closed to new members. You will be assessed for auto-enrolment into an appropriate pension scheme every three years. You will need to opt out of this scheme if you do not wish to earn any pension benefits.

Any benefits, which you have built up as a member of the Plan, will be calculated as if you had left the **Company** (see Section 7).

Please note that cover for the lump sum death benefit ends when you leave the Plan, whether or not you continue in employment with the **Company**.

What if I am ill or injured?

You will remain a member of the Plan for any period of illness or injury during which you continue to be paid by your **Employer** or are paid a benefit under a permanent health insurance scheme of the **Company** or for a longer period with **Company** consent.

What if I take maternity, adoption, paternity or shared parental leave?

While you are receiving contractual salary and/or statutory maternity pay, you will continue to earn benefits. You will normally be required to continue to pay contributions (or sacrifice salary under **Smart Pensions**) based on actual pay received but you will earn benefits on the basis of your normal level of **Pensionable Salary**. Any period of unpaid leave will be counted as a break in service. You will continue to be covered by the Plan death benefits throughout your period of leave, at the discretion of the **Trustee** and with the consent of the **Company**.

Similar provisions apply for any other period of family leave, except that your **Pensionable Salary** will be based on your actual remuneration.

What if I am absent from work for any other reason?

If you are away from work for any other reason, your membership of the Plan will continue with the agreement of the Company for an appropriate period*.

You may, with the Company's agreement, either continue or suspend your contributions during this period. The Company will decide the level of benefits you are entitled to, taking into account any contributions you have paid during your absence.

If, at the end of the appropriate period, you have not returned to work, you will be treated as having left the Plan and your benefits would be as described in Section 7.

**The appropriate period cannot normally exceed three years unless due to illness.*

Can I transfer any previous service into the Plan?

The Plan does not currently accept transfers in from other pension schemes.

What if I work part-time hours?

For any period of part-time employment:

- your contributions will be based on your actual **Pensionable Salary**
- your **Final Pensionable Salary** will be worked out using the full-time equivalent of your **Pensionable Salary** for any periods of part-time employment
- your **Pensionable Service** will be adjusted to allow for any periods of part-time employment (so if you work 50% of full-time hours you will earn 6 months of **Pensionable Service** for each year of actual service).

3 Contributions

What do I pay?

You pay 5% of your **Pensionable Salary** to the Plan (either through salary sacrifice via **Smart Pensions** or by deduction from your pay) either on a weekly or monthly basis. The actual cost to you is less because your contributions are deducted from your pay before tax. This means that you receive tax relief at your highest rate of income tax.

Some members have a lower contribution rate of 3%, see the **Previous Plan** appendix for more information on www.eatonukpensionplan.co.uk

What does the Company pay?

Benefits from the Plan are paid for by contributions from members directly or through **Smart Pensions** and the **Company**, and also from investment income. The **Company** meets the balance of the cost of the Plan benefits after allowing for member contributions. The **Company's** contribution may vary from year to year.

What is Smart Pensions?

Smart Pensions is an alternative way to make contributions into the Plan and is in place to increase your take-home pay by reducing National Insurance costs for you and the **Company**.

If you take part in **Smart Pensions**:

- You do not contribute to the Plan.
- The **Company** pays an additional amount into the Plan equal to the contributions you would normally have paid.
- The **Company** then reduces your basic salary by an amount equal to the contributions.
- This means you pay less National Insurance, so your take-home pay increases as a result of **Smart Pensions**.

Can I opt out of Smart Pensions?

Yes, you can do so in April each year, effective as at 1 May. You may also be able to review your participation in **Smart Pensions**, or how much you contribute to the Plan in Additional Voluntary Contributions (AVCs), if your situation significantly changes following a lifestyle event.

What is a lifestyle event?

A lifestyle event is when your personal situation changes significantly as a result of one of the following events:

- 10% or more increase or decrease in salary,
- change in working hours,
- maternity, adoption, paternity or shared parental leave,
- marriage or divorce,
- death of a dependant.

It is anticipated that you would experience at most one or two lifestyle events in any 12 month period. If you believe you have experienced a lifestyle event and would like to review your participation in **Smart Pensions**, please contact your local HR Department.

Can I pay more to increase my benefits?

Yes. You can pay AVCs in order to increase your benefits. AVCs are payable through **Smart Pensions** or as one-off lump sums outside **Smart Pensions**. You can normally contribute up to 100% of your earnings in any tax year to your pension (including your regular Plan contributions) and will normally receive full tax relief on these contributions. If you are a high earner, or have had a greater than normal pay rise, your scope to pay AVCs with full tax relief may be restricted.

For more information on tax relief, see Section 9. When you retire, your AVCs are used to provide additional pension benefits or they can be taken as part of a tax-free cash lump sum.

For more information on AVCs, see the AVC section or visit www.eatonukpensionplan.co.uk

4 Your benefits at retirement

How is my pension worked out?

If you retire at your Normal Pension Date, your pension will be worked out as:

Final Pensionable Salary X **1.5%** Rate at which pension builds up each year X **Years as a Plan member**

LESS

State Pension Allowance X **1.25%** Rate at which **State Pension Allowance** builds up each year X **Years as a Plan member**

For example

If you retire at **Normal Pension Date** after 15 and a half years' service (of which 6 months is after 5 April 2016) and your **Final Pensionable Salary** is £25,000, your pension will be calculated as follows:

£25,000 x 1.5% x 15.5 years = £5,813

LESS

£5,879* x 1.25% x 15 years = £1,102

LESS

£7,671* x 1.25% x 0.5 years = £48

Your total pension at age 65 = £5,813 – £1,102 – £48 = £4,663 a year

In addition further benefits may be provided if you have paid AVCs, or have more benefits from other sections of the Previous Plans.

** State Pension Allowances under the Plan Rules shown for leavers and retirements in the 2016/17 tax year (based on basic State pension between 6 April 2013 and 5 April 2016). The State pension you receive will depend on your individual circumstances, so it may be different from this.*

When do I receive my pension?

Your Plan pension will be paid into your bank or building society by monthly instalments in advance, starting from the later of your actual or Normal Pension Date and continuing for the rest of your life. Depending on your circumstances at retirement, there may be a delay in setting up your pension. If this is the case, you will receive back payments once your pension has been set up. Your pension is subject to PAYE tax as earned income. Details of the Plan's tax office can be obtained from the Plan's administrators (see Section 10).

If you retire abroad, you will pay any bank transaction charges.

Does my pension increase?

Yes. Once it starts to be paid, your pension is guaranteed to increase each year in line with the Rules of the Plan and legislation. Depending on when you joined the Plan, your pension may be made up of the following parts for your increase which is made each April:

- Any **Guaranteed Minimum Pension** built up between April 1988 and April 1997 is increased in line with inflation up to a maximum of 3% a year.
- Any pension built up from **Pensionable Service** between 6 April 1997 to 5 April 2005 is increased in line with inflation, up to a maximum of 5% a year.

- Any pension built up from **Pensionable Service** after 5 April 2005 is increased in line with inflation, up to a maximum of 2.5% a year.
- No increases apply to any **Guaranteed Minimum Pension** built up between April 1978 and April 1988 nor to the balance of any pension you built up before 6 April 1997.
- The inflation index used is set by the Government, and is currently based on the change in the Consumer Prices Index for the 12 months up to the September before the increase.

The Trustee and the Company review each year whether to award any increases beyond those required under the Rules of the Plan.

How much cash may I take at retirement?

You can take up to 25% of the value of your Plan benefits including any AVCs, Individual Member Account (IMA, from the former Aeroquip-Vickers Money Purchase Plan) or money purchase account.

You will still need to leave enough pension to cover any **Guaranteed Minimum Pension** that the **Trustee** must provide by law and ensure that your **Spouse's** pension is covered after your death. This requirement may restrict your option in some circumstances.

The **Trustee's** current policy is for your tax-free cash to come first from any defined contribution funds you have in the Plan such as AVCs, with the rest provided in exchange for part of your Plan pension. If your defined contribution benefits are more than you want to take as cash (or more than you are allowed to take as cash), any balance will be used to provide extra benefits from an insurer or, at the **Trustee's** discretion, from the Plan.

Will my pension be reduced?

If you decide to exchange some of your pension for cash, factors, which depend on your age and benefits, are used to work out how much cash you get in exchange for pension. The factors are reviewed periodically by the **Trustee**. Further information can be obtained from the Plan's administrators.

Can I provide extra pension for my family?

Before you retire, you can make additional provision for your family by giving up part of your pension to be paid to a dependant after your death. If you are interested in this option, you should obtain details from your HR Department shortly before you retire.

This is in addition to the **Spouse's** pension explained in Section 6.

Can I use my pension savings flexibly?

Your Plan pension must normally be used to provide a pension for you and your surviving Spouse, and a cash sum as noted above. However, you are able to transfer this in full to another suitable pension arrangement which may offer greater flexibility (in some cases the consent of the Trustee and the Company will be required). If you are thinking about this option you should first take financial advice, and note that if the transfer value of your Plan benefits is greater than £30,000, you can only transfer them if you provide the Plan's administrators with a statement confirming that you have taken financial advice from a Financial Conduct Authority regulated adviser.

What other ways can I take my Plan benefits?

You have more flexibility in how you use any Defined Contribution savings (such as Additional Voluntary Contributions). You can:

- **Take them at a different time (after age 55)** – from your Plan pension.
- **Take them bit by bit (drawdown)** – tax free and taxed. You can take them in up to two lump sums (in consecutive tax years) without transferring from the Plan. If you wish to withdraw your savings in more than two lumps sums, you would need to transfer them out of the Plan.
- **Take them as cash** – if the cash you take is over 25% of your total pension savings, you would have to pay tax on the rest of the cash you draw at retirement.
- **Transfer them to another suitable pension arrangement**.
- **Take tax-free cash**

You can use the rest of your account to buy an annuity (pension) in the same way as before. You should consider taking financial advice when thinking about your options.

5 Early retirement

Can I retire early?

You can retire early at any time from age 55 onwards without the consent of your **Employer** and the **Trustee**, as long as your benefits meet the statutory minimum, and your **Guaranteed Minimum Pension** is covered.

How is my pension worked out on early retirement?

Your pension is worked out in a similar way to your pension at **Normal Pension Date**, but based on **Final Pensionable Salary** and Pensionable Service at your actual retirement date:

Final Pensionable Salary x 1.5% x Pensionable Service

LESS

Pre 6 April 2016 State Pension Allowance x 1.25% x Pensionable Service to 5 April 2016

LESS

Post 5 April 2016 State Pension Allowance x 1.25% x Pensionable Service from 6 April 2016

Your pension will normally be reduced to take account of the longer period of payment. Actuarial factors are used to work out by how much your pension will be reduced. To ensure statutory requirements are met, early retirement may be restricted in some circumstances.

If you are thinking of retiring early, you should contact the Plan's administrators for more information.

What are actuarial factors?

Actuarial factors reflect future expectations of returns on assets, inflation and life expectancy. They may also reflect the likelihood of you being married and the life expectancy of any dependants, as well as your age and benefits. They are reviewed periodically by the Trustee.

What if I have to retire due to serious illness or disability?

You can retire early due to serious disability and receive an immediate pension at any time after you have completed 5 years' **Pensionable Service** and have reached age 45. Payment of this pension will be subject to the consent of your **Employer** and the **Trustee** if retirement is before age 60.

In certain cases the **Company** and the **Trustee** may permit retirement under these circumstances at ages earlier than 45.

How is my disability pension worked out?

If you have to retire through serious disability, your pension is worked out using your **Final Pensionable Salary** and **Pensionable Service** at your actual date of retirement. In these circumstances your pension would not be reduced for early payment.

For example

You retire at age 45 through serious disability, with a **Final Pensionable Salary** of £20,000 and have 15.5 years' **Pensionable Service** (of which 6 months is after 5 April 2016). Your disability pension is:

£20,000 x 1.5% x 15.5 = £4,650

LESS

£5,879* x 1.25% x 15 = £1,102

LESS

£7,671* x 1.25% x 0.5 = £48

£4,650 – £1,102 – £48 = £3,500

* ***State Pension Allowances*** *based on 6 April 2013 – 5 April 2016 figures.*

You should note that your entitlement to State Incapacity Benefits may be reduced to take account of your Plan pension.

Does my pension increase?

Yes, your early retirement pension will increase in the same way as on retirement at **Normal Pension Date** (see Section 4).

6 Family benefits

Before retirement…

What if I die while I am in Pensionable Service?

If you die as a contributing member of the Plan, the following benefits are payable:

- a lump sum
- a **Spouse's** pension
- the value of your AVC account.

If you have no surviving **Spouse**, the **Trustee** may use its discretion to pay a pension to a dependant or dependants.

How is the lump sum worked out?

The lump sum is worked out as:

- 3 x your **Pensionable Salary** received in the year before your death or, if greater,
- 3 x your **Pensionable Salary** received in any complete tax year while you were a member of the Plan.

The lump sum will be rounded up to the nearest £100. If you have not worked a full year before your death, the annual equivalent of any **Pensionable Salary** you have received will be used to work out the benefit.

Who receives the lump sum?

It is paid to one or more of your beneficiaries, or to your estate. To enable the lump sum to be paid tax free, the **Trustee** uses its discretion to decide who will receive the money. In making this decision, the **Trustee** will take into account the person(s) you have nominated on your Death Benefits Nomination Form.

Your beneficiaries can include your family and any person who is wholly or partly dependent on you for maintenance or support, your personal legal representative, or any other person(s) you have nominated on your Death Benefits Nomination Form.

How do I let the Trustee know my wishes?

When you join the Plan, you are asked to complete a Death Benefits Nomination Form which indicates whom you wish to receive the lump sum death benefit. The Trustee has complete discretion as to who receives the lump sum death benefit but will normally be guided by your Death Benefits Nomination Form. It is important that you keep this form up to date. A new copy is available from www.eatonukpensionplan.co.uk, or your HR Department if your circumstances change.

How is the Spouse's pension worked out?

If you are married or have a civil partner, your **Spouse** will immediately receive either:

- a pension based on 25% of your **Pensionable Salary** received in the 12 months or 52 weeks before your death or, if greater,
- 25% of your **Pensionable Salary** received in any complete tax year you have been a member of the Plan.

Where there is no surviving **Spouse** the **Trustee** may, at its discretion, pay a pension to a dependant or dependants. If you have not worked a full year before your death, the annual equivalent of your **Pensionable Salary** will be used to work out your **Spouse's** pension. The **Spouse's** pension includes any entitlement to a **Guaranteed Minimum Pension** that your **Spouse** may have from your membership of **Previous Plans** and will be at least that required to comply with contracting-out legislation.

Your **Spouse** will receive the pension by monthly instalments for the rest of his or her life. Your **Spouse's** pension will be increased each year in the same way as your own pension would have been in retirement (see Section 4).

For example

If you die at age 45, with a **Pensionable Salary** of £20,000 your Spouse's pension is worked out as:

25% x £20,000 = £5,000 a year

In addition, a lump sum would be payable of:

3 x £20,000 = £60,000

Are there any restrictions on my death benefits?

Normally the full lump sum death benefit and **Spouse's** pension will be paid automatically. However, in certain circumstances restrictions are placed on death benefits:

- The lump sum is insured and may be restricted if any restrictions are imposed by the insurer. You will be notified if any restrictions are applied.
- If your **Spouse** or dependant is more than 10 years younger than you, there may be a reduction in the pension payable.

What if I get married or enter into a civil partnership?

You should notify your HR Department immediately of any change in your status. You should also review your Nomination Form.

After retirement...

What happens if I die after retirement?

If you die after retirement, the following benefits are payable:

- Your **Spouse** will receive a pension equal to one-half of your own pension. The pension will include any increases since you retired and will ignore any reduction made for exchanging pension for cash at retirement or for providing extra benefits for your dependants.

Where there is no surviving **Spouse**, the **Trustee** may use its discretion to pay a pension to a dependant or dependants.

- If you die within 5 years of retirement, the balance of your first 5 years' pension will be paid as a lump sum to your beneficiaries or estate as the **Trustee** decides. The lump sum will ignore any possible increases to pensions in the period after your death.

In the case of civil partners and same-sex **Spouses**, the pensions payable on the member's death are based on **Pensionable Service** after 5 April 1988 for contracted-out rights (including **Guaranteed Minimum Pensions**) and after 5 December 2005 for other benefits.

Are there any restrictions?

If your **Spouse** or dependant is more than 10 years younger than you, there may be a reduction in the pension payable.

If you marry or register a civil partnership after you retire and you die within six months of that marriage or civil partnership, it is at the **Trustee's** discretion whether to pay a pension to your **Spouse**.

Spouse's pension...

Will my Spouse's pension increase?

Yes, at the same rate as your own pension increases in retirement (see Section 4).

Protecting your family

The Trustee decides how death benefits are paid, but will take your wishes into account. Completing a Nomination Form is very important because it lets the Trustee know how you would like your death benefits to be paid. You can download a new form from **www.eatonukpensionplan.co.uk** or ask your HR department or the Plan's administrators, WTW, for one.

7 Leaving the Company

What are my options on leaving the Company?

Your pension options on leaving depend on your length of **Pensionable Service** and whether you participate in **Smart Pensions**.

Less than two years' membership of the Plan and the Previous Plan

Whether or not you take part in **Smart Pensions**, you have the option of transferring the value of Plan benefits to another pension arrangement of your choice. If you wish to take advantage of this option, you need to contact the Plan's administrators, (see Section 10 for details of how to contact them) within six months of leaving Eaton UK Limited.

- If you take part in **Smart Pensions** and do not request a transfer, you will not receive any further benefit from the Plan.
- If you do not take part in **Smart Pensions**, and do not request a transfer of the value of your Plan benefits, you will receive a refund of your contributions less adjustments for tax and National Insurance.

Two or more years' membership of the Plan

You have the following choices:

- a preserved pension held in the Plan
- a transfer value paid to another arrangement.

How is my preserved pension worked out?

The pension is worked out as:

Final Pensionable Salary x 1.5% x Pensionable Service

LESS

Pre 6 April 2016 State Pension Allowance x 1.25% x Pensionable Service to 5 April 2016

LESS

Post 5 April 2016 State Pension Allowance x 1.25% x Pensionable Service from 6 April 2016

Final Pensionable Salary, **State Pension Allowance** and **Pensionable Service** are calculated at the date of leaving the Plan.

If you take a preserved pension, your benefits will remain in the Plan until **Normal Pension Date**.

Will my preserved pension increase?

If you leave the Plan before you retire, your preserved pension above any **Guaranteed Minimum Pension** will increase over the period to retirement:

- Any pension built up from **Pensionable Service** up to 5 April 2009, your preserved pension will increase by inflation over the period in complete years from leaving to retirement up to 5% a year.
- Any pension built up from **Pensionable Service** after 5 April 2009, your preserved pension will increase by inflation over the period in complete years from leaving to retirement up to 2.5% a year.

Your **Guaranteed Minimum Pension** will increase at a fixed rate set by the State. Currently any **Guaranteed Minimum Pension** increases at the rate of 3.5% a year but this may change in future. The rate applied to your **Guaranteed Minimum Pension** depends on when you leave.

What if I die before my preserved pension starts to be paid?

If you die before **Normal Pension Date**, a **Spouse's** pension will be paid equal to **one-half** of your preserved pension revalued up to the date of death.

Your beneficiaries will receive a refund of the value of your AVCs.

Your **Spouse's** pension will increase in a similar way to your own pension once in payment.

A different benefit applies for former Eaton UK Retirement Benefits Plan members in respect of service before 6 April 1997, please see the Appendix.

How is my preserved pension paid?

The pension paid to you or your **Spouse** will be paid in the same way as described in Section 4.

Can I exchange my preserved pension for cash?

With the **Employer's** and the **Trustee's** consent, at **Normal Pension Date** you may be able to exchange part of your pension benefits for a tax-free cash sum. You can also give up part of your pension for extra dependants' benefits on your death as described in Section 4.

Leaving the Company

Can I take my preserved pension early?

You can retire early on or after your 55th birthday.

Your pension will normally be reduced because it is being paid before your **Normal Pension Date** and retirement may not be possible if the pension will not cover any statutory benefits, such as **Guaranteed Minimum Pension** that must be provided, from age 65 (men) or 60 (women).

Actuarial factors are used to work out by how much your pension will be reduced.

What are my dependants' benefits if I die after retirement?

Your **Spouse** will receive a pension equal to one-half of your own pension ignoring any reduction made for exchanging pension for cash at retirement or for providing extra dependants' benefits. The **Spouse's** pension will increase in a similar way to your own pension. Where the marriage or civil partnership takes place after you retire and death occurs within six months of the marriage, any pension payable to your **Spouse** will be at the discretion of the **Trustee**.

Should I keep in touch with the Plan?

You should keep the Plan administrators (see Section 10 for full address), informed of any change in your address, so that you can be contacted when your pension is due to start.

What if I lose touch with the Plan?

If you have lost track of your pension benefits with a previous employer, you can ask the Pension Tracing Service for an up-to-date address of that plan by going to www.gov.uk/find-pension-contact-details

Or you can contact them at:
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

The Pension Tracing Service's telephone number is:
0345 6002 537

Can I transfer my benefits to my new pension arrangement?

You can transfer the value of your benefits including any AVCs or DC funds (the 'transfer value') at any time before you retire to:

- your new employer's scheme if allowed by them
- a personal pension or stakeholder pension
- a buy-out policy with an insurance company.

If you are within 12 months of, or are over, your **Normal Pension Date**, you can only transfer your Plan benefits with the agreement of the **Trustee** and **Company**.

You have the right to transfer all of your defined contribution benefits (such as your AVCs) at any time. However, you need the agreement of the **Trustee** and **Company** if you wish to transfer only a part of these benefits.

You would then receive pension benefits under that scheme or policy instead of your preserved pension benefits under the Plan.

What is a transfer value?

A transfer value is the cash equivalent of your preserved pension at the time of calculation. The transfer value does not currently make any allowance for discretionary benefits that may be provided under the Plan.

Your transfer value quotation will normally be guaranteed for three months. Please contact the Plan's administrators for more details. Transferring your benefits is a once-only decision and you should take impartial financial advice before doing so (you are required to take financial advice if your transfer value, ignoring any defined contribution benefits such as AVCs, is over £30,000).

You have a right to one quotation a year of the transfer value of your benefits. If you request a second, or subsequent, transfer value quotation within a year of your last quotation the **Trustee** may require a payment to cover costs. You will be advised if any charge applies and the amount.

8 The State Pension

What pension does the State provide?

A single-tier pension is paid from State pension age to everyone with a sufficient history of National Insurance contributions. If you do not have a complete record of National Insurance contributions you may be entitled to a proportion of the State pension.

The State pension is also reduced to reflect any periods of employment in which you were contracted-out of the State Earnings Related Pension or the State Second Pension, such as service with Eaton while a member of one of the **Previous Plans**.

See Useful Figures sheet for the latest State Pension figures. More information on the State pension is available at www.gov.uk.

What is State pension age?

State pension age is currently age 65 for men, and will be 65 for women by the end of 2018. It is then expected to increase for everyone as follows:

- a sliding scale between 65 and 66 for anyone born between 6 December 1953 and 5 October 1954
- age 66 for anyone born between 6 October 1954 and 5 April 1960
- a sliding scale between 66 and 67 for anyone born between 6 April 1960 and 5 March 1961
- age 67 for anyone born between 6 March 1961 and 5 April 1977
- a sliding scale between 67 and 68 for anyone born between 6 April 1977 and 5 April 1978
- age 68 for anyone born between after 5 April 1978.

This will be reviewed by the Government during each Parliament.

What does contracting out mean?

As a member of the Plan (and the **Previous Plan**), you were contracted out of the State Second Pension (and previously the State Earnings Related Pension Scheme) until 5 April 2016 on a salary related basis. This meant that you paid lower National Insurance contributions and the Plan had to provide benefits that at least equalled a **Guaranteed Minimum Pension** (up to 5 April 1997).

For membership from 6 April 1997 to 5 April 2016, the Plan's Actuary had to certify that the level of member's and **Spouse's** benefits provided under the Plan was sufficient to meet minimum Government requirements.

9 How the Plan works

Trust fund and the Trustee

Contributions and investment income are paid into a fund. The fund is kept quite separate from the **Company's** assets and is invested on behalf of the **Trustee** by investment managers. All Plan benefits outlined in this booklet, apart from the lump sum paid on death in service, which is currently insured, are provided by the fund.

The Plan is run by a corporate Trustee, Eaton UK Pension Plan Trustee Limited. The Directors of the corporate Trustee are appointed by the Company. However, to comply with legislation, at least three of the Directors are nominated by the active members and pensioners of the Plan. One of the Company-Nominated Trustees is an independent professional trustee. It is the duty of the **Trustee** to act in accordance with the legal Trust Deed and Rules governing the Plan. As an active member or a pensioner of the Plan, you will be notified if the arrangements for appointing the Directors of the corporate trustee are changed as a result of legislation.

Tax approval

The Plan is a Registered Pension Scheme for the purposes of the Finance Act 2004. HM Revenue & Customs sets certain limits on contributions and benefits in the form of the Annual and Lifetime Allowances. 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 Lifetime Allowance** sets the total value of tax-favoured pension benefits you can build up from all pension schemes.
- **The Annual Allowance** is the maximum value of benefits you can earn on a tax-efficient basis in any tax year. This is worked out based on any contributions you make or which are paid on your behalf to a defined contribution scheme (such as AVCs or a personal pension) plus the value of the benefits you have earned in the Plan (and any other defined benefit plans) above inflation.

  The Annual Allowance is usually £40,000, but a lower amount (tapering down to £10,000) can apply in certain circumstances. You can however, carry forward any unused Allowance from the previous three tax years.

  More information on the Annual Allowance is available on www.gov.uk/tax-on-your-private-pension. See the Useful Figures sheet for the latest Annual and Lifetime Allowance figures.

Data protection

The **Trustee** and the **Company** need to process data to calculate and pay benefits, for statistical and reference purposes and to administer the Plan as a whole. This may involve passing on data about you to the Plan's professional advisers, administrator and other third parties, as may be necessary for the running of the Plan.

Your personal details are held on paper and on computer. You have the right to inspect your records on request, which may involve payment of a small fee, by application to your HR Department.

All personal data relating to your membership of the Plan will be treated by the **Company** and the **Trustee** as confidential.

Changing, closing or winding-up the Plan

The Plan is closed to new members. The **Company** is committed to the Plan for existing members, but is legally entitled to change or close it or wind it up at any time in the future, in accordance with the Trust Deed and Rules.

If the Plan were to be wound up, the **Trustee** would use available funds to secure your benefits at that date in the manner set out in the legal documents of the Plan. If circumstances require, the **Company** may have to contribute to the Plan to ensure that the funds at least meet the statutory minimum.

Pension Protection Fund

The Government set up the Pension Protection Fund (PPF) to help protect members of salary-related pension plans, should their employer become insolvent with insufficient funds in their pension plan to pay a prescribed level of benefits promised to members. For more information on the PPF visit: www.pensionprotectionfund.org.uk

Assigning your benefits

Your Plan benefits are strictly personal and cannot be assigned to any other person or used as security for a loan or a mortgage.

10 Help and information

What information is available about the Plan?

Each year, as a contributing member, you will be sent a benefit statement showing how your pension benefits are building up and a summary report from the **Trustee** about the past Plan year. You can also request to see the following Plan documents: the full Report and Accounts, the Statement of Investment Principles, the latest actuarial valuation, the Statement of Funding Principles and the Trust Deed and Rules.

What if I have a query about my pension?

Help is available from the Plan's administrators:

Pensions helpline: 01707 607603

or write to:
Eaton UK Pension Plan
WTW
PO Box 545
Redhill
RH1 1YX
or email: eatonpensions@willistowerswatson.com

What if I am getting divorced?

Your pension benefits will be considered in the divorce settlement and the Court can order your pension to be shared with your **ex-Spouse**. Whether or not pension benefits are shared depends on the settlement itself.

If your pension benefits are shared with your ex-**Spouse**, this can either be done through an 'earmarking' order or your ex-**Spouse's** share may be transferred to another approved pension arrangement. The Plan's administrators can provide further details.

What if I have a problem with my benefits?

If you or your beneficiaries have a problem which cannot be resolved by the Plan administrators, you can use the Plan's internal dispute resolution procedure. A dispute resolution request form is available from the Plan's administrators. It must be completed and signed by you, or your representative, and sent to The Plan Secretary at the address above.

You or your representative will be sent an acknowledgement immediately and a written answer should be provided within two months. If an answer cannot be provided in that time, a reply will be sent explaining why and indicating when a reply will be made.

If you or your representative are dissatisfied with the answer, an appeal can be made to the **Trustee**. This must be done in writing to the Chair of the **Trustee** at the address above within six months of the answer being received. Copies of the original completed form, the reply and a statement of the reason(s) why the reply is considered unsatisfactory should be attached.

The **Trustee** will consider your appeal and you will receive a written answer on its behalf within four months. In the unlikely event that an answer cannot be provided in that time, a reply will be sent explaining why and indicating when a reply will be made.

If you are still dissatisfied after appeal to the **Trustee**, you can ask the Pensions Ombudsman to investigate your complaint.

The Pensions Ombudsman

If you need help with a pension problem, or in cases where a dispute cannot be resolved, you can ask the Pensions Ombudsman for help. The Ombudsman may investigate and determine on any complaint or dispute of fact or law involving an occupational pension plan which is referred to them. Find out more at www.pensions-ombudsman.org.uk

The Pension Ombudsman can be contacted at:
10 S Colonnade, Canary Wharf, London E14 4PU
The Ombudsman's telephone number is: **0800 917 4487**

Money and Pension Service

The Money and Pensions Service provides guidance and information about pensions and financial planning to help UK citizens manage their money.

Visit moneyandpensionsservice.org.uk to find out more, or contact them at:
Money and Pensions Service
Holborn Centre
120 Holborn
London
EC1N 2TD

You should visit MoneyHelper.org.uk as your first port of call on pensions and financial questions or call them on: **0800 138 7777**

Are there any external bodies regulating the Plan?

The Pensions Regulator is the UK regulator of work-based pension schemes. The Regulator's aim is to encourage high standards in the way pension plans are run as well as working to assess and reduce risks for members' pensions. Go to www.thepensionsregulator.gov.uk to find out more.

The Pensions Regulator has powers to intervene in the running of schemes where trustees, managers, employers or professional advisers have failed in their duties.

The Pensions Regulator's address is:
Napier House
Trafalgar Place
Brighton
BN1 4DW
The Regulator's telephone number is: **0870 606 363**

AVCs Additional Voluntary Contributions – AVCs

Saving more for retirement – AVCs

Additional Voluntary Contributions (AVCs) enable you to save more towards your retirement in a tax-effective way. AVCs can help if you want to set aside more so that you can retire early or boost your pension if you haven't had the chance to build up enough earlier in your career.

Your pension in the Plan is related to your years of Plan membership and your salary close to retirement. However, AVCs are different and provide benefits on a 'money-purchase' basis. You choose how to invest your AVCs from the range of investment funds offered by the Plan and your AVCs buy units in the fund or funds you have selected. When you come to retire, your AVC account will be used to provide pension and/or a tax-free cash lump sum. The value of your AVC account when you come to retire will depend on:

- how much you have paid in over the years
- the age at which you access your AVCs
- any charges or bonuses;
- how well your AVCs have performed in terms of investment growth; and
- the cost of any benefits you choose to buy such as an annuity.

AVCs benefit from the same tax relief as your normal pension contributions and regular AVCs are included in **Smart Pensions** so you benefit from National Insurance savings. You may also be able to pay a one-off lump sum as an AVC, but you will not benefit from NI savings on those contributions. The Plan's AVC arrangements offer 'group terms' negotiated by the **Trustee** which means that the charges made for managing your AVCs will usually be lower than if they were on an individual basis. The **Trustee** regularly reviews the AVC providers and the funds on offer. However, you can also choose to pay into pension plans offered by pension providers outside the Plan and payments to these arrangements will also benefit from tax relief in the same way (but not the NI savings).

The Trustee suggests that you take impartial financial advice before taking any investment decisions.

What kind of funds can I invest in?

It is important to understand how the various funds work. There are four types of assets in which the AVC funds on offer invest:

- **Equities (also known as shares)**
- **Bonds and gilts**
- **Cash**
- **Diversified growth**

The investment options are available at
www.standardlifepensions.com/eaton

How AVCs work

Can I choose more than one fund?

You can pay AVCs into more than one fund if you wish, including funds in different Bands. However you cannot split your AVCs between the Lifestyle strategies and the other funds.

How do the Lifestyle strategies work?

Lifestyle is an investment option which tries to manage some of the risks for you. The aim is to make sure you are invested in the right type of fund at the right time. The choice of funds is made for you and changes automatically as you get nearer to retirement. Your AVC account is moved automatically from a higher risk fund to two medium risk funds in order to protect the value of your pension. The idea is that you will benefit from the higher growth but are protected from their greater volatility when you approach retirement. You can select your retirement age at which time the switching will be complete, but this must be between ages 60 and 65.

How much can I pay in AVCs?

You may normally contribute up to 100% of your earnings in any tax year to your pension (including your regular Plan contributions) and receive full tax relief on these contributions. You also make National Insurance savings on your AVCs through **Smart Pensions**. Your total pension saving, including your main Plan benefits, is also subject to the Annual Allowance and the Lifetime Allowance.

The Annual Allowance is the maximum amount of contributions you can pay on a tax-efficient basis, into all UK pension schemes. This includes any contributions you may have made to other pension plans not just those paid to the Plan. See the Useful Figures sheet for the latest Annual and Lifetime Allowance figures.

See Section 3 for more information about **Smart Pensions** and see Section 9 for more about the Annual Allowance and tax rules.

If you are considering paying a large proportion of your earnings as AVCs, you are strongly encouraged to obtain independent financial advice first.

Do I have to pay any charges?

AVCs are subject to charges for administration and investment management. These charges vary according to the type of investment fund you choose and may change from time to time.

What if I leave Eaton before I retire?

If you leave the **Company** before you retire, your AVCs will continue to be invested in your chosen funds and move in line with those investments until you retire. Alternatively, if you transfer your Plan pension to another pension arrangement, your AVCs will be transferred as well.

What if I die before I retire?

If you die before retirement, the value of your AVCs will normally be paid as a lump sum to one or more of your beneficiaries as the Trustee decides. The Trustee will refer to your Death Benefits Nomination Form before making its decision.

Can I draw on my AVCs before I retire?

Your AVCs cannot be refunded or loaned to you. You can only draw on your AVCs when you retire from the Plan, unless you transfer them to another provider.

Can I take my AVCs as tax-free cash?

You will usually be able to do so. If you wish to take part of your benefits as tax-free cash at retirement, your AVC funds will be used for this purpose before exchanging any Plan pension for cash.

How do I start paying AVCs?

If you are interested in paying AVCs, you should contact the Plan's administrator (see Section 10 for contact details). They will send you an AVC form to complete. You should allow one month for your instructions to reach Payroll.

Can I change my level of AVCs or change my investment funds?

You will be able to change the amount of your Plan AVCs once a year in April, effective as at 1 May. You should allow 1 month for your instructions to reach Payroll. You need to complete an AVC change form to tell Payroll the new level of contribution you wish to pay and any change in your AVC investment fund.

You can change how your AVCs are invested at any time by contacting Standard Life. You may also change your existing AVC funds from one investment fund to another and if you select Lifestyle, then please remember that you need to update your selected retirement age too. No charge is currently made on your AVC account when you switch funds.

Can I keep track of my AVCs online?

Yes, you can view your AVC balance online. If you want to do this, details for registering can be found in the **Saving more for retirement** section at: www.eatonukpensionplan.co.uk

Can I transfer my AVCs out?

You have the right to transfer all your defined contribution benefits at any time up until you retire. If you wish to transfer only part of your defined contribution benefits (such as AVCs) the consent of the Trustee and Company is required.

Are there alternatives to Plan AVCs?

You may also want to consider other savings outside the Plan including stakeholder pensions, personal pensions and Individual Savings Accounts (ISAs) which may give you more flexibility or a wider range of investment options.

Stakeholder and personal pensions

You can contribute to another pension plan or arrangement including a stakeholder or personal pension at the same time as the Plan. You can pay up to 100% of your earnings as pension savings within any pension arrangements you may have and receive tax relief on contributions to the Annual Allowance. Any pension arrangement you have outside the Plan will not benefit from the group terms negotiated by the **Trustee** but, on the other hand, this type of arrangement enables you to spread your risk further. You will continue to be able to pay into your stakeholder or personal pension after you leave Eaton.

Other savings options

There are other tax-efficient methods of saving, such as ISAs and some National Savings products available to you. These provide additional flexibility in that you can access your money at any time, whereas AVCs can only be used at retirement. However, unlike AVCs, you will not receive tax relief on contributions with these other savings options.

Where can I get advice about investing for retirement?

The **Trustee**, your HR Department and WTW are not authorised to give you advice about whether you should pay AVCs or which investment funds you should select.

If you need advice about which fund to select or about your retirement planning, you should consult an impartial financial adviser. You can visit: **www.unbiased.co.uk** or **moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser** for details of local advisers.