

EUKPP Booklet Appendix

Previous Plans and historic pension arrangements

The benefits summarised in the main Plan Booklet, A Guide to Your Pension Benefits, 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**.

Different benefits may apply for a part or all of the **Pensionable Service** for some current Plan members, particularly those with longer service or who joined the Plan or a **Previous Plan** because their employer was acquired by Eaton.

This Appendix outlines the main differences in benefits for the following categories of members:

- Former members of the Eaton UK Retirement Benefits Plan (the EUK Plan)
- Members who had **Pensionable Service** in the Delta Pension Plan
- Former members of the Aeroquip Vickers UK Retirement Plan

The Plan also includes a small number of active members with benefits arising from periods of service in pension arrangements incorporated into these Plans which are not covered in this supplement, including from the Ottermill Group Retirement Benefits Plan, the Eaton Hydraulics Plan and the Crouse Hinds schemes. Any differences from the current Plan were notified to you at the point you joined the **Previous Plan** or its predecessor. Former members of the Integrated Hydraulics Limited Retirement Benefits Scheme have a deferred pension from their service in that Scheme which is paid in addition to their Eaton Plan benefits.

If you think any of the above apply to you and you would like to know more about how your benefits differ, please call the Pensions Helpline, or write to/email the Plan Secretary. The contact details are in the Booklet.

The benefits set out in this document may be adjusted to address any sex-based inequality relating to your GMP (a process called GMP equalisation) or be Converted to another from. In either case we will communicate separately with you about this.

Former members of the EUK Plan

Special terms

Last Earnings means the amount equivalent to the Member's **Pensionable Salary** up to a maximum of the Upper Earnings Limit at the date his or her **Pensionable Service** ends.

Final Pensionable Salary Different definitions apply for hourly paid service at Aycliffe before 1 January 1982, hourly paid Transmission Division service in Manchester before 1 January 1987, and hourly paid Transmission Division service in Basingstoke before 1 January 1983.

Contributions for Members of the EUK Plan on or before 31 July 2000

You pay 3% of **Pensionable Salary** to the Plan (either through salary sacrifice via **Smart Pensions** or by deduction from your pay).

Death after leaving service and before retirement

The **Spouse's** pension payable is calculated as:

Last Earnings x **Pensionable Service** between 6 April 1978 and 5 April 1997 / 160;
plus

Half of your deferred pension for **Pensionable Service** from 6 April 1997 onwards, including increases to the date of your death

Part-time service before 1 January 1996

When calculating benefits in respect of part-time service before 1 January 1996 the State Pension Allowance is increased to reflect the part-time hours (so if you worked 50% of full-time hours the State Pension Allowance would be doubled)

Additional benefit for members of the EUK Plan on 25 May 1990 who joined the Plan before 1 January 1989

If you were an active member of the EUK Plan on 25 May 1990 and joined the Plan before 1 January 1989 your benefits from the Plan also include a Money Purchase Account (MPA fund). This fund will be used to supplement your benefits on retirement or death. It operates in a similar way to members' Additional Voluntary Contributions (AVCs) which are described in the AVC section of the Booklet.

Members who joined the Plan as a part of the Delta acquisition and were previously members of the Delta Pension Plan

Members were able to decide whether to transfer their benefits from the Delta Plan to the EUK Plan, or to leave them in the Delta Plan as deferred pensions to be paid at retirement.

Here is a summary of the benefits provided from the Plan for members who transferred their benefits into the EUK Plan. Other former Delta employees should contact the Delta Plan administrators for details of their benefits from Delta service.

Special terms

Delta Final Pensionable Salary means the higher of:

- (a) Annual basic pay plus regular non-variable earnings less the **State Scheme Adjustment** on retirement or earlier date of leaving **Pensionable Service**; and
- (b) the highest annual average of your **Gross Earnings** less the **State Scheme Adjustment** in any three-year period ending on 5 April within the 10 years immediately before you retire, leave the Plan or die, whichever is earlier.

In (b) each tax year's **Gross Earnings** is increased in line with inflation.

Delta Pensionable Service – your number of years and complete months of **Pensionable Service** in the Delta Plan up to 31 January 2003

State Scheme Adjustment means 75% of the Lower Earnings Limit. Where a member joined the Delta Plan before 6 April 1995, this adjustment is restricted to no more than 25% of **Pensionable Salary**.

Benefits on retirement

For **Delta Pensionable Service**, the pension at retirement is calculated as:

$$\text{Delta Final Pensionable Salary} \times \text{Delta Pensionable Service} / 60$$

Benefits on death in service

The normal lump sum death benefit will be paid plus any contributions paid by a member to the Delta Plan.

The normal Eaton Plan **Spouse's** pension will be paid or, if higher, a pension of:

$$\text{Delta Final Pensionable Salary} \times \text{Delta Pensionable Service} / 120 \text{ Plus}$$

25% of **Final Salary** x total **Pensionable Service** the Member could have completed in the Plan and the EUK Plan had he survived to **Normal Pension Date** / total of his **Delta Pensionable Service** and the total **Pensionable Service** he could have completed in the Plan and the EUK Plan had he survived to **Normal Pension Date**.

Pension increases

Pensions in payment from **Delta Pensionable Service** (including any **Guaranteed Minimum Pension**) increase in line with the Retail Prices Index up to a maximum of 5% a year. There is a minimum increase of 3% each year for members who joined the Delta Pension Plan before 6 April 1995.

Benefits on death after leaving but before retirement

Your contributions paid to the Delta Plan will be refunded in addition to the normal Plan benefits.

Former members of the CHE Pension Scheme

Former members of the CHE Pension Scheme continue to earn benefits on the basis provided under the CHE Pension Scheme. A different basis of benefits applies for **Pensionable Service** as a member of the Ottermill Plan before joining the CHE Pension Scheme.

Special terms

The **Abatement** is decided by the **Trustee** with the consent of the **Company** and is updated each 1 January. While this is not currently used, in the past it was set at 75% of the old State basic pension (it could not be higher than the State Lower Earnings Limit).

Final Pensionable Salary means the annual average of your **Pensionable Salary** received during the 3 years before **Normal Pension Date**. For the purpose of calculating **Final Pensionable Salary**, the **Abatement** is calculated at the beginning of the 3-year period.

Where a member leaves service or retires more than 3 years before **Normal Pension Date**, **Final Pensionable Salary** is calculated assuming that **Pensionable Salary** would have remained unchanged between leaving or retirement and **Normal Pension Date**.

Pensionable Salary is your basic salary less the **Abatement**.

Members' contributions

If you joined the CHE Pension Scheme on or before 31 July 2001 you pay 3.5% of **Pensionable Salary**

If you joined the CHE Pension Scheme on or after 1 August 2001 you pay 5.5% of **Pensionable Salary**.

Contributions are made either through Salary Sacrifice via **Smart Pensions** or by deduction from your pay.

Benefits at retirement

The pension at **Normal Pension Date** will be calculated as:

Final Pensionable Salary x **Pensionable Service** / 60

Retirement due to serious disability

You can retire early due to serious disability and receive an immediate pension at any time equal to the greater of:

- the pension that would have been payable to you at **Normal Pension Date** but calculated by reference to your **Pensionable Service** and **Final Pensionable Salary** at the date of your actual retirement; and
- half of the pension that would have been payable to you, had you remained in **Pensionable Service** until **Normal Pension Date** but calculated by reference to your **Final Pensionable Salary** at the date of your actual retirement.

Retirement before age 60 is subject to the consent of the **Trustee** and the **Company**. If you are covered under a permanent health insurance scheme operated by the **Company** you will not normally qualify for a pension under the Plan through serious disability.

Death in service before retirement

The Death in service lump sum is worked out as:

3 x basic salary at the date of your death

Your **Spouse** will receive a pension of half the pension that would have been payable to you had you remained in **Pensionable Service** until **Normal Pension Date** but calculated by reference to your **Final Pensionable Salary** at the date of your death.

Former members of the Aeroquip-Vickers Plan

The Defined Contribution section of the Aeroquip-Vickers Plan provided benefits up to 31 March 2002 for almost all current members of the Plan who previously worked in the Aeroquip Vickers business. For these members, benefits for **Pensionable Service** after this date are on the normal Plan scale.

Information is available from the Plan's administrators for any member with benefits in the Defined Benefits Section of the Aeroquip-Vickers Plan, including deferred pensions which were not transferred to the Defined Contribution section in 1993.

Overview of how the Aeroquip-Vickers Plan works

The Aeroquip-Vickers Plan operated on what is known as a money purchase or defined contribution basis. This works in a similar way to the Plan's AVCs.

Each former member has an **Individual Member Account (IMA)** allocated to them which is built up from their own contributions, those from their employer and investment returns. The value of this account is used to provide benefits on retirement or earlier death.

This IMA must provide a minimum level of pension benefits to you and your **Spouse** because the Aeroquip-Vickers Plan was contracted-out of SERPS and the State Second Pension.

This is a valuable protection but can mean that you are restricted as to how and when you can use your IMA. In particular, you are not able to use some of the flexibilities introduced by the Government for defined contribution schemes.

You do not have to take your IMA at the same time as your Plan benefits, although it is often possible to take a higher overall tax-free cash lump sum at retirement if you do so.

What are the minimum benefits?

The minimum benefits are:

- *For Pensionable Service up to 5 April 1997:*
A **Guaranteed Minimum Pension**, which must be paid to you from age 65 for a man and 60 for a woman. The part of your **Guaranteed Minimum Pension** earned after 5 April 1988 must increase in payment at least in line with CPI inflation, subject to a maximum increase of 3% a year. A pension must also be paid on your death to your **Spouse** of 50% of your **Guaranteed Minimum Pension** (for female members a **Spouse's** pension is only payable on Guaranteed Minimum Pension earned after 5 April 1988).
- *For Pensionable Service between 6 April 1997 and 31 March 2002:*
A pension which meets the Government's reference scheme test standard. This pension must increase in payment at least in line with RPI inflation, subject to a maximum increase of 5% a year, and a pension must be paid on your death to your **Spouse** of 50% of the pension you would receive if you took no tax-free cash. You can usually take part of your pension as a tax-free cash lump sum.

Benefits at retirement

The Trustee has agreed that it will apply GMP Conversion to your retirement benefits arising from membership of the Aeroquip Vickers Defined Contribution Section of the Eaton Plan.

This document tells you more about how we will apply GMP conversion including a test for GMP equalisation when you retire: <https://eatonukpensionplan.co.uk/documents/EUKPP-AVDC-GMP-Conversion-Consultation.pdf>

Transferring out

If you prefer you can transfer your IMA out of the Plan, either before or when you plan to retire. You can transfer your IMA separately from other Plan benefits, but you will need to obtain the consent of the **Trustee** and **Company** if your IMA does not cover the transfer value of the minimum benefits, or you remain in **Pensionable Service**.

While you are not required to take financial advice if your IMA covers the value of the minimum benefits, we recommend that you do so and the personal pension provider to which you are transferring may require you to have taken advice.

If your IMA is less than the transfer value of the minimum benefits the transfer value will be the transfer value of the minimum benefits. If this transfer value together with the value of your Plan benefits is more than £30,000 (which will normally be the case), you must take financial advice before you can transfer these benefits out of the Plan.

Benefits on death in service before retirement

The normal Eaton Plan benefits will be paid, subject to providing as a minimum a **Spouse's** pension of:

- the **Spouse's** pension that can be secured from your IMA (subject to the minimum benefits); and
- one half of the pension that would have been paid to you in respect of service in the Plan and Previous Plan from 1 April 2002 and assuming you had remained in service to your **Normal Pension Date**, based on your **Final Pensionable Salary** and the **State Pension Allowance** at the date of your death.

Death after leaving service and before retirement

If you die after leaving service but before you retire, your IMA will be used to provide the minimum benefits (see above). Any balance of your IMA will be paid by the **Trustee** to your beneficiaries in the same way as the lump sum on death in service.

Death after retirement

If you die after retirement your **Spouse** will receive the benefits you secured at retirement including the minimum benefits (see above).