Landis Grinding Systems Pension Fund (the "Plan")

Questions and Answers

1. **Do members need the Company's permission to draw their pension early?**

   Yes, Company consent is required. Trustee consent is also required if the member has left the Company's employment or ceased to be in Pensionable Service before the Scheme was closed in November 2013.

2. **Can members continue to be employed by Fives Landis Limited (the "Company") if they draw their pension early?**

   No. Payment of an early retirement pension is conditional on a member having left the Company's employment.

3. **Is the pension paid from the Plan's assets?**

   When a member retires, their pension is paid out from the Plan's accumulated assets. An individual annuity is not purchased.

4. **If a member has started to draw their pension and an annuity is not purchased, is their monthly payment guaranteed for life regardless of whether the Company goes out of business and the Pension Protection Fund ("PPF") become involved?**

   An individual annuity would not be purchased for a member when they retire from the Plan.

   If the Company goes out of business and the PPF becomes involved, the PPF will continue to pay the member's pension, but the amount may be subject to the PPF's compensation rules and caps.

   For those who have reached the Plan's Normal Pension Age when the Company goes out of business, the PPF typically provides 100% of the pension benefits. For those below the Normal Pension Age at that time, the PPF provides 90% of the benefits.

   In either case, annual increases when in payment are capped at 2.5% (where inflation is greater) and do not apply to pension accrued before 6 April 1997.

5. **If the Company goes out of business before a member starts to draw their pension, would they need to wait until age 65 or alternatively the State Pension Age before receiving payment via the PPF?**

   The timing of when a member can start receiving their PPF compensation depends on the rules of the PPF and the specific circumstances of the member.

   Members have the option to take their compensation early, but this will result in an actuarial reduction to reflect the fact that the compensation will be paid for a longer period. The PPF allows early retirement from age 55 (rising to age 57 from 6 April 2028), but the amount will be reduced to account for the longer period of payment.

   Further details are available on the PPF's website, including the booklet: [What is the PPF?] This provides key information for members on the PPF and sets out examples of how compensation might be affected in different circumstances.

6. If the Company goes out of business and the PPF take responsibility for the Plan, does the fact that the Plan is currently underfunded become a factor when their pension amount is calculated by the PPF?

When a pension scheme is underfunded, the PPF steps in to ensure members receive compensation according to the PPF rules.

The funding deficit does not reduce the compensation members receive from the PPF, but the PPF does not cover the full pension benefits that were promised by the original scheme. Instead, it provides compensation based on its own rules and limits.

7. How is the annual increase in pension payments calculated?

Every pension in payment under the Plan is increased each year on 6 April by the minimum amount required as outlined in section 51 of the Pensions Act 1995.

The increase applied to pension benefits depends on when the pension was accrued. The table below confirms the pension increases applicable for the Plan:

Pension benefit	Service from	Service to	Increase to apply	Comment
Pre 88 GMP	06/04/1978	05/04/1988	0%	No statutory requirement for increases on GMPs earned during this period
Post 88 GMP	06/04/1988	05/04/1997	CPI max 3%	The lesser of 3% or the rate of inflation (as measured by the Consumer Prices Index, "CPI")
Pre 6 April 1997 excess	-	05/04/1997	0%	No statutory requirement for increases in pensions accrued before this date
Post 5 April 1997 excess	06/04/1997	05/04/2007	CPI max 5%	The lesser of 5% or the rate of inflation (as measured by CPI)
Post 2007 excess	06/04/2007	-	CPI max 2.5%	The lesser of 2.5% or the rate of inflation (as measured by CPI)