

Report to members

for the Defined Benefit (DB) Section of the
Parker Hannifin Pension & Death Benefit Plan
(the 'Plan')



Welcome to this year's report

I hope you've had a wonderful start to the new year and are looking forward to the year ahead.

This year, we've included key updates and have a new style which we hope you will like. On page 6, you'll find the results of the latest triennial valuation that shows a surplus of £33.2 million in the DB Section, compared to a £102.8 million deficit at the 2020 valuation. This is primarily due to the change in the yields on index-linked and fixed interest gilts since the previous calculations. Because of this improvement, we have been able to buy an insurance policy (a 'buy-in') which secures most retired members' benefits now and into the future. You can learn more about the buy-in on page 3.

I would also like to remind you to make the most of the online services available to you. You can read more about these services – and how you can access them – on page 2.

Register your email for important updates on your DB Section pension

Make sure you've registered your email address to receive online communications, so you don't miss any important updates. If you haven't registered it yet, you can do it on the pension website:

1. Visit the DB Section homepage of the pension website: parkerpensionplan.com/db
2. In the '**Don't miss out!**' box on the homepage, enter the email address you want to get updates on and your other details and click '**Submit**'.

As always, if you have any questions or feedback about this report, please contact Janet Ward using the details on the back page.

Derek Turnbull, Chair

On behalf of the Trustee of the Parker Hannifin Pension & Death Benefit Plan

In this issue...

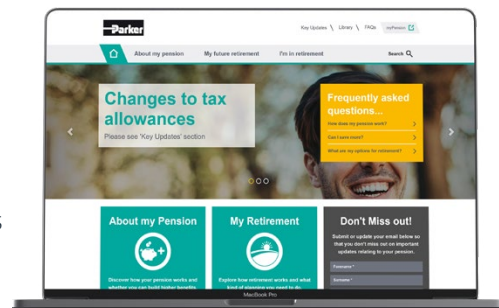
Your online pension services.....	Page 2	An update on the Budget.....	Page 5
Reducing risk for the DB Section.....	Page 3	Summary funding statement.....	Page 6
Protect yourself from pension scams and cyber fraud.....	Page 4	Helpful information & key contacts.....	Page 8
DB Section's numbers at a glance.....	Page 5	Is your Expression of Wish up to date?.....	Page 8

Your online pension services

For **general** information about the Plan

Your pension website

Your pension website has links to all important resources about your pension. You can also find important documents, key pensions updates and answers to some frequently asked questions. To visit the pension website, go to parkerpensionplan.com/db



For **personalised** information about the Plan

Online pension portal for active and deferred members – **MyPension**



From parkerpensionplan.com, you can log into MyPension to see personalised details about your DB Section pension. You can also visit

login.mypension.com/parkerhannifin.

If you have any problems with accessing MyPension, please contact enquiries@mypension.com.

What can you do on MyPension?

- View and update your personal details.
- Complete and update your Expression of Wish form.
- Run retirement quotations.

Haven't set up your MyPension account yet?

You can easily set up your MyPension account using these steps:

1. Go to the **MyPension** login page using the link above.
2. Enter the username, password and pin sent to you by the administrator, XPS, in the post. If you haven't received these details, or have misplaced them, you can contact XPS using the details on the back page and request new details.
3. Confirm your security information. You will then receive a verification email.
4. Click the link included in the verification email and set a new password and pin.

Online pension portal for pensioners – **Benefit Options**

For pensioners, Benefit Options is a secure online portal where you can easily find details about your pension. To access Benefit Options, visit www.benefitoptions.co.uk.

What can you do on Benefit Options?

You'll get your login information for Benefit Options when you (or your dependants) start taking your pension.

Once you can log in, you can:

- Easily access Plan communications.
- View important documents, like your payslips and P60s.
- Check and update personal details and your beneficiaries.

Haven't registered for Benefit Options yet?

If you haven't registered your Benefit Options account yet, here's how you can do it:

1. Visit www.benefitoptions.co.uk and click 'Register'.
2. Enter your date of birth, the specified characters of your National Insurance number and your 4-digit Account Creation Password from the welcome letter you'd have received from Quantum Advisory.
3. Complete the reCAPTCHA Security Check and click 'Go'

If you haven't received your Account Creation Password or have misplaced it, or have any issues logging into Benefit Options, please contact Quantum Advisory using the details on the back page.

Reducing risk for the DB Section

The Trustee, with the help of their advisers and the support of the Company continually works to ensure the Plan has enough funds to pay all pensions now and in the future. At the last funding update (shown on page 6), the Plan had reached surplus – the assets of the Plan (its investments) are greater than its liabilities (the pensions it has to pay).

In January 2025, we purchased an insurance policy with Aviva (a regulated insurer), covering most current retired members in the DB Section. The policy is an asset of the Plan and helps reduce risk for the entire DB Section, because the funding level of the Plan is less dependent on investment returns. Every month Aviva provides the Plan with the funds to pay the members covered by the policy.

Quantum Advisory, the payroll administrator, will continue to pay out any pensions in payment each month and we, the Trustee, will continue to look after the Plan. We'll keep working with the Company to reduce risk and make your pension as secure as possible.

Your Additional Voluntary Contributions (AVCs)

If you've made additional voluntary contributions (AVCs), you built up an AVC fund which is separate to your DB Section Plan pension. You can use your AVCs to provide additional income when you retire.

Your Annual Benefit Statement shows the current value of your AVCs, your current providers and the details of how your AVCs are invested. You should take some time to review your AVCs, including where they are invested and how you plan to use them to provide an income.

Your investment options

Your provider has different options available for investing your AVCs and you can learn more about your options by visiting their website.

If you want to change how your AVCs are invested, contact XPS, the DB Section's administrator, using the contact details on the back page.

Your retirement options

When you reach retirement, you can use your AVCs as the first source of your tax-free cash lump sum from the DB Section.

Alternatively, you could transfer them to a different registered pension arrangement that lets you take your AVC fund in a different way – such as an annuity (a guaranteed income for life) or drawdown (taking withdrawals from your pension savings as and when you want, leaving the balance invested).



Neither the Trustee nor the DB Section's administrator can give you advice on what you should do with your pension savings. Before you make any decision about your pension, we recommend you seek guidance from a registered financial adviser.

You can find a registered adviser by visiting www.moneyhelper.org.uk – Click on 'Pensions & retirement', and then click on 'Find a retirement adviser'.



Protect yourself from pension scams and cyber fraud

Pension scams are not the only risk to your money. Unfortunately, many different types of scams exist, all of which are designed to get access to your personal data or savings.

What to look out for – pension scams

- **A cold call, text message, website pop up, or door salesperson.**
Pensions cold-calling is banned, so you should end the conversation right away.
- **A claim that you can access your retirement savings before age 55.**
This will often be with no mention of the high tax charge that can arise.
- **Promises of unrealistic or guaranteed investment returns.**
Or a proposal to put your money into unusual, high-risk investments.
- **Paperwork that requires immediate signature.**
Never be rushed or pressured into making a decision.
- **Transfers of your money overseas.**

Protect your personal information

- ✓ Use a strong and unique password for different logins.
- ✓ Turn on 2-step verification (2SV), so it's harder for a criminal to access your account.
- ✓ Be careful what you share online on social media, and check before you accept friends and followers.
- ✓ Turn on any built-in antivirus software for computers – this is often included for free.
- ✓ Keep your software and apps up to date.
- ✓ Use security features like PINs, fingerprints, or face ID to lock your devices, and turn on tracking apps.

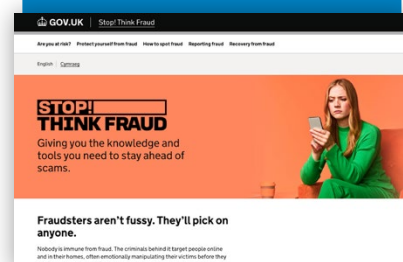


Before you make a decision about your retirement savings:

- Check that anyone offering you advice is authorised by the Financial Conduct Authority (FCA) (register.fca.org.uk)
- Consider getting independent financial advice, to help you to understand your options and identify potential risks.

If you have any concerns that what is being offered is fraudulent, you are advised to report it to the FCA at: www.fca.org.uk
From the homepage, select 'Consumers' and then 'Report a scam'.

Learn more about how to stay ahead of fraud from the 'Stop! Think Fraud' campaign:
stopthinkfraud.campaign.gov.uk



Numbers at a glance

The DB Section's financial year ends on 30 June. Here, you'll find some key information up to 30 June 2024.

Here's a snapshot of the members in the DB Section at 30 June 2024 vs 30 June 2023.

	2024	2023
Contributing members – who are still building up benefits in the DB Section	185	210
Deferred pensioners – who have not yet taken their pension from the DB Section	1,357	1,436
Pensioners – who are receiving their pension from the DB Section (including any dependants)	1,957	1,890
Total	3,499	3,536

Here's a snapshot of the money that was paid in and out over the year.



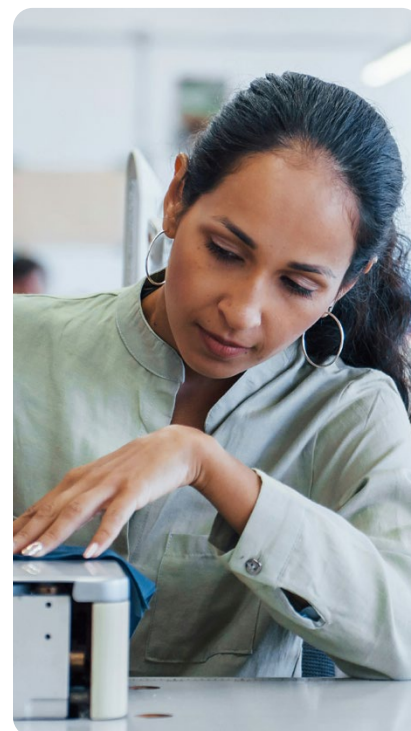
Some pensioners' benefits in the DB Section are insured by Aviva, under the terms of the bulk annuity policy (or 'buy-in policy') agreed by the Trustee in January 2025 (see page 3). The policy provides a regular income to the DB Section, which is then used to pay pensions for the insured members.

An update on the Budget

The Chancellor, Rachel Reeves, delivered the first Budget of the new Labour Government on 30 October 2024.

One significant announcement that directly related to pensions was about inheritance tax. Currently, if someone dies before age 75 then death benefits are usually not subject to inheritance tax.

From 6 April 2027, the Government now intends that most unused DC pension funds and death benefits, including many death benefit lump sums (but excluding dependant scheme pensions), will form part of someone's estate when they die. The pension might be subject to inheritance tax, depending on the total value of the person's estate. Please note that this change has only been announced and is not yet law. The Government is currently running a consultation process about it before it comes into force.



Summary funding statement

On a regular basis, the Trustee of the Parker Hannifin Pension & Death Benefit Plan produces a Summary Funding Statement, like this one, to give you an update on the funding position of the Plan.

The Trustee employs an independent expert, an Actuary, to provide these regular checks on the DB Section's finances, which includes calculating a **target level of assets** – the amount expected to be enough to continue to pay out all DB Section members' pensions (**liabilities**), based on assumptions about the future. For example, how long members are living, assumptions about how well investments will do and economic circumstances. Nobody knows exactly how much money will be needed to pay everybody's pensions. This will depend on how actual experience compares with the assumptions made.

Plus, in between these full valuations, the Actuary also normally completes a snapshot each year in between. The most recent full valuation for the DB Section took place in 2023.

Full valuation at 30 June 2023 and most recent snapshot at 30 June 2024

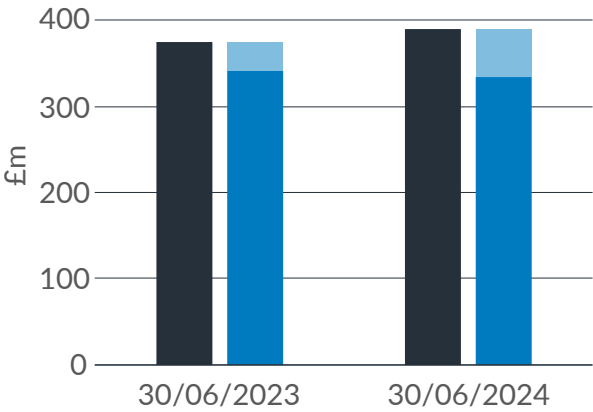
The DB Section's funding level shows how its target funding level (the money it expects to pay out now, and in the future) compares with its assets. These assets build up over time through employer and employee contributions along with investment income. If the assets are worth less than the target funding level, then the DB Section has a 'shortfall', but if the assets are worth more than the target funding level, then the DB Section has a 'surplus'.

When we wrote to you last time, we reported a shortfall of £1.6 million at 30 June 2022. Since then, the full valuation as at 30 June 2023 showed that the DB Section had a surplus of £33.2 million, and as at 30 June 2024 the surplus increased to £55.7 million. The DB Section's position has therefore improved by £22.5 million since the last full valuation, and by £57.3 million since we last wrote to you.

This improvement is mainly due to favourable experience in financial markets, particularly from the large increase in government bond yields, together with additional contributions paid in by the Company. This was partially offset by a fall in the value of the Plan's assets and an increase in future inflation expectations over the period (which increases the target level of assets).

We expect the snapshot to change from year to year because the Plan's finances depend on changes in global financial markets. The next full actuarial valuation is due as at 30 June 2026.

	30/06/2023 (full triennial valuation)	30/06/2024 (funding update)
Asset value	£375.2m	£390.0m
Target level of assets	£342.0m	£334.2m
(Shortfall) / Surplus	£33.2m	£55.7m



More information we need to give you

What if the DB Section has to wind up? Is my pension protected?

The Company and the Trustee do not intend to wind up the DB Section. We do however monitor the impact on the DB Section should the Company no longer be able to support it and we need to report this information to members. In this event, a wind up of the DB Section would be likely, and the responsibility for paying members' pension benefits would be transferred to an insurance company.

The Trustee also monitors the cost of securing all members' benefits with an insurance company. The most recent estimate provided by our independent advisers looked at the position on 30 June 2023, which showed that the Plan had a surplus of £10.4 million on that basis. This is a smaller surplus compared with the position shown on page [6], but this is fairly common amongst similar UK pension schemes. The funding position means that **the Plan was estimated to have sufficient assets so that all members' pensions could be paid in full by an insurance company** at that date.

As noted elsewhere in this report, in January 2025 the Trustee purchased an insurance policy that covers the benefits payable to most of the pensioner members in the Plan. The policy is an asset of the Plan as a whole and is not allocated to specific members.

In the unlikely event of the Company becoming insolvent and there not being enough money to secure benefits in full with an insurance company, members may not receive their full pension benefits.

To help members in this situation, the Government has set up the Pension Protection Fund. If the Plan were to enter the Pension Protection Fund, the amount members receive may be less than the pension benefits built up for them in the Plan.

The Pension Protection Fund rules are complex – the amount it will pay depends on the rules of the Plan, whether a pension is already being paid, a member's age and the type of pension benefit.

More information and guidance about the Pension Protection Fund is available at www.ppf.co.uk or by emailing them at information@ppf.co.uk or calling them on 0345 600 2541.

Is there anything else I need to know?

Legally, we have to tell you that the Company has not taken any payments out of the DB Section since the last Summary Funding Statement. We can also confirm that The Pensions Regulator has not intervened to change the way that benefits build up or the way valuations are calculated.

Further Information

Please check your pension website (www.parkerpensionplan.com/db) for further information. If you have any questions, please contact the DB Section's administrators using the details on the back page.

If you're considering making any changes to your pension arrangements, you should speak to an independent financial adviser before taking any action. The law prevents us from providing you with financial advice.

Helpful information & key contacts

Your pension administrator

If you have a question about the DB Section or anything in this report, would like help with your pension (including taking your benefits or transferring out) or want to change your personal details, the DB Section's administrator or the Pensions Department is the best place to start.

For Active and Deferred members

Contact the DB Section's administrator, XPS

Email: parkerhannifin@xpsgroup.co.uk

Phone: 0118 313 0800

Write to: **Parker Hannifin Pension and Death Benefits Plan, XPS Administration, PO Box 562, Middlesbrough, TS1 9JA**

For pensioners

Contact Quantum Advisory

Email: parker@qallp.co.uk

Phone: 029 2010 5095 (General queries) or 029 2010 5034 (Pension payment queries)

Write to: **Quantum Advisory, Cypress House, Pascal Close, St Mellons, Cardiff, CF3 0LW**

Contact the Pensions Department:

Email: janet.ward@parker.com

Phone: 0191 402 9046

Write to: **Parker Hannifin Pension Trustees Ltd., c/o Janet Ward, Parker Hannifin Manufacturing Ltd, Dukesway, Team Valley Trading Estate, Gateshead, NE11 0PZ**

The Trustee

The current Trustee Directors that look after the Plan are:

Derek Turnbull
Chair

Timothy Ajayi
Member-Nominated

Jim Elsey
Employer-Nominated

Phill French
Employer-Nominated

Laura Humphrey
Employer-Nominated

Nigel Judd
Member-Nominated

Niall Sutton
Member-Nominated

Jenny Weir
Employer-Nominated

Tony Woodward
Employer-Nominated

Is your Expression of Wish up to date?

To help make sure your loved ones are looked after when you die, you need to let us know who you'd like any death benefits to go to.

It is especially important to keep us updated if your personal circumstances change. For example, you may want to update your Expression of Wish form if you get married or divorced, or if you welcome a child into your family. If you're not sure if you've filled in an Expression of Wish form or if you need to update it, please complete a new form – it only takes 10 minutes.

You can complete or update your Expression of Wish form on **MyPension** if you're an active or deferred member. Go to **My Account** and then **Nominations** to add or update a form.

If you're a pensioner...

...your beneficiaries could get some benefits, including refunds of your contributions or any AVCs, if you die within the five-year guarantee period from when you started getting your pension. So, it's important to let us know who you'd want to receive any benefits. To nominate or change your beneficiaries, please contact Quantum Advisory using the details on this page. Or, log into your Benefit Options account and select **Your Expression of Wish** on the homepage.