

AVX Limited Pension Scheme ("the Scheme")

Increases to your pension in deferment

This note explains how pensions for early leavers are increased up to retirement age. It is not relevant to those who are already in receipt of their AVX Pension.

Paignton Section: Background

If you have left the Scheme (usually due to leaving the Company) before your Normal Pension Age of 65, you will be entitled to a "deferred" pension that normally comes into payment when you reach age 65.

This pension is calculated based on the period of service you completed with AVX whilst a member of the Scheme, along with your pay history in the two years before you left. It is then increased between your date of leaving and age 65 in order to give it some protection against the effects of inflation during that time.

Your statement on leaving the Scheme confirms your pension amount at that time.

How will my pension increase between leaving and Age 65?

There are two elements to your deferred pension: Guaranteed Minimum Pension ("GMP") and pension in excess of GMP. The non-GMP is normally, but not always, the bigger part of your pension. The GMP part of your pension is calculated and earmarked in line with legislative requirements. Your pension statement on leaving the Scheme will confirm these two parts of your pension. They will increase at different rates between date of leaving and age 65.

GMP Revaluation

The GMP at the date you leave the Scheme will be increased at a rate specified by the Government, for each complete tax year up to GMP Age (age 65 for men and age 60 for women). The rate your GMP will increase by will depend on your date of leaving. The table below details the GMP revaluation rates set by the Government, depending on when you left the Scheme.

<i>Date of Leaving</i>	<i>GMP Revaluation</i>
Pre 6 April 1988	8.5% pa
6 April 1988 - 5 April 1993	7.5% pa
6 April 1993 - 5 April 1997	7.0% pa
6 April 1997 - 5 April 2002	6.25% pa
6 April 2002 - 5 April 2007	4.5% pa
6 April 2007 – 5 April 2012	4.0% pa
6 April 2012 – 5 April 2017	4.75% pa
6 April 2017 – 5 April 2022	3.5% pa
6 April 2022 – 5 April 2027	3.25% pa

Revaluation of pension in excess of GMP

The pension in excess of GMP is increased in line with the percentage increase in the Retail Prices Index ("RPI") up to a maximum of 5% a year compound between your date of leaving the Scheme and your Normal Pension Date. The following table outlines the increases in RPI since 1985.

1985	90.1	2000	166.2	2015	257.6
1986	95.4	2001	171.7	2016	259.6
1987	98.3	2002	174.6	2017	264.9
1988	102.4	2003	177.6	2018	275.1
1989	108.4	2004	182.5	2019	284.1
1990	116.6	2005	188.1	2020	291.0
1991	129.3	2006	193.1	2021	294.3
1992	134.6	2007	200.1	2022	308.6
1993	139.4	2008	208.0	2023	347.6
1994	141.9	2009	218.4	2024	378.4
1995	145.0	2010	215.3	2025	388.6
1996	150.6	2011	225.3		
1997	153.8	2012	237.9		
1998	159.3	2013	244.2		
1999	164.4	2014	251.9		

Can I estimate my current deferred pension?

It is not possible to predict future increases to deferred pensions, as the future level of RPI increases is not known. However based on the information above, you can estimate what your pension has increased to by 2025. The example below outlines how this can be done.

Example:

Mr Smith

Date of Birth: 10 October 1958

Date of Joining: 1 January 1985

Date of Leaving ("DOL"): 1 January 1998

Normal Pension Date: 10 October 2025

Date of Calculation ("DOC"): 1 May 2025

Deferred pension = £5,000 pa at DOL

GMP element = £2,000 pa

Pension in excess of GMP = £3,000 pa

- GMP revaluation

Complete tax years between DOL and DOC = 27 years

GMP revaluation rate (based on DOL) = 6.25% pa

GMP increased to today = £2,000 * 1.0625²⁷ = £10,278

- *Pension in excess of GMP*

Complete years between DOL and DOC = 27 years

RPI at DOC (see table above) = 388.6

RPI at DOL = 159.3

Increase in RPI = 144%, which is less than the maximum increase of 5% pa for 27 years (273%).

Pension in excess of GMP increased to today = £3,000 * (378.4/159.3) = £7,318

Based on the above approximate calculations Mr Smith's pension at today's date is £17,596 per annum (ie, £10,278 + £7,318). His pension will continue to increase as described above to age 65.

Former Members of the Varelco Fund and ex-Retirement Plan Members

If you were formerly a member of the Varelco Limited Pension Fund or the AVX Retirement Plan, the same broad principles apply when increasing your deferred pension between date of leaving and age 65.

You might recall that the Varelco Fund was merged into the AVX Limited Pension Scheme in 2001 and the AVX Retirement Plan merged into the AVX Limited Pension Scheme in 2013. The rules of the Varelco section of the merged scheme with regard to deferred pension increases are different from the rest of the Scheme, as follows:

From 2011 onwards, increases are based on the Consumer Prices Index (CPI) rather than the RPI;

Increases are capped at 2.5% pa in respect of any pension you built up after April 2009.

These differences made it quite complex to calculate increased pensions from 2011 onwards. However, as an approximate guide, the same principles outlined for the Paignton members will give you a broad idea of your current deferred pension.

We hope you find this information helpful. Please see the Appendix for additional notes.

Appendix: Notes

We will update the RPI each year and incorporate it into this document.

The calculation of pensions at retirement is complex and this document necessarily contains a degree of simplification. Therefore, it is designed to help you gain an approximate indication of how your deferred pension has increased between when you left the AVX Scheme and now.

If you wish to draw your pension before age 65, you must seek the Trustees' consent. If consent is given, your pension would be reduced to reflect early payment.

In the event of any discrepancy between this document and the Rules of the AVX Scheme, the Rules of the Scheme will take precedence.