



# Rockwell Pension Plan Review



expanding **human possibility**®

- U.S. Retirement Team

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# In-Service Distribution Highlights

Last year we announced a new feature in the Rockwell Automation Pension Plan. This feature, called an in-service distribution, allows eligible employees to withdraw their pension benefit while still working for the Company.

Highlights	Summary
In-Service Distributions	<ul style="list-style-type: none"><li>Each December, eligible employees may withdraw their pension benefit while working.</li><li>This is an annual feature in the Plan, meaning – each year eligible employees will have an opportunity to receive an in-service distribution.</li></ul>
Who is Eligible	<ul style="list-style-type: none"><li><b>2023</b> – Employees in the Rockwell pension plan that are at least age 59 ½ as of December 1, 2023. Your birthdate must be June 1, 1964 or earlier for 2023 distribution.</li><li><b>Future Years</b> – If you are not eligible in 2023, this will be an option for you when you become 59 ½.</li></ul>
Optional Forms of Payment	<ul style="list-style-type: none"><li>All forms of payment are eligible for withdrawal while you are working. You can choose an annuity or lump sum.</li></ul>
Retirement Benefit Post In-Service	<ul style="list-style-type: none"><li>If you receive an in-service distribution, <u>you will no longer earn a pension benefit</u>. Instead, you will participate in the Rockwell Non-Elective Contribution (NEC) under the 401(k) Plan.</li></ul>
Timing	<ul style="list-style-type: none"><li>The window for you to request a 2023 in-service distribution runs from September 4<sup>th</sup> through November 30<sup>th</sup>.</li><li>Requests for a 2023 in-service distribution made after November 30, 2023 will not be permitted.</li></ul>



# Rockwell Pension Plan Basics

Rockwell Automation Pension Plan is a closed, but active plan — it is closed to employees hired, or rehired, on or after July 1, 2010

## Pension Formula

**In most cases, your formula is Pay x Service = Normal Retirement Annuity (NRA)**

- Pay is highest 5 out of last 10 years
- NRA is payable at age 65. This is the promised benefit in the plan.
- Longer you work, the larger the NRA

## Payment Options

### Annuity Payment

**Provides guaranteed monthly income for your lifetime (and your spouse's lifetime, if applicable)**

- If you begin receiving payments before age 65, in most cases your benefit will be reduced for each full month you receive benefits before age 65

### Lump Sum Payment

**Provides total value of your expected future annuity payments in one single payment**

- Assumes annuity payments paid over the average life expectancy
- Discounts payments using the interest rate in effect when you elect this benefit to determine lump sum value
- Once received, you and your spouse are not entitled to any future pension plan payments

## Your Choice

**While continuing your employment at Rockwell, if you are age 59½ or older on December 1 of a given year, you can:**

- 1) Continue to accrue benefits in the pension plan

**OR**

- 2) Commence your pension benefit and begin participating in the NEC under the 401(k) plan




# Interest Rates Used to Calculate Lump Sums

Understanding the timing as it relates to your decision

- ✓ Benefit Commencement Date (BCD) is the calculation date
- ✓ The calculation date is always the 1<sup>st</sup> of the month
- ✓ The pension plan uses interest rates in effect as of the calculation date (BCD)
- ✓ Interest rates are updated annually for the Calendar Year
- ✗ Interest rates are **NOT** based on your last day of employment
- ✓ 12/1 lump sum BCDs are paid in March 2024. Interest rates are based on BCD and not payment/distribution date

**If you are eligible and elect an in-service distribution this year, your BCD is December 1, 2023**



Rate Established	Calendar Year Rate is Applicable	Commencement Date
August 2022*	2023	Jan 1, 2023 - Dec 1, 2023
August 2023 (not final yet)*	2024	Jan 1, 2024 - Dec 1, 2024

\* August rates are released at the end of September by the IRS



# Interest/Discount Rates... An Example

Let's say you receive a **\$100 annuity payment** one year from today:

If one-year interest rate of 10%

If you had \$91 dollar today, it would grow with interest over the course of the year and reach \$100 one year from today

**Therefore, this lump sum value today of the future annuity payment is \$91**

**VS.**

If one-year interest rate of 5%

If you had \$95 dollar today, it would grow with interest over the course of the year and reach \$100 one year from today

**Therefore, the lump sum value today of the future annuity payment is \$95**

This illustrates the **inverse relationship of interest rates and lump sums** — at a higher interest rate, a smaller amount of money in today's dollars is needed to meet the value of expected future payments



# Your Benefits™ Website

## Lump Sum Discount Rates: Clearing up the common misconceptions

Retirement Dates

Last Day of Employment

When you retire affects your annual retirement income. Choose an option.

☐ On a Key Date

Earliest available date to start receiving payments (Aug 31

☐ At Age

☒ On a Specific Date

11-30-2023

(mm-dd-yyyy)

Date You Begin Receiving Benefits

When you begin receiving benefits affects your annual retirement income. Choose an option.

☐ On a Key Date

Earliest Available Date to Start Receiving Payments

☐ At Age

☒ On the First of a Specific Month

December

2023

Calculate

This does NOT impact the interest/discount rates used to calculate the lump sum

This does impact the interest/discount rates used to calculate the lump sum



# Requesting a 2023 In-Service Distribution



Requests for an In-Service Election kit can be made September 4 – November 30, 2023

Last day to request in-service distribution **November 30, 2023**. However, **your payments and elections will be delayed.**

**Avoid delays and Request In-service by November 15<sup>th</sup>**

September

October

November

December

January

March



IRS interest rates for 2024 published

October 1, 2023 pension system updated with 2024 rates



Last day to request in-service distribution **November 30, 2023**



2023 earnings final — Alight performs final calculation

Alight begins making payments for December 1, 2023 benefit



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# Non-Elective Contribution (NEC) Basics

NEC is a points-based benefit which provides an annual contribution to employee 401(k) accounts based on your actual calendar year earnings and a percentage multiplier

## NEC Formula

Percentage Multiplier x  
Annual Actual Earnings =  
Annual NEC contribution

Example:

- Annual NEC Pay \$100,000  
x
- Percentage Multiplier 5%  
=
- Annual NEC of \$5,000

## Percentage Multiplier

Multiplier is based on Points  
Points are Age plus Service at  
12/31:

- < 40 = 3% multiplier
- 40-59 = 4% multiplier
- 60-79 = 5% multiplier
- 80+ = 7% multiplier

Example: Age 59 & 20 years  
service = 79 Points resulting  
in 5% multiplier

## NEC Plan Details

- NEC Eligible Pay is Base, Bonus, OT, Commission (same as pension)
- Service is Rockwell time and pre-acquisition time
- Must be employed on 12/31 to receive a contribution for that calendar year
- Annual contribution
- Do not need to contribute to 401(k) to receive it

## In-Service Example

1. Receive Pension 12/2023
2. Start NEC 1/1/2024
3. 2024 Earnings = \$100K
4. 2024 Points = 79
5. 2024 Contribution = \$5K
6. Retires January 2025
7. Rockwell will contribute \$5k to employee 401k account March 31, 2025 for 2024



# ISD 2023: What's New

## Election Process

- All processing will be handled by Alight versus having a specialty call center and website.
- Eligible participants will be able to initiate and make elections entirely online through Your Benefits if they so choose.

### Make Your Retirement Choices

#### In-Service Distribution Election

You are eligible to receive an in-service distribution and continue working with Rockwell. If you choose to receive an in-service distribution, your pension benefit would be calculated as of December 1st and paid on March 1st of next year after final data has been received.

If you wish to receive an in-service distribution, please mark YES below. Alternatively, if you wish to retire from Rockwell, please mark NO below. Once you have made your election on this page, you will be able to continue with your pension choices on the next page.

☐ Yes

☐ No

Note: You have until 5:00 PM Central Time on November 30 to request an in-service distribution for this year.

Submit

## Accessing Information

- Temporary SharePoint site will be sunset and all relevant information will be stored on RAQuickfind.

Rockwell Automation UNITED STATES QUICK FIND live

Home FYB News Live Healthy Benefit Details Retirement New Hires Benefits Resources

Search ... FIND IT NOW

### Retirement

You've worked hard and made a meaningful contribution to the success of Rockwell Automation. And now you're thinking about retirement. So take time to learn about your retirement benefits.

**Retirement Process Tools**  
Find Out More

**Retirement Planning**  
Find Out More

**Pension**  
Find Out More

**Retirement Savings Plan**  
Find Out More

## Payment Timing

- In-Service Distribution payments will be made in March 2024 instead of February.

MARCH 2024						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						



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# Additional Resources

- [Your Benefits™ Website](#)
- [NEW: In-Service Distribution Page on RAQuickfind](#)
  - [In-Service Distribution FAQs](#)
    - [General Pension FAQs](#)
  - [General retirement resources](#)
    - [General 401\(k\) resources](#)

The information provided in this presentation is intended as a summary of the pension plan, the in-service distribution feature and the tools and resources available under the Rockwell Automation Pension Plan. In the event of a conflict between this presentation and the formal Plan Document, the Pension Plan document will govern



# QUESTIONS?



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Automation**

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[www.rockwellautomation.com](http://www.rockwellautomation.com)

# In-Service Distribution Considerations

## Retirement Income Sources

The pension benefit is only one source of income; take inventory of all anticipated retirement income

## Expected Retirement Expenses

Evaluate whether your expenses are fixed or variable

## Risk Tolerance and Investment Return

With a lump sum, you make investment decisions and should be comfortable with any associated risks

## Fluctuating Interest Rates

Fluctuating rates result in lump sum distributions rising and falling year over year as the rates change

## Projecting Future Pension Plan Value

Interest rates fluctuate, but your pension benefit will continue to grow before commencement as long as you continue to work

## Life Expectancy

The longer you live, the longer your retirement savings must last; consider other factors such as health and lifestyle

## Estate Planning Needs

Choose a plan that provides financial security for your heirs, if applicable

Things to Consider:  
**Taking a Pension  
Distribution Now or  
Later?**

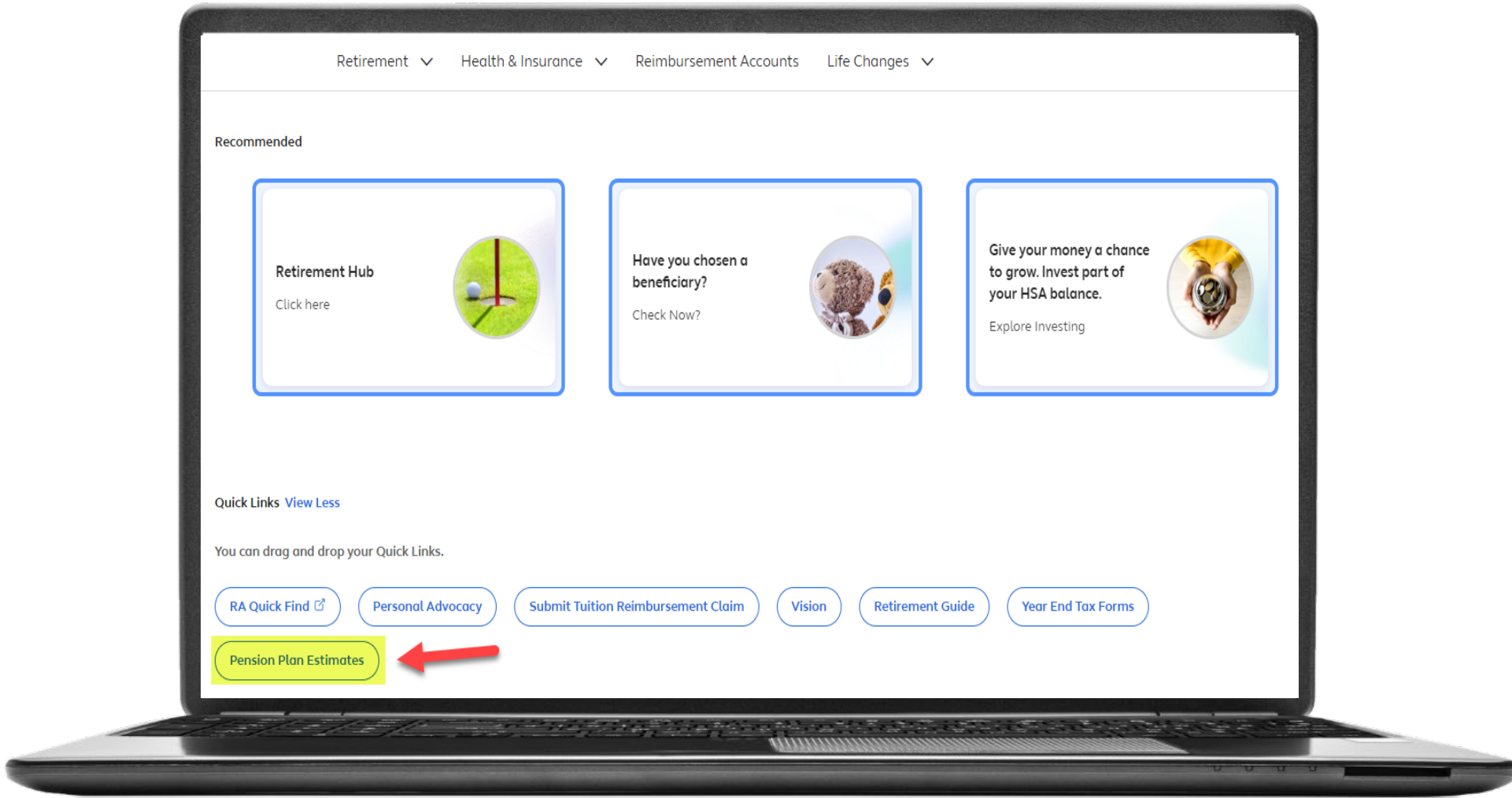
## Annuity Considerations

The pension plan is a final average pay plan which means that the amount of your normal retirement annuity is based on years of service (how long you worked) and your average monthly earnings. This also illustrates that the rates DO NOT impact your normal retirement annuity. This is why when you run pension estimates, the annuity continually increases the longer you work but the lump sum can fluctuate up or down. The decision to take your In-Service Distribution as an annuity is very different than if you take it as a Lump Sum



# Your Benefits™ Website

From the Your Benefits™ home page, select “Pension Plan Estimates” in the Quick Links section



<http://digital.alight.com/rockwellautomation>



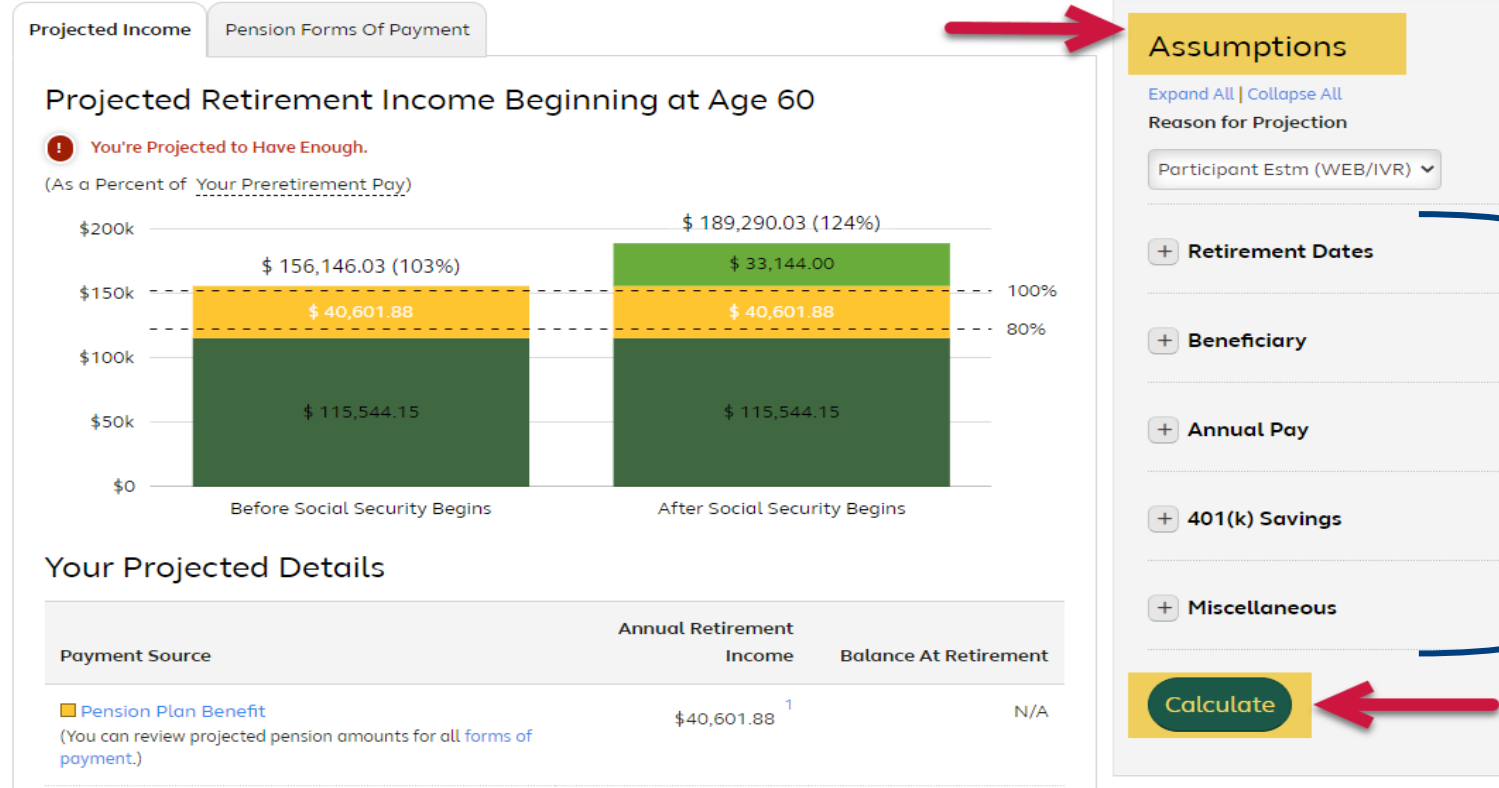
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# Your Benefits™ Website

Use the “Assumptions” tab to customize the estimate and then click “Calculate”

## Will You Have Enough Retirement Income?

Experts estimate that you'll need 80% to 100% of your preretirement pay to maintain your preretirement standard of living.



These are customizable fields



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## Assumptions

[Expand All](#) | [Collapse All](#)

Reason for Projection

Participant Estm (WEB/IVR) ▼

+ Retirement Dates

+ Beneficiary

+ Annual Pay

+ 401(k) Savings

+ Miscellaneous

Calculate

# Your Benefits™ Website

## Assumptions: Retirement Dates

Allows the ability to estimate accruing additional benefits in the plan. These are just examples; other dates can be used

December 1, 2023

**Retirement Dates**

**Last Day of Employment**  
When you retire affects your annual retirement income. Choose an option.

☐ On a Key Date ?  
Earliest available date to start receiving payments (Aug 31)

☐ At Age ?  
[ ]

☒ On a Specific Date ?  
11-30-2023  
(mm-dd-yyyy)

**Date You Begin Receiving Benefits**  
When you begin receiving benefits affects your annual retirement income. Choose an option.

☐ On a Key Date ?  
Earliest Available Date to Start Receiving Payments ▼

☐ At Age ?  
[ ]

☒ On the First of a Specific Month ?  
December ▼ 2023 ▼  
(mm-dd-yyyy)

Calculate

The date  
credited  
service ends

Benefit  
commencement  
date

January 1, 2024

**Retirement Dates**

**Last Day of Employment**  
When you retire affects your annual retirement income. Choose an option.

☐ On a Key Date ?  
Earliest available date to start receiving payments (Aug 31)

☐ At Age ?  
[ ]

☒ On a Specific Date ?  
12-31-2023  
(mm-dd-yyyy)

**Date You Begin Receiving Benefits**  
When you begin receiving benefits affects your annual retirement income. Choose an option.

☐ On a Key Date ?  
Earliest Available Date to Start Receiving Payments ▼

☐ At Age ?  
[ ]

☒ On the First of a Specific Month ?  
January ▼ 2024 ▼  
(mm-dd-yyyy)

Calculate

The date  
credited  
service ends

Benefit  
commencement  
date

January 1, 2028

**Retirement Dates**

**Last Day of Employment**  
When you retire affects your annual retirement income. Choose an option.

☐ On a Key Date ?  
Earliest available date to start receiving payments (Aug 31)

☐ At Age ?  
[ ]

☒ On a Specific Date ?  
12-31-2027  
(mm-dd-yyyy)

**Date You Begin Receiving Benefits**  
When you begin receiving benefits affects your annual retirement income. Choose an option.

☐ On a Key Date ?  
Earliest Available Date to Start Receiving Payments ▼

☐ At Age ?  
[ ]

☒ On the First of a Specific Month ?  
January ▼ 2028 ▼  
(mm-dd-yyyy)

Calculate

The date  
credited  
service ends

Benefit  
commencement  
date



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Assumptions

Expand All | Collapse All

Reason for Projection

Participant Estm (WEB/IVR) ▾

+ Retirement Dates

+ Beneficiary

+ Annual Pay

+ 401(k) Savings

+ Miscellaneous

Calculate

# Your Benefits™ Website

**Assumptions:** Beneficiary, Annual Pay, 401(k) Savings and Miscellaneous

– Beneficiary

A beneficiary may receive benefits after your death. This impacts which payment options are available to you and the calculations for those payments.

Your Beneficiary's Relationship to You

No Beneficiary ▾

Your Beneficiary's Birthdate

(mm-dd-yyyy)

– Annual Pay

Bonus/Commission

\$ 0.00

Pay Growth Percentage

0.000 % (0.000% - 6.000%)

Calculate

– 401(k) Savings

401(k) Rate of Return

0 % (0.000% - 10.000%)

401(k) Annual Contribution Amount

\$ 20,500

401(k) Balance

\$ 250,000

Calculate

– Miscellaneous

Other Retirement Savings

\$ 0.00

Calculate



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# Your Benefits™ Website

After setting your assumptions, click on “Forms of Payment” to see your options. Make sure to save your estimates!

Projected Income

Pension Forms Of Payment

## Pension Forms of Payment

Rockwell Automation Pension Plan Allen-Bradley Salaried

If you want a paper copy of projected payment information, [Contact Us](#).

When you retire, you'll choose one payment option.

10 Year Certain and Life

+

A monthly payment to you until you die, then your monthly payment to your beneficiary until the cutoff date (Nov 1, 2033)

\$3,250<sup>1</sup>

(monthly)

Beneficiary Benefit (after your death, for payments before Nov 1, 2033)

\$3,250

Beneficiary Benefit (after your death, for payments on or after Nov 1, 2033)

\$0.00

Single Life Annuity

+

A monthly payment to you only, until you die

\$3,275<sup>1</sup>

(monthly)

Beneficiary Benefit (for payments after your death)

\$0.00

Lump Sum Distribution

+

A one-time payment to you only

\$550,000<sup>1</sup>

(one-time)

Beneficiary Benefit (for payments after your death)

\$0.00

### Save This Projection

Name your projection.

Save

Review or Compare Saved Projections



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