

**Eaton UK Pension Plan
SMPI assumptions 2024**

This note applies to benefit statements provided in relation to Individual Member Accounts, arising from membership of the Defined Contribution section of the Aeroquip Vickers Plan (AV DC accounts). We have prepared your illustration according to the requirements laid down in law and set out in "TM1" (Version 5.1), published by the Financial Reporting Council (FRC). This prescribes how to work out most of the assumptions to be used, including the assumption that future increases in earnings will be in line with the price inflation assumption of 2.5% a year. The Trustee will review the investment growth assumptions annually, in line with the latest FRC guidance. The assumptions used for your 2024 SMPI are as follows:

Fund	Return assumed
Equities / equity-based	
Aegon BlackRock MSCI World Index	6.0% p.a.
Aegon BlackRock UK Equity Index	6.0% p.a.
Aegon BlackRock 60/40 Global Equity Index	6.0% p.a.
Corporate bonds	
Aegon BlackRock Corporate Bond Index All Stocks Index Fund	4.0% p.a.
Gilt based	
Aegon BlackRock Index Linked Gilt Fund	7.0% p.a.
Aegon BlackRock Over 15 Year UK Gilt Index	7.0% p.a.
Aegon BlackRock All Stocks UK Gilt Index Fund	4.0% p.a.
Diversified Growth / Other	
Aegon Blackrock ALMA	4.0% p.a.
LGIM Low Carbon Transition Fund	6.0% p.a.
Cash	
Aegon BlackRock Cash Fund	2.0% p.a.

Previously the investment returns for each fund were set by the Trustee following advice from their scheme actuary. Some funds have significantly different returns this year compared with last year, mainly due to changes in the methodology prescribed by the FRC for determining the returns. This may mean that your projected pension may differ materially from that provided in previous years.

We have also worked out the pension you will get from your fund at retirement on the basis set out in TM1. This is based on an estimate of the current cost of buying an annuity at retirement in today's terms.

It is important to note that your SMPI statement is only an illustration of the benefits you might receive on retirement:

- The investment returns assumed are not guaranteed; the actual returns you will get on your Defined Contribution investments will depend on the actual performance of your chosen funds. Defined Contribution investments can go down in value as well as up.
- The actual pension you or any dependant may receive will depend on various factors. These include the actual performance of your chosen funds, the cost of buying an annuity when you retire, the form of annuity you choose to buy, whether or not you take a part of your funds as a tax-free cash sum, your actual date of retirement and any limits set out by HMRC.

Under the rules of the Plan, your funds must provide at least your Guaranteed Minimum Pension (GMP) and Reference Scheme Test (RST) pension; the SMPI statement takes no account of the possible impact of this minimum benefit except that the annuity used to estimate your pension increases in line with price inflation capped at 5% each year and includes a 50% pension from your death to your surviving spouse (or civil partner) to reflect more closely the GMP and RST benefits that must be provided.

April 2015 pensions flexibility

From April 2015 there has been increased flexibility in the way that some members can access their pension benefits. However, this new flexibility is not available from the Plan in respect of the Individual Member Accounts arising from membership of the Aeroquip Vickers Plan, which include a guarantee that they will provide at least a member's Guaranteed Minimum Pension and Reference Scheme Test pension. Current legislation prevents the Trustee from offering the new flexibility where these guarantees are in place.

You are able to leave your more recent Plan benefits in the Plan but to transfer out your AV DC funds to another pension arrangement eligible for the new flexibility. You should take appropriate authorised advice if you are interested in this option.