**Eaton UK Pension Plan**
**SMPI assumptions 2025**

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 2025 SMPI are as follows:

| Fund | Return assumed (Accumulation rate) | Deduction for expenses |
|---|---|---|
| **Equities / equity-based** | | |
| Aegon BlackRock MSCI World Index | 6.0% p.a. | 0.140% p.a. |
| Aegon BlackRock ACS UK Equity Index | 6.0% p.a. | 0.130% p.a. |
| Aegon BlackRock 60:40 Global Equity Index | 6.0% p.a. | 0.140% p.a. |
| **Corporate bonds** | | |
| Aegon BlackRock iShares Corporate Bond All Stocks Index | 4.0% p.a. | 0.170% p.a. |
| **Gilt based** | | |
| Aegon BlackRock Index Linked Gilt | 7.0% p.a. | 0.100% p.a. |
| Aegon BlackRock iShares Over 15 Year UK Gilt Index | 7.0% p.a. | 0.110% p.a. |
| Aegon BlackRock All Stocks UK Gilt Index | 4.0% p.a. | 0.100% p.a. |
| **Diversified Growth / Other** | | |
| Aegon Blackrock Aquila Life Market Advantage “ALMA” | 4.0% p.a. | 0.380% p.a. |
| LGIM Low Carbon Transition Developed Markets Equity Index | 6.0% p.a. | 0.190% p.a. |
| **Cash** | | |
| Aegon BlackRock Cash | 2.0% p.a. | 0.095% p.a. |

The return assumptions used for the 2025 statements are identical to those used in 2024. Prior to 2024, the investment returns for each fund have been set by the Trustee following advice from their scheme actuary. Some funds have significantly different returns compared to years prior to 2024, 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.

**Defined contribution pensions flexibility**

Some defined contribution pension benefits can be accessed flexibly at retirement. However, this flexibility is not available from the Plan in respect of the Individual Member Accounts arising from membership of the Aeroquip Vickers Plan, because these benefits 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 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.