



Cummins UK Pension Plan

Member Booklet
Defined Benefit Section

April 2021



Introduction

This booklet aims to give you a general understanding of the Benefits you will receive from the Cummins UK Pension Plan (the Plan), as well as a brief overview of the Plan rules. This booklet is only intended as a summary of the terms of the full Trust Deed and Rules, and in the event of any inconsistency the Trust Deed and Rules will prevail.

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Plan Summary

You will continue to be a Member of the Plan until:

- **You leave the Plan** – your Benefits will become deferred or you transfer them to an alternative provider.

OR

- **You retire** – you will have the option to take a Pension only or a lower Pension with a lump sum, then on your subsequent death a Dependant's Pension may be payable.

OR

- You die in service – the Plan will pay a lump sum and a Dependant's Pension.

Membership and Contributions

The Plan that you are a Member of is now closed to new Members.

The amount you will contribute into the Plan depends upon which Section you are in. If you are unsure, contact Premier whose contact details can be found at the back of this booklet.

You will receive full tax relief on your Pension Contributions. At the current basic rate of Income Tax, each £1 you pay in Pension Contributions only costs you £0.80. For earnings taxed at the higher rate of 40%, each £1 you pay in Pension Contributions costs you £0.60.

The Company will pay into the Plan the amount needed to meet the cost of providing Benefits to all of the Members. The amount varies but is determined every three years by a qualified independent professional known as an Actuary.

HM Revenue and Customs have imposed two limits on the amount of tax privileged retirement savings you can build up.

- **The Annual Allowance (AA)** – This is the amount of income you may contribute into your Pension arrangements over a year without incurring extra tax charges. This stands at £40,000 for the tax year 2021/22.
- **The Lifetime Allowance (LTA)** – This limits the total amount of tax privileged Benefits you can build up throughout your working lifetime. For the tax year 2021/22, the LTA stands at £1,073,100. This limit applies to the aggregate of all your pension and AVCs to all pension arrangements. You may find that if your income is over £200,000 then your AA may decrease down to a minimum of £4,000, this is called the Tapered Annual Allowance (AA).



Ways to Increase your Retirement Income

Additional Voluntary Contributions (AVCs)

AVCs help you increase the Benefits you receive on retirement. This could contribute to your lump sum at retirement or be added to your yearly Pension.

AVCs accrue in a separate account and can be amended with one month's notice, on the pensions website. These can be invested via the lifestyle strategy or you can choose your investment option. Please see the investment guide for more information. The Company does not match AVC payments. AVCs, like your employee Contributions, are eligible for tax relief.

The Pensions website

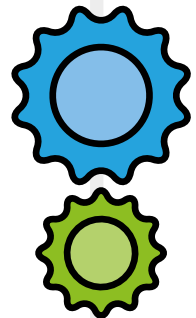
You can log into the Pensions website by visiting www.cumminsukpensions.co.uk

Early Leavers

You can leave the Plan at any time. If you leave The Company or opt out of the Plan before your Normal Retirement Date (NRD), you can leave your Benefits within the Plan until you transfer out or retire (you will be known as a Deferred Member). You will not be able to contribute any more to your Pension Fund.

Once you become a Deferred Member of the Plan, your Pension Fund will increase each year between the date of your leaving and your retirement at the same rate as the Pension increases (detailed in the Pension Increases section).

You can also transfer your Benefits to a new Pension provider, please contact Premier if you would like a transfer value. Please be aware that if your transfer value within the Defined Benefit Section is over £30,000, then by law you now have to provide evidence that you have taken financial advice.



Benefits on Retirement

Your Pension depends on how long you are a Member of the Plan, and what your Pensionable Pay is when you retire. For further information about your Pension calculations, please contact the Administration Team at Premier.

When can I retire?

Your Normal Retirement Age is 65. You may be able to retire from age 55 if the Company consents. Your Pension will be reduced if you take it early; this is because your payments will be spread over a longer period of time. The amount of reduction to your Pension will be determined by the Actuary at the time of your retirement.

You can also work beyond your Normal Retirement Age; your Pension will be increased by a rate determined by the Actuary.

What if I am ill?

If you have to retire early because of incapacity, you may be able to draw your Pension early, but this is at the discretion of the Trustee.

What are my retirement options?

- A Pension income payable each month; or
- You can take up to a maximum of 25% of your total Pension as a tax free lump sum. If you take this the Pension income payable would be reduced; or

- As the Plan does not offer the flexibilities outlined in the 2015 Government budget, e.g. income drawdown, you have the option to transfer your Benefits to another Pension provider.

Neither the Plan nor Premier can provide financial advice. If you need help to find an adviser in your area, please visit www.unbiased.co.uk

Pension Increases

Your Pension will increase on 1 April each year (1 May each year for Newage International Pension Plan), to ensure it retains its value against inflation.

How much will my Pension increase by?

Pension earned between 6 April 1997 and 6 April 2006	The lower of: <ul style="list-style-type: none">– The percentage increase in Consumer Prices Index; or– 5%
Pension earned after 5 April 2006	The lower of: <ul style="list-style-type: none">– The percentage increase in Consumer Prices Index; or– 2.5%



Benefits on Death

In the unfortunate event of your death, the Plan provides a range of Benefits for your dependants. Your dependants could be your spouse, co-habiting partner and/or children who in the opinion of the Trustee were financially dependent on your income at the date of your death.

What Benefits will my dependants receive?

Lump sum

- 1) If you die whilst an Active Member of the Plan, a lump sum of either three or four times (dependent on Plan Section) your basic salary at the time of your death would be payable.
- 2) Depending on the Plan Section, a refund of Contributions may also be paid if a spouse or Dependand's Pension is not payable.

Pension

If you die, your spouse or civil partner would be entitled to a Pension of at least 50% of your prospective retirement Pension.

If you are living with a partner to whom you are not married, they may, at the Trustee's discretion, receive a Pension as if they were a surviving spouse. Your partner may be asked to supply evidence of financial dependency as part of their application.

Trustee discretion

In all cases, the Trustee has discretion as to who should receive death Benefits. To help the Trustee pay out your Benefits in line with your wishes, it is very important that you complete a nomination form and that you keep this up to date as your circumstances change. It is quick and easy to complete, please visit www.cumminsukpensions.co.uk

Frequently Asked Questions

How do I update my beneficiaries?

You can update your beneficiaries by completing the lump sum death benefit nomination form to let the Trustee know to whom you would like any payment to be made. You can update this using the Pensions website.

How are AVCs invested?

The lifestyle cash focused strategy is the default investment option if you have additional voluntary contributions (AVCs) within the Plan. If your AVC Fund is invested under this option then your units within your AVC Fund are automatically invested within the accelerated growth fund. As you move closer to your Target Retirement Age, the Plan automatically switches your units in the accelerated growth fund to bond and cash funds which are traditionally more secure investments.

To help you understand risk, how this affects your investments and what level of risk suits you, please see the investment video at www.cumminsukpensions.co.uk

If you are unsure about where to invest your AVC Fund, you can take independent financial advice. You can find an independent financial adviser in your area by going to www.unbiased.co.uk. Please note that the Company and Premier cannot offer financial advice in regards to your Benefits within the Plan.

Can I claim my Pension and continue to work?

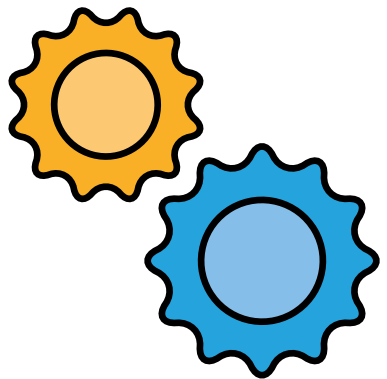
Yes, as long as you are aged 55 or over, you can claim your Pension and continue to work for Cummins.

What happens if I move address?

If you are an active Member of the Plan, any changes to your address will be updated automatically. However, if you leave Cummins or the Plan, you will need to contact Premier to update your address, or you can update your details via the Pensions website.

How can I avoid Pension scams?

With more options than ever before with regards to taking your retirement Benefits, there are also an increased number of Pension scams that you should be wary of. The most common scams try to tempt people with cash in return for moving their Pensions. Be wary of website promotions, unexpected cold calls or text messages and watch out for adverts that make it sound tempting to move your Pension. Check everything carefully, and never be rushed into making a decision regarding your Pension. For further guidance, read the Pensions Regulator's advice about Pension scams at www.thepensionsregulator.gov.uk/pension-scams



Contacts

Premier:

Administrators of the Plan.

Telephone:

0800 122 3266

(+44 203 3722 113 if calling from overseas)

Email:

cummins.helpdesk@premiercompanies.co.uk

The Pensions website:

This site provides you with all the information you need to plan for the future. There are videos, guides and lots of information to help you on your journey to retirement. Please visit:

www.cumminsukpensions.co.uk

Gov.uk: Provides an overview of the State Pension and access to the Pension Tracing Service – a free service to help you find a lost Pension. To access the sites, please visit:

State Pension:

www.gov.uk/state-pension

Pension Tracing Service:

www.gov.uk/find-lost-pension

Looking for independent financial advice?

Unbiased provides a 'find an adviser' service – helps you to find a professional financial adviser in your area. Please visit: www.unbiased.co.uk

Gateway2Retirement

A guidance and financial advice service is available if you wish to discuss your retirement options. You can contact Premier on 0203 372 2114 or email cumminsadvice@premiercompanies.co.uk

You can see how tax allowances may affect you by using the tax modeller at

<https://cumminsptp.gateway2retirement.com/>

