



Cummins UK Pension Plan

# Pension news

For pensioner members



Autumn 2024

# Welcome

Welcome to your autumn issue of *Pension news*, the newsletter for pensioner members of the Cummins UK Pension Plan.

The latest actuarial valuation of the Plan, looking at the position as at 1 January 2024, has been completed. You can read the results in the summary funding statement on page 10. This follows the financial highlights from the Plan's annual report and accounts on page 8.

During the last 12 months, we've said farewell to some of our Trustee directors who have stepped down from the board. We thank Emily Chapman, Gloria Griesinger, James Guilfoyle and Anthony Waller for their hard work and service to the Plan on behalf of our members.

We welcome Steve Seslar as a Company-appointed director and, following the selection process that we held in April for a member-nominated director (MND), we welcome Connor Redden to the board.

I hope you enjoy reading this issue of *Pension news* and find it useful. If there's a particular subject that you'd like to know more about in a future issue, please get in touch.

**Nichola Moore**  
Chair of the Trustee



# In this issue

Plan noticeboard	4
Wellbeing matters	6
Accounts and amounts	8
Summary funding statement	10
Running the Plan	14
Useful links	15
Get in touch	16



# Plan noticeboard

## Our latest Climate change report

As the Plan's Trustee, we view climate change as a significant factor affecting our investments and therefore your savings.

The Plan's 2023 Climate change report outlines our activities over 2023, such as reviewing our governance on climate-related matters, comparing the effects of various climate scenarios on our members' assets, reviewing our investment managers' approaches to managing climate-related risks and opportunities and analysing our funds' climate metrics to help us assess their management of climate-related risks and opportunities. The Trustee and its investment consultant, LCP, also continue to monitor the investment managers' progress on climate-related matters and engagement.

If you'd like to know more about our approach to climate-related investment matters, you can read the full Climate change report on the **Plan website**. 



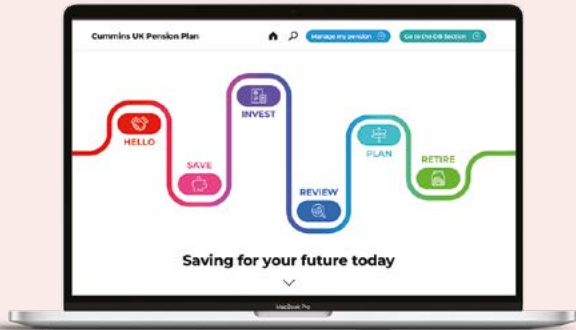
## Log in to Manage my pension

Remember that you can keep up to date with your Plan benefits by logging in to your own account via **Manage my pension** on the Plan website:

**[www.cumminsukpensions.co.uk](http://www.cumminsukpensions.co.uk)** 

You can use it to:

- update your personal details
- update your nominated beneficiaries
- view, download and print your payslips
- view, download and print your P60.



# Wellbeing matters

## State pension underpayments


The Department for Work and Pensions (DWP) will contact thousands of women this autumn who may have been underpaid their State pension. This follows earlier errors affecting widows and widowers, and women who paid the 'married women's stamp'.

The DWP has said women in their 60s and 70s who made a claim for child benefit before May 2000 are most likely to be affected by the latest error. It dates back to a system known as 'Home responsibilities protection' (HRP), which was introduced in 1978 to protect the State pensions of parents or carers before the introduction of National Insurance credits in 2010. Errors have occurred where periods of HRP were due, but not recorded accurately on an individual's National Insurance record.

## Do you have National Insurance gaps?

HMRC has announced that taxpayers now have until April 2025 to fill in gaps in their National Insurance record so they can get the full State pension – a boost that will be particularly welcomed by individuals who took time out to raise a family, carers and those who've worked abroad.



This is the second deadline extension – it was previously changed from 5 April to 31 July 2023 – and follows reports that government helplines had been completely overwhelmed by demand, preventing callers from being able to get the necessary advice. In addition to extending the deadline, the cost of paying voluntary NI contributions will remain frozen until 5 April 2025. You can find out more at <https://www.gov.uk/voluntary-national-insurance-contributions> 

## Stay alert for scammers

Scams come in many shapes and sizes, and while the methods can vary, the purpose is always to get personal information and money.

Unfortunately, scams are getting ever more sophisticated. The use of artificial intelligence (AI) by fraudsters is making scams more convincing and harder to spot.

Examples of AI scams include:



deepfakes (a video where a person is digitally manipulated to look like someone else)



voice cloning (where victims are convinced they're having a genuine phone conversation with a person)




chatbot phishing (with text that replicates the tone and coherence of legitimate messages).

Things to watch out for are the small details on videos, particularly in people's faces. Look for any inconsistencies and discrepancies and pay attention to tone of voice, as AI scams usually lack emotion.

Things to help you avoid scams include:

- don't open emails or attachments from someone you don't know
- your bank will never call you and ask for your PIN or for you to give your card to a courier
- you don't have to answer the door to someone you don't know
- avoid investment and pension scams by getting authorised advice before making decisions
- don't believe letters claiming you've won a fortune – if you haven't entered a lottery or prize draw, you can't have won it
- don't be embarrassed to hang up, say no or ask someone to leave.



Age UK has published a useful guide to avoiding scams. You can find it at: <https://bit.ly/3TDXAsu> 

# Accounts and amounts

## The year at a glance...

As at 31 December 2023, the Plan was worth **£1 billion**

The Plan paid benefits to members worth **£48.4 million**

## Financial highlights

	2023 £'000	2022 £'000
Plan value at the start of the year	1,045,505	1,787,223
Money in less money out	44,683	(28,709)
Change in market value	(80,121)	(713,009)
<b>Plan value at the end of the year</b>	<b>1,010,067</b>	<b>1,045,505</b>

## Who's in the Plan?

	2023	2022
Active members	<b>448</b>	548
Deferred members	<b>1,136</b>	1,179
Pensioners	<b>4,323</b>	4,342
<b>Total members</b>	<b>5,907</b>	6,069



## Money in

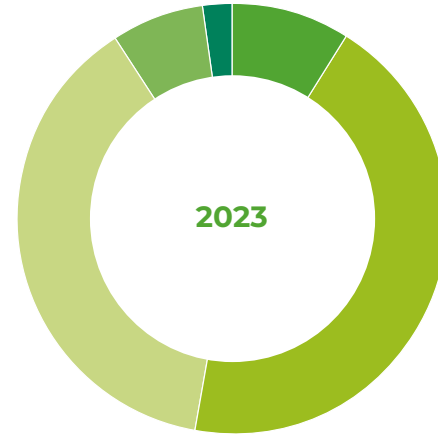
	2023 £'000	2022 £'000
Contributions	68,822	3,666
Transfers and other income	568	466
Investment income	28,740	16,535
<b>Total</b>	<b>98,130</b>	<b>20,667</b>

## Money out

	2023 £'000	2022 £'000
Benefits paid to members	(37,746)	(35,516)
Payments to leavers	(10,623)	(6,081)
Transfers out	(1,102)	(5,316)
Administration expenses	(3,753)	(2,851)
Transfers with the DC Section	(223)	388
<b>Total</b>	<b>(53,447)</b>	<b>(49,376)</b>

## Where are the assets invested?

The chart shows the allocation of the Plan's assets as at 31 December 2023.



	2023	2022
Private equity	9.0%	31.4%
Fixed income	44.0%	14.5%
Liability matching	38.0%	48.0%
Alternatives	7.0%	4.4%
Cash	2.0%	1.8%

Figures may not sum to 100% due to rounding.

# Summary funding statement

**This statement explains the funding that supports your benefits in the DB Section of the Plan. It tells you about the longer-term outlook for the DB Section and the substantial financial support the Company provides.**

## Actuarial valuation as at 1 January 2024

A full valuation of the Plan is usually carried out every three years, with annual updates being completed in the intervening years. The valuation compares the value of the Plan's assets with the amount of money that's expected to be needed to provide members' benefits.

Any shortfall between the amount held and that which is needed is then met by the payment of extra contributions from the Company.

The table shows the results of the most recent formal valuation of the Plan as at 1 January 2024 and the previous valuation as at 1 January 2021.

	Valuation 1 January 2024	Valuation 1 January 2021
Value of assets*	£959.3m	£1,713.2m
Amount needed to provide benefits (liabilities)	£921.2m	£1,650.2m
Surplus	£38.1m	£63.0m
Funding level	104%	104%

\*Excludes additional voluntary contributions and DC Section assets.

## Changes since the previous valuation

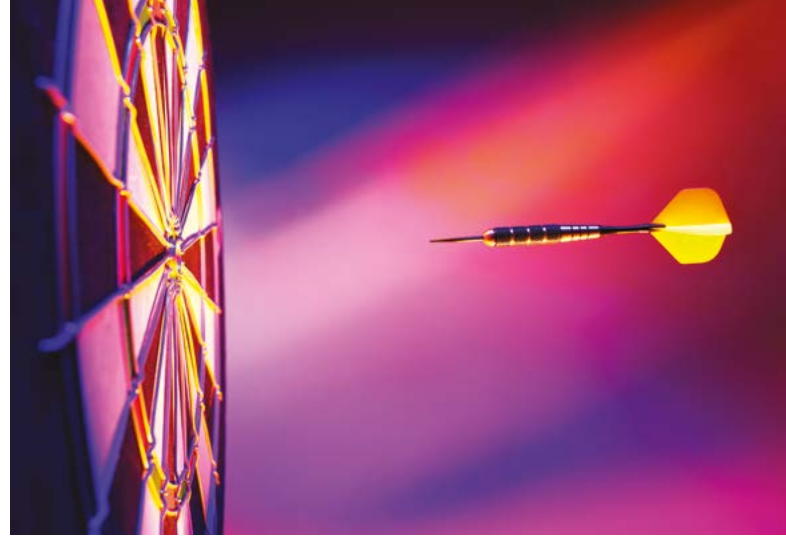
The Plan's assets and liabilities both reduced significantly over the three-year period since the 2021 valuation, largely due to the rise in yields on government bonds. The fall in liabilities was similar to the fall in Plan assets, so the funding level at the 2024 valuation has remained stable.

The liabilities also reflect the high levels of inflation experienced over the last few years; however, this was offset by membership changes and a reduction in the assumed future rate of increase in life expectancy following the Covid-19 pandemic.

Last year's statement showed the Plan had a surplus, with a funding level of 103%. There has been a 1% increase over the year to 1 January 2024 due to a greater reduction in the Plan liabilities compared with the reduction in the Plan's assets. The significant rises in government bond yields and high inflation experienced in 2021 and 2022 mean that changes in market conditions did not have as much of an impact on assets or liabilities over 2023.

## Shortfall contributions

As there was no shortfall at the valuation date, shortfall contributions from the Company are not currently required.



## How is my pension paid for?



The Company pays regular contributions into the Plan to meet the cost of pensions and other benefits that will become due in the future – for example, as and when people retire. Active members are also required to contribute to the cost of their benefits by making contributions directly from their pre-tax pay or via SMART (the salary sacrifice arrangement). The Plan has both a DB Section and DC Section. Unlike the DC Section, members of the DB Section don't have individual accounts. Instead, the money paid into the Plan is held in a common fund which the Trustee manages on behalf of all the DB members.

## How do you work out how much the Plan needs?

The Trustee obtains regular formal valuations of the Plan to estimate the value of the benefits that members have earned up to the date of the valuation. Using this information, the Trustee comes to an agreement with the Company on the levels of contributions that need to be paid to help ensure that the Plan has enough funds available to pay the benefits promised to members when they are due.

## The importance of the Company's support

One of the Trustee's main objectives is to have enough money in the Plan to pay pensions both now and in the future. However, the success of the Plan relies on the support of the Company because:

- the Company will be paying the future cost of running the Plan on an annual basis
- the funding level can fluctuate and at times when there's a shortfall of assets, the Company will usually be required to pay more into the Plan
- the target funding level may not turn out to be enough, so the Company may need to put more money into the Plan.



## Company contributions in respect of future accrual

The Company will pay contributions to the Plan from 1 January 2025 onwards to cover the cost of future benefit accrual, ongoing running costs of the Plan and the cost of PPF levies. These are in addition to amounts that the Company is already paying, which include any contributions due in respect of members participating in SMART pensions and life assurance premiums. The contributions will be reviewed at the next full actuarial valuation, which must take place no later than 1 January 2027.

## Payments to the Company



In accordance with legal requirements, we can confirm that there have not been any payments to the Company out of Plan funds since the last summary funding statement, nor has the Pensions Regulator used any of its powers in relation to the funding of the Plan or benefits provided by it.

## What would happen if the Plan was wound up?

Please note that we've included this information because we're required to do so by law – it shouldn't in any way be taken to imply that the Company is intending to wind up the Plan. It's both the Trustee's and the Company's intention that the Plan should be continued on an ongoing basis, with pensions being paid in full to members as and when they reach retirement. In the unlikely event that the Plan was wound up, benefits would be secured by buying insurance policies with an insurance company.

## The solvency position

The valuation at 1 January 2024 also looked at the position of the Plan if it had been wound up and the benefits secured by buying annuity policies with insurance companies. If this were to be the case, the estimated shortfall at that date was around £67 million. This shortfall reflects the fact that insurers are obliged to take a more cautious view of the future and need to make a profit.

There's also a safety net that provides some level of compensation for members who are in the unfortunate position of being in a pension scheme that's being wound up with insufficient assets. Very broadly, the safety net, which is known as the Pension Protection Fund (PPF), provides members who haven't yet retired with 90% of their expected benefits and 100% for anyone who is over normal retirement age. Future increases to pensions are also at a lower level in the PPF.

As the Plan's assets are likely to have covered the PPF liabilities as at 1 January 2024 but were less than the estimated cost of securing benefits with an insurer, the Plan would probably not have qualified for entry into the PPF had the Company become insolvent at 1 January 2024, in which case members would have received more than the PPF level of benefits. Further information and guidance are available at [www.ppf.co.uk](http://www.ppf.co.uk)



# Running the Plan

The Plan is looked after by a Trustee board.

## Your current Trustee directors

Connor Redden\*

Ian Smith\*

James Guyett\*

Lisa Thornton

Martin Bruniges\*

Natalie Morton\*

Nichola Moore, Chair

Paul Bennett

Stephen Coughlan

Steve Seslar

Stuart Stubbings\*

\*member-nominated directors (MNDs)

## Sub-committees

The Trustee has four sub-committees focusing on the key areas of communications, governance, discretions and investment.

- Communications sub-committee (CSC): works to provide clear, engaging pensions information to members.
- Discretions sub-committee (DSC): reviews and decides, on behalf of the Trustee, how to pay death benefits from the Plan in accordance with the Plan rules.
- Governance sub-committee (GSC): ensures that the Trustee's processes and providers comply with the Pensions Regulator's expectations, legal requirements and good business practice.
- Investment sub-committee (ISC): makes recommendations to the Trustee on strategic investment issues and reviews the providers we use to help us with this.

# Useful links

## Age UK

Offers befriending services, information and advice for older people.

**0800 678 1602** (8am to 7pm daily)

[www.ageuk.org.uk](http://www.ageuk.org.uk) 

---

## Local Minds

Provides mental health services in local communities across England and Wales.

[www.mind.org.uk/about-us/local-minds](http://www.mind.org.uk/about-us/local-minds) 

---

## Anxiety UK

Provides a helpline and information to help you learn some tools for dealing with your mental health.

[www.anxietyuk.org.uk](http://www.anxietyuk.org.uk) 

## Bereavement services

You can call the Department for Work and Pensions' bereavement services on 0800 151 2012 to:

- report a death, provide information and find out what support is available following a bereavement
- make a new or manage an existing claim for Bereavement Benefit or Bereavement Support Payment
- request State pension updates following the death of a spouse or civil partner.



# Get in touch

If you have a question about the Plan or your benefits, please get in touch with Isio, the Plan administrator.



**Call us:**

0800 122 3266

+44 (0)203 3722 113 (from overseas)



**Email us:**

[cummins.helpdesk@isio.com](mailto:cummins.helpdesk@isio.com)



**Write to us:**

Isio

PO Box 108

Blyth NE24 9DY



**Plan website:**

[www.cumminsupensions.co.uk](http://www.cumminsupensions.co.uk)

## What's new with you?



Please remember to update your details online if you change your address or any other personal details.



This product is made of material from well-managed, FSC®-certified forests and other controlled sources.

Please recycle this document after use.



*Pension news* is available in large print on request.

You can also read it online on the **Plan website**.