

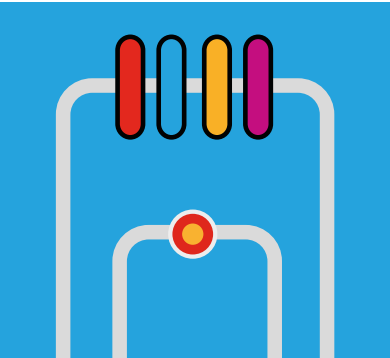
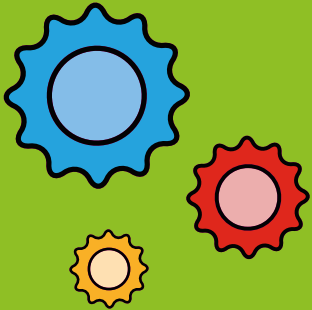


Cummins UK Pension Plan

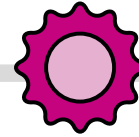
Pension news

for defined contribution members

October 2021



Welcome



Welcome to the autumn issue of *Pension news*, the newsletter for defined contribution (DC) members of the Cummins UK Pension Plan.

While the last 18 months have been challenging for us all, we hope that all our members remain safe and well.

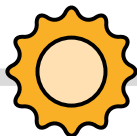
I'm pleased to report that our 1 July nomination day campaign was a great success, seeing a huge rise in the number of active members who've updated their nomination or completed one for the first time. This is excellent news, and we now have more than 40% of our members with an up-to-date nomination. The Trustees determine who receives any benefits that are due when you die, but they take your wishes into account. Thank you to everyone who responded.

While this is good progress, we still have some way to go until all our members have an up-to-date nomination. If you haven't updated yours yet, please go to the Plan website and

log in via **Manage my pension**. It's easy to do and only takes a couple of minutes. If you've forgotten or mislaid your login details, please get in touch with Premier.

Earlier this year, we invited any members who would be interested in becoming member-nominated Trustees (MNTs) to put themselves forward for selection. Thank you to everyone who applied; we received an exceptional group of very strong candidates. If you weren't successful this time, please do apply the next time there's a vacancy.

At the September board meeting, we welcomed new MNTs Emily Chapman, Ian Smith and James Guyett. Thanks to our previous MNTs, Gordon Davis, Paul Hoskins and Darren Russon for their many years' service and hard work on



behalf of all the Plan's members. We also thank Edward Smith, a Company-appointed Trustee who stepped down in March this year.

Finally, if you won the lottery and you could choose how to take your winnings, would you choose £1 million today or £1,000 a week for the rest of your life? This is our latest online quick poll question. Go to the DC Section of the Plan website to take part and see what other members would do too.

Nichola Moore
Chair of Trustees

In this issue

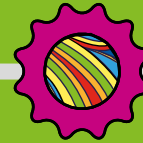
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Planning for retirement?

If you're thinking about your choices at retirement, Premier's Gateway2Retirement service is available to members. It offers guidance and financial advice about all your options including buying an annuity, moving into pension drawdown or taking cash.

For more details, visit the 'Gateway2Retirement' section of the Plan website: www.cumminsukpensions.co.uk/planning-for-retirement/g2r/

Plan noticeboard



Do you need to update your nomination?

If you haven't updated your nomination this year, please log into your account and do it today.

- Go to www.cumminsukpensions.co.uk
- Log in via **Manage my pension**
- Choose **Instruct us**
- Select **Update your nomination**.

We've made the pledge

The Pensions Regulator is asking administrators and trustees of pension schemes to pledge to combat pension scams by following the Pension Scams Industry Group code of good practice.

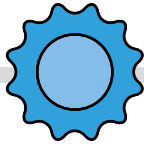
This includes providing regular warnings to members about scams, encouraging members asking for a transfer to take independent advice, carrying out checks on pension transfers and reporting suspected scams to the authorities.

The Trustees and Premier, the Plan administrator, have both agreed to make the pledge to combat pension scams. You can read more about scams and how to avoid them on page 10.

Following the strategy

A new law requires the Trustees to make an annual 'implementation statement' available to members. This statement must show how the Trustees have fulfilled their investment responsibilities and include details of any changes to or deviations from the formal investment strategy as set out in the Plan's statement of investment principles (SIP). It also describes the voting behaviour by the Trustees, or by the investment managers on their behalf, over the year.

If you'd like to understand more about the investment strategy for the Plan and how the Trustees are meeting their investment responsibilities, you can find both the SIP and the annual implementation statement on the Plan website at: www.cumminsukpensions.co.uk/about-the-plan/documents



In the pipeline...

In the coming months, there are several important issues that will affect the Plan and our members. We'll bring you more details on these in our next newsletters, but in the meantime, here's a quick preview of what's coming up.

Multi-factor authentication

We're keen to improve security when you log into your online account. In tandem with Premier, the Plan administrator, we intend to introduce a new security feature to access your account. The memorable word currently being used will be replaced with an authentication code that will be sent directly to your email or phone each time you log in. This will be introduced in 2022, and we'll provide you with more details nearer the time.

Climate change legislation

Climate change has been identified as a financial risk to the world's economy. The task force on climate-related financial disclosures (TCFD) is driving change to make climate-change reporting compulsory. Therefore, in the next few years, all pension schemes will be required to increase and improve their reporting of climate-related financial information. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world.

Company news

Fuelling the future

Cummins has been awarded a grant to develop a carbon-free, hydrogen-fuelled internal combustion engine.

The government-backed Brunel project, which is being led by Cummins, aims to develop a hydrogen engine to replace the existing large diesel engines in road haulage.

The funding has been awarded through the Advanced Propulsion Centre's Collaborative R&D competition, which backs businesses developing green automotive technology. The project has the potential to revolutionise how goods are transported and could provide further insight into how hydrogen can be fully utilised as a future fuel. The work will take place at Cummins' UK research facility in Darlington.

Jonathan Atkinson, executive director of Cummins On-highway Business in Europe, said, 'This project will significantly accelerate the pace of hydrogen engine development, ensuring that the UK is at the vanguard of this exciting new technology which will play a significant part in de-carbonising the global commercial vehicle fleet.

'In the mid-to-long term, it offers major potential to expand our high-value export business, supplying hydrogen engines and sub-systems manufactured in the UK to customers around the world.'



Choosing the Plan's investments

The Trustees, when making investment funds available to Plan members, pay close attention to the requirements and needs of pension savers. Pensions are long-term investments and, as such, they require patience and a careful balance of risk. As a trust-based pension plan, there are strict rules which regulate the kind of investments the Plan can use.

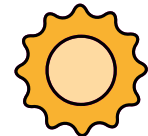
We've all read about the huge fortunes that some people have made through speculative investments like bitcoin, fine wine and artwork. While these types of investments grab headlines and seem attractive, their speculative, unregulated nature makes them unsuitable for the Plan.

Even if you're prepared to be patient with these kinds of investments and hold them for a long time, there's no reliable way of predicting success or measuring risk. Their success depends entirely on what other people are prepared to pay for them at the moment you decide to sell. If the future market for, say, a painting or a fine wine collection doesn't materialise, you're essentially left with some paint on a canvas or bottles of old fruit that have cost

you money, earned you no income during the time you've held onto them and may not even be worth as much as you paid in the first place. With an artwork, the artist's personal reputation also has a huge impact on its value.

The investment sub-committee (ISC) works with the Plan's advisers to recommend to the Trustee board suitable investment options for meeting the Plan's obligations to members. This involves ensuring the Plan provides a range of investments, which essentially do different tasks. Investments like equities (company shares) aim for long-term growth, while others aim to protect their value within lower-risk investments, like bonds and gilts.

In the end, it's about not having all your eggs in one basket or taking huge, unnecessary risks and keeping within the regulatory framework. Rather than getting rich quick, pension saving is about building wealth steadily over a long period of time.



Running the Plan



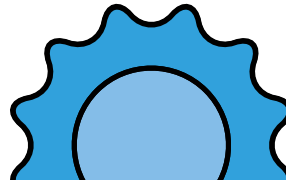
The Plan is looked after by a Trustee board which has 14 directors: seven appointed by the Company and seven who are nominated by the Plan's members.

Anthony Waller
Bernadette Daley
Emily Chapman*
Gloria Griesinger
Ian Smith*
James Guilfoyle
James Guyett*
Jack Finlay*
Lisa Thornton
Martin Bruniges*
Natalie Morton*
Nichola Moore, Chair
Paul Bennett
Stephen Coughlan*

*member-nominated Trustees

The Plan has three sub-committees which focus on communications, governance and investment.

- **Communications sub-committee (CSC):** provides clear, engaging pensions information to members. It includes members from most of the UK sites.
- **Governance sub-committee (GSC):** ensures that the Trustees' processes comply with the Pensions Regulator's expectations, legal requirements and good business practice.
- **Investment sub-committee (ISC):** advises the Trustees on strategic investment, risk management and covenant issues. It reviews the providers we use to help us.



Meet the Trustee



Anthony Waller is Regional Audit Director EMEA. He has worked for Cummins for nine years and joined the Plan Trustee board in January 2019 as a Company-appointed director.

Why did you want to be a Trustee?

I'm interested in investments and pensions, so it's something I enjoy. I like the challenge of the complex interplay of investment returns, regulations, long time horizons and the sometimes-confusing language that's used for pensions. Being a Trustee allows me to give something back to my fellow employees and to the Company. I had a little experience of investments and pension trustees from dealing with my late father's affairs. I had a power of attorney for him in his later years and then was executor of his will. He had a defined benefit pension and a wish for his spousal pension to pass to his unmarried partner, which I had to sort out with the trustees of his scheme.

What do you think is the greatest challenge for workplace pension schemes?

Helping people understand pensions and how much they need to save, so they can make the right decisions for their own circumstances. Unfortunately, few of us have formal education in personal finance at school, me included, so must pick it up as best as we can elsewhere.

What was your dream job as a child?

At about 7 or 8, I remember telling my parents I wanted to be one of *The Impossibles* (a 60s cartoon series). Later on, I wanted to be an automotive engineer. I was lucky enough to do that for a while, which was great fun, but I found my talents were better suited to business.

What do you like to do in your spare time?

I'm a serial hobbyist, so I've done a few things over the years. I'm quite practical, and one current hobby is 'making stuff' – I have a fine selection of power tools. I also spend time planning motorcycle tours. I've always enjoyed travel, especially off the beaten track, which fits well with my job.

Pensions news



Watch out for scams: 22 years of pension savings gone in 24 hours

The Pensions Regulator's Scamsmart campaign has discovered that victims of pension scams could lose 22 years' worth of savings in 24 hours. Analysis shows that the average amount victims lost to scams in 2018 was £82,000 – and that it could have taken 22 years for a saver to build that pension pot.

In the wake of the pandemic, scams in general are on the increase. Unfortunately, pension savers continue to be a target for scammers, who are becoming ever more sophisticated in their approach and more determined. Pensions are a long-term investment and decisions don't need to be made in a hurry. Common pension scams include early pension release or pension reviews. You should:

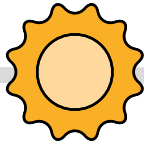
- reject any unsolicited contact about investments
- check the Financial Conduct Authority's warning list
- avoid being rushed into making a decision
- get impartial advice.

Scammers don't just target the vulnerable, and anyone can be deceived. Not only can you lose your pension fund (savings that you've built up over a long period of time), but you'll also be landed with a significant HMRC tax bill that could be more than half your fund size. The tax for an unauthorised payment is 55%.

Example:

- Ben has been saving for many years and his pension fund is worth £100,000.
- He's targeted by scammers and agrees to transfer his £100,000 and receives a lump sum of £25,000.
- The remaining £75,000 is transferred to a pension scheme overseas where it 'disappears'.
- Ben gets a tax bill from HMRC for £55,000.

If you're considering a transfer, please be very careful and take independent financial advice about your options. You can find out more about pension scams and how to avoid them from the FCA's website at www.fca.org.uk/scamsmart



A new pension information service

MoneyHelper is an easy way to get free, trusted help for your money and pension choices. The services previously provided by the Money Advice Service, the Pensions Advisory Service and Pension Wise all come under MoneyHelper, bringing everything together in one place.

Offering free, impartial help that's quick to find and easy to use, MoneyHelper is available online or over the phone, providing clear money and pensions guidance, as well as pointers to trusted services, if you need more support. It helps people to clear their debts, reduce spending and make the most of their income to build up savings and pensions and know their options. Go to www.moneyhelper.org.uk

Pensions news (continued)

A freeze on the Lifetime Allowance

The Lifetime Allowance (LTA), which is the maximum amount of pension savings you can have at retirement from all pension schemes without incurring an additional tax charge, has been frozen at £1,073,100 for the next five years. Since 2017, the LTA has been increasing in line with inflation, but it will now remain fixed until 2026.

Minimum pension age set to rise

The State pension age is rising to age 67 in 2028, with a further increase planned to age 68 between 2037 and 2039.

Corresponding with this rise is a planned increase to the minimum age at which you can start taking benefits from a workplace or personal pension, which is set to rise from age 55 to age 57 in 2028. The minimum pension age usually tracks the State pension age at 10 years younger. The Trustee will review how this affects the Plan when more details are available.



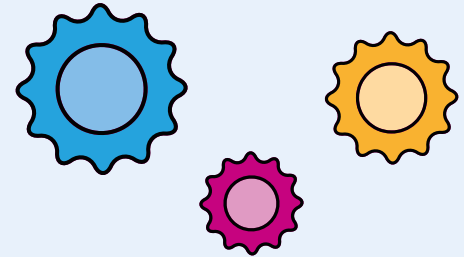
Accounts and amounts

The year at a glance...

As at 31 December 2020, the Plan was worth **£258 million**

During the year, the Plan increased in value by **£26 million**

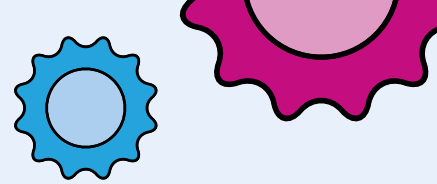
The Plan paid benefits to members worth **£3 million**



Financial highlights

	2020 £'000	2019 £'000
Plan value at the start of the year	232,030	178,470
Money in less money out	11,831	19,676
Change in market value	14,105	33,884
Plan value at the end of the year	257,966	232,030

Accounts and amounts (continued)



Money in	2020 £'000	2019 £'000
Contributions	21,035	22,543
Transfers and other income	554	1,015
Investment income	-	72
Transfers from the DB Section	141	372
TOTAL	21,730	24,002

Money out	2020 £'000	2019 £'000
Benefits paid to members	(3,018)	(1,985)
Transfers out	(6,735)	(1,966)
Administration expenses	(146)	(375)
TOTAL	(9,899)	(4,326)

Who's in the Plan?

Active members 2020: 3,654
2019: 3,846



Deferred members 2020: 3,826
2019: 3,370

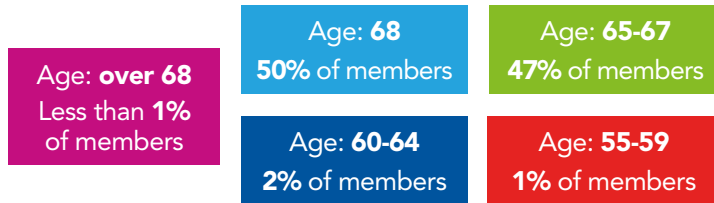


Total members **2020: 7,480**
2019: 7,216



When will you be retiring?

You can choose a target retirement age that's right for you. Here are our members' current choices.



If you haven't made a choice, we'll assume you'll retire at your State pension age, which could be age 66, 67 or 68. Does this match your plans for retirement? Check your State pension age at www.gov.uk/state-pension-age

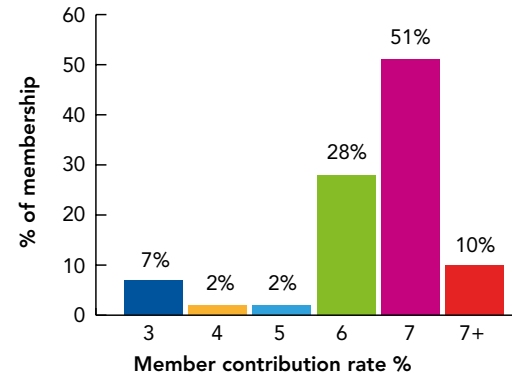
Changing your target retirement age

- Log in via **Manage my pension** on the Plan website
- Select **View account** from the drop-down list
- Scroll down to **Select the age you plan to retire at** and click **edit**
- Choose a target retirement age and **submit**.



Making the most of the contributions from Cummins

If you pay 7% or more, you'll get the maximum of 9% from Cummins. As you can see, more than half of our active members are already doing this.



Could you pay 1% more? Don't forget because of tax relief and Smart savings, every extra £1 you decide to pay in will only cost you 68p (for basic rate taxpayers).

Remember, the more you pay in, the better your pension fund will be at retirement. You can change your contributions at any time by logging into your account via **Manage my pension**.

Get in touch

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

Call us:

0800 122 3266

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

Email us:

cummins.helpdesk@premiercompanies.co.uk

Write to us:

Premier

PO Box 108

Blyth NE24 9DY

Plan website:

www.cumminsukpensions.co.uk

Do you need to update your details?

Please remember to update your personal details online if you move house or any other details change (active members should use OneSource).

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