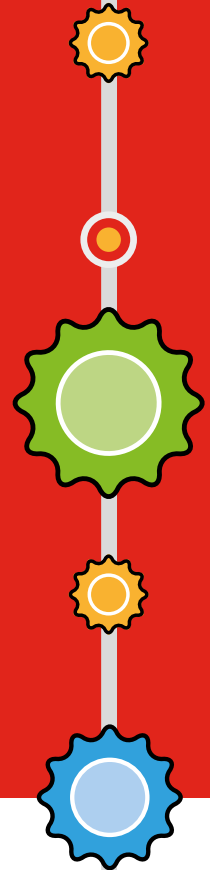


# Pension news

for defined contribution members  
February 2022



**Cummins UK  
Pension Plan**



# Welcome

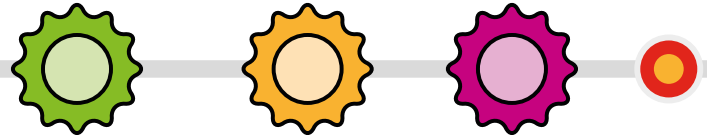
## Welcome to the latest issue of *Pension news*, the newsletter for defined contribution (DC) members of the Cummins UK Pension Plan.

I'm pleased to announce the launch of our new pensions video, which provides a four-minute overview of how the Plan works and the benefits of being a member. Active members can find more details on the enclosed card.

We're currently in the process of recruiting a member-nominated Trustee (MNT) to replace Jack Finlay who stepped down in December 2021. We thank Jack for his hard work on behalf of the Plan's members. Once again, we've been delighted to receive such a strong group of candidates, and we'll confirm in the coming weeks who has been appointed on the Plan website.

As pension saving is a long process, it can be easy to lose sight of what you're saving for, so there's a reminder of your choices on page 12. Even if you're a long way from retiring, it's never too soon to start thinking about how you might want to take your money. Giving yourself plenty of time to weigh up your options means you can make the best decision for you.

**Nichola Moore**  
Chair of the Trustees





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# Plan noticeboard

## Check your investments

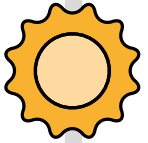
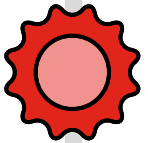
One of the great things about retirement saving is that it happens automatically each month, so your contributions quietly build up in the background. However, this means it's also easy to forget to check what's happening with your pension fund and make sure you're on the right track.

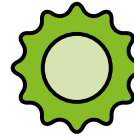
An annual review is good, especially as you get closer to your target retirement age, but if you're using the Plan's lifestyle investment strategy, here are the important milestones you must look out for.

## The Plan's lifestyle strategy: key milestones

Time to retirement	Action
20 years	This is when automatic investment switching begins to gradually reduce risk. Is this right for you or do you want to select your own investments* instead?
10 years	It's time to think about how you'll want to take your money. If you've already decided, you can choose a targeted lifestyle strategy to match.
2 years	Make a plan for when you stop working. As well as your finances, it's good to start thinking about your new life in retirement, including your home, family and leisure time.

\*Please note that if you select your own investments, you'll need to be checking them on a regular basis and not just once a year.





## Look out for your benefit statement

Later this year, we'll be issuing your benefit statement. This is a useful measure of where you are in your retirement saving. It gives you a snapshot of your fund value and explains, in today's money, how much you're on target to have saved by the time you retire.

## Update your nomination

Following our nomination day campaign last July, many members have been reviewing and updating their nominated beneficiaries. If you still need to check yours, make sure you do it today. Simply go to the Plan website at [www.cumminsupensions.co.uk](http://www.cumminsupensions.co.uk) and log in via **Manage my pension.**

## In the pipeline...

As reported in our October 2021 issue of *Pension news*, we'll be improving security when you log in to your online account. We're introducing multi-factor authentication to replace the memorable word currently in use. Each time you log in, you'll get an authentication code on your phone or by email. Please look out for further information about this in the coming months.

## What's your view?

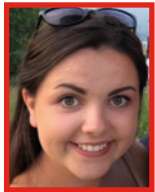
We're keen to know what you think about our Plan communications. Later this year, we'll be running a survey to find out more about your communication preferences and the way you like to receive information from the Plan.



# Meet our new MNTs



We welcomed our newest member-nominated Trustees (MNTs) to the Trustee board in September 2021. Here, we find out a bit more about them.



**Emily Chapman**

Emily initially joined Cummins as a placement student and then returned as a finance graduate in 2018. In 2020, she moved into her current role as a financial analyst for Cummins Power Generation.

She's enjoying being an MNT and says, 'It's a great team to work with and I'm getting to interact with people across the Company and gain in-depth knowledge of a subject which will be useful throughout my life. There's a lot to learn, but the

team is extremely supportive and there's a well-structured training programme. I've also joined a sub-committee which meets quarterly, but the meetings are planned for the year in advance so there's plenty of time to organise my workload.

Working in finance, I've always been aware of pension schemes, however, when I think about how much money everyone pays in each month, I realised that becoming an MNT would be useful not just for my own but for other members' future too. So far, I'm finding it a very interesting subject and am looking forward to developing my knowledge.'



**Ian Smith**

Ian recently became a pensioner member of the Plan, having retired in 2020. He worked for Cummins between 1995 and 2000, as divisional finance director for Holset Turbos (Cummins Turbo Technologies). As a teenager, work experience in a small Chartered Accountants' office inspired Ian's career. He always wanted to work in a business that made 'things' and, because of his love of team sports, be part of a team.

'I'm thoroughly enjoying the role, and while Covid has restricted contact with other Trustees to Zoom meetings and

telephone calls, I'm looking forward to being able to join face-to-face meetings when they resume. I've found that the Plan is in good hands with a very professional Trustee board.

Over my career, I accumulated both DB and DC benefits from previous employers, so when I retired, I had to think about what to do with each element – a process that presented me with some challenges and important decisions.

For me, retirement isn't about switching off, it's just a new phase of life. I volunteer as a Covid vaccinator and work in youth cricket and golf. Becoming an MNT has given me the opportunity to continue learning and share my pension journey for the benefit of all our members. Hopefully, my experience as a deferred member and then a pensioner will be useful and bring a different perspective.'



### James Guyett

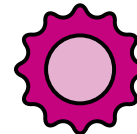
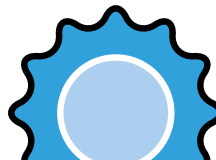
James has worked for Cummins since 2011 and is currently a senior demand planner. As a

child, like most boys, he wanted to be a footballer but once he realised that wasn't going to happen, he wanted to be a pilot – but that's not materialised yet either!

'It's been great to join the team who've all been really welcoming and on-hand to give me background into certain areas I'm not sure on. One thing I've been pleased about is the amount of expert support the board gets from lawyers, actuaries and investment analysts to name a few. You don't have to know everything from all areas of pensions, and the information and feedback they give is invaluable.

The main reason I wanted to be an MNT was to educate our members, especially those just starting their careers, about pensions and the benefits of investing early, the tax benefits and thinking about the future. I know pensions can be boring to a lot of people, but a little bit of thought early on can have a huge impact.

Being an MNT doesn't take up as much time as I was anticipating. There's pre-reading before the meetings but completing that means the meetings run at a good pace once everyone is up to speed on things. There are a lot of finer details that I'm starting to learn about now, but it's been done in a well-structured way through the team. There's a toolkit from the Pensions Regulator that gives a great background to what being a Trustee means and the expectations.'



# 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

James Guilfoyle

Nichola Moore, Chair

Bernadette Daley

James Guyett\*

Paul Bennett

Emily Chapman\*

Lisa Thornton

Stephen Coughlan\*

Gloria Griesinger

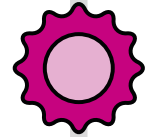
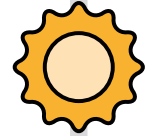
Martin Bruniges\*

vacancy\*

Ian Smith\*

Natalie Morton\*

\*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.



# Have you made your will?

*If you're thinking, I've got nothing worth leaving, or I'm not old enough, you're mistaken. If the unthinkable happened tomorrow, what would be done with your bank accounts and savings, your possessions, your car and your property (if you own a home)? You don't have to be rich or old to make a will.*

If we think about it at all, making a will is something many of us tend to put off. Maybe it seems complicated or, more likely, we don't want to think about our own mortality. However, if you make a will, you can decide what should be done with your possessions, money and property after you die. It makes things easier for the people who'll need to sort out your affairs, and you can also reduce the amount of inheritance tax that might be payable.

## Where there's no will

If you were to die without a will, this is called 'intestacy', and the law then decides who inherits – which may not be the people you would choose. Everything becomes a lot more complicated at what is already a difficult time for your family and loved ones.

## Writing a will

Writing a will can be simple. If your affairs are straightforward, you can do this yourself using DIY will-writing packages. To make sure it's legal, your will needs to be in writing, signed and witnessed. Alternatively, you can get a solicitor to write it for you, especially if your situation is more complicated.

### Free wills month – March 2022

Free wills month is an annual campaign in England, Northern Ireland and Wales that takes place in March and October. A group of charities offer people aged over 55 the opportunity to get a simple will written or updated free of charge by one of the participating solicitors.

You can find more details and register for the next one (availability is on a first come, first served basis) at [www.freewillsmoonth.org.uk](http://www.freewillsmoonth.org.uk)



# Pensions news

## Transfers & protecting members from scams

The Pensions Regulator has introduced new procedures for processing pension transfers, giving powers to pension scheme trustees to intervene, where a transaction looks suspicious. While not all scams can be prevented, these procedures will help the Trustee and Premier to identify high-risk transfers or stop potential scams.

The new regulations include checks to see if transfers meet the following conditions:

- the receiving scheme is either a public service pension scheme, an authorised master trust or an authorised collective defined contribution (CDC) scheme
- if the receiving scheme is not one of the above mentioned, additional checks must be carried out to assess the level of risk and for the presence of red and amber flags.

If there are red flags, there's no statutory right to transfer, and the Trustee can stop the transfer. If there are amber flags, the member must get guidance from MoneyHelper before the transfer can go ahead.





## Have you had to work from home?

Almost 800,000 employees who worked from home during the pandemic have claimed tax relief on household-related costs, according to HMRC. The saving is worth up to £125 a year and eligible workers can claim the full year's entitlement if they've been told to work from home by their employer, even if it has been for one day during the tax year. HMRC will adjust backdated claims for up to four years. It's quick and easy to check if you're eligible and apply online at [www.gov.uk](http://www.gov.uk) and search for 'Working from home tax relief'.

## Dividend tax to rise

From April 2022, the government will increase the rate of tax paid by people who receive income from dividends paid through shares by 1.25%. However, shares held in individual savings accounts (ISAs) aren't subject to the dividend tax.

# The £1 million question



In a quick poll on the Plan website, we recently asked: *if you won the lottery and could choose how to take your winnings, would you choose £1 million today or £1,000 a week for the rest of your life?* Here's what members of the DC Section thought:

**42%**

£1 million today

**32%**

£1,000 a week for life

**26%**

Get financial advice first

Although this is just a fun question, it's a bit like the decision we'll all need to make when we retire: how do you want to take the money that's built up in your pension fund – do you want it all in one go or do you want to set up a regular retirement income? As it's such an important decision, if you're not sure what to do, it's a good idea to do some research and get financial advice.

Your options are very flexible, so you can choose what's going to be right for you. When you retire, you can take up to 25% of your pension fund as a tax-free cash lump sum, and then take the rest in one of the following ways:



- **Income drawdown**

You transfer your pension fund out of the Plan into an income drawdown arrangement where you can keep your money invested but take cash amounts as and when you need to.

- **An annuity**

You use your pension fund to buy an insurance policy that guarantees you a regular income for the rest of your life. You can get different kinds of annuity to suit your circumstances, such as one that's just for you or one that's for your partner too, one that's fixed or one that increases with inflation, etc. Just like you would with your home or car insurance, it's worth shopping around to get the best deal.

- **Cash**

If you want to, you can take the whole amount of your pension fund as a single cash lump sum, but remember, only the first 25% of your pension fund is available tax free, the rest will be subject to income tax.

- **A combination of these options**

You don't have to choose just one of these, you can mix and match to suit your needs.



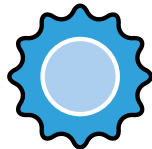
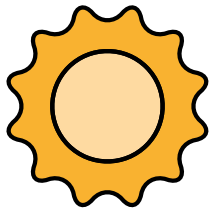


# The £1 million question (continued)

## Take your time

Even if you're a long way from retirement right now, it's never too early to start thinking about how you might want to use your retirement savings.

Will your benefits from the Plan be your main source of income? Remember to take into account any other pensions you have, including the State pension. Do you want to be hands-on with your investments after you retire, or would you prefer the security of a guaranteed income? This is a big decision, and you don't need to rush.





## Further information and guidance

- **Financial advice on your retirement choices**

You can use Premier's Gateway2Retirement service to help you explore and understand your options. It's a paid-for service that is subsidised by Cummins for Plan members. To find out more, call 0203 372 2114 or email [cumminsadvice@premiercompanies.co.uk](mailto:cumminsadvice@premiercompanies.co.uk)

- **Find out more about your options**

Alternatively, for free information and guidance on your retirement options, you can use the government's MoneyHelper service, which includes Pension Wise. It's available over the phone and online, providing clear money and pensions guidance.

**Go to [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)**

- **Countdown to retirement workshops**

For members approaching retirement, you might like to come to one of our pre-retirement workshops which cover the various options you have for taking your Plan benefits. Depending on availability and any necessary restrictions, you can bring your partner along too. Contact HR for more details about workshops in your location.

# 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](mailto:cummins.helpdesk@premiercompanies.co.uk)

**Write to us:**

Premier

PO Box 108

Blyth NE24 9DY

**Plan website:**

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

## Have you recently moved house?

Remember to update your personal details online if you move house or there are any other changes you need to tell us about (active members should contact HR).

FSC Logo  
to go here

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