



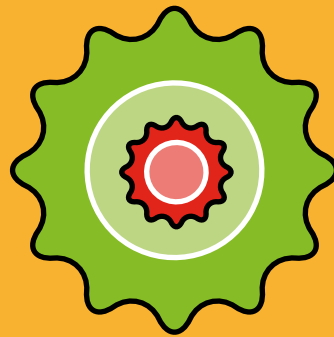
Cummins UK Pension Plan

Pension news

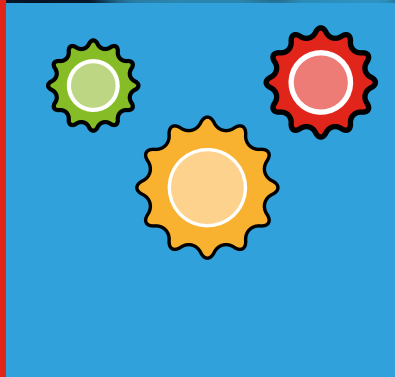
for defined contribution members

What's inside?

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- Your retirement choices explained page 8
- Accounts and amounts page 19



March 2020



Welcome



It's a pleasure to welcome you to the latest issue of *Pension news*, the newsletter for members of the defined contribution (DC) section of the Cummins UK Pension Plan. It brings you the latest updates from the Plan, along with information about pensions in general, which we hope you'll find useful.

As you see, we have a new look and format for *Pension news*, which we hope you'll like. During the year, the Trustee's communications sub-committee (CSC) has been reviewing our Plan communications, including our new pensions website, which launched in January. If you haven't seen it yet, don't forget to take a look – there's more information on page 5. Thinking about our communications, the CSC is ever mindful of our impact on the environment and you can read more about this on pages 6 and 7.

It's been another busy year and as you know, the Trustee appointed Premier as the new administrator for the Plan from January 2020. I'm pleased to report that the transition from Capita to Premier has been completed smoothly, thanks to the hard work of the CBS pensions team and the team at Premier, whom we welcome on page 4.

There are some changes on the Trustee board to tell you about. Edward Kelly, a Company-nominated Trustee (CNT), and Stephen Williams,

a member-nominated Trustee (MNT), both retired from the board at the end of 2019, and we thank them for their hard work and valued service to the Plan. We welcome new Trustee, Lisa Thornton, who was nominated by the Company and joined the board in June 2019. You can get to know Lisa in our Q&A with her on pages 16 to 18.

Last autumn, we invited applications from members to stand for selection as MNTs. We were delighted to receive such an excellent response,

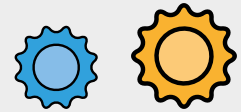


in which every applicant was a strong candidate. Thank you to everyone who applied. We welcome our two new MNTs, Martin Bruniges and Natalie Morton, who joined the Trustee board in March.

Finally, I hope you enjoy reading this issue of *Pension news* and find it useful and informative. If you have any comments or would like to see a topic covered in a future issue, please get in touch using the contact details on the back page.

Nichola Moore
Chair of Trustees

Stop press



The Coronavirus outbreak is having an impact on the volatility of global markets. We'd like to reassure you that we're actively monitoring the circumstances.

- **Try to stay calm:** it's a normal reaction to worry when you see the value of your investments fall, but it's important to stay calm. If you choose to move out of your existing investments after a market fall, you could potentially miss out on any recovery in those markets.
- **Think long term:** pension saving is a long-term investment – you can be saving for 40 to 50 years, so it's important not to forget the bigger picture.
- **Your individual circumstances:** you may be some way off retirement or about to access your pension. Check your pension target retirement age and your investments. The Cummins plan offers flexicycle as the default option which means your funds, as you near retirement age, will move towards less risky assets such as cash, gilts and bonds. If your pension is invested in higher risk funds like equities, don't panic, as in time, the markets are likely to recover.

We encourage you to think carefully and, where possible, seek financial advice before making decisions about your pension based on recent events.

If you have any questions about your pension, please contact the Cummins administration team on 0800 122 3266 or email: cummins.helpdesk@premiercompanies.co.uk

Plan noticeboard

Meet the team

As you know, the pension administration services for the Plan are now carried out by Premier. Don't forget that you can contact the team at Premier if you have any questions about the Plan or your benefits.

Call us:

0800 122 3266

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

Email us:

cummins.helpdesk@premiercompanies.co.uk



From left to right: Colin Day, Anisha Amin, George Kyriacou and Simon Park.

Try the new modeller

Coming soon! We're working with Premier to provide a modeller that can help you understand how pension tax allowances affect you. This useful tool helps you make sure you get the most out of your pension savings, without incurring additional tax charges for exceeding the Annual Allowance (AA) or Lifetime Allowance (LTA). You'll be able to access it from the pensions website.



Your pension at the click of a mouse

www.cumminsupensions.co.uk

In January 2020, we launched a new pensions website for the Plan. It includes everything you need to know about the Plan and how it works, as well as providing lots of information about pensions in general, including the things to think about when you start planning your retirement.

We publish the latest news from the Plan here, so you can keep up to date with anything that might affect you or your pension.



Is your nomination up to date?

Don't forget, if your circumstances change, such as if you get married or divorced, enter or leave a civil partnership, or have a child, it's really important to update your nomination form. You can do this online at any time.

What else can I do online?

Log into the member portal via Manage my pension, where you can:

- view and update your personal details (active members should use OneSource or contact their HR department)
- view your account for all your periods of service
- make changes to your contributions (active members only)
- make changes to your investments
- run retirement calculations.

Environmentally friendly communications



Keeping all our members properly informed about their benefits is important. In doing so, we're committed to making sure that our impact on the environment is as low as possible.

Our printed communications

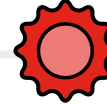
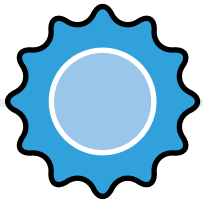
Print has always been a staple of any communications but nowadays, people are concerned about the sustainability of paper products and the use of full colour. You might, then, be interested to know that print is not necessarily the 'bad guy' that it's made out to be. The print industry has made significant developments which mean that print practices have only a fraction of the impact on the environment that they once did.

For our Plan communications, our printers use only vegetable-based inks rather than conventional mineral oil-based inks. They also use FSC® accredited recycled paper and reusable aluminium plates. You might think that

the use of full colour is wasteful, however, full colour printing actually uses significantly fewer chemicals and solvents in the set-up and press cleaning than one or two-colour printing. Full colour has the added bonus of making our communications more engaging – and therefore more effective.

Did you know?

When we mail our newsletters and other Plan communications, we also use recyclable envelopes. And don't forget, you can do your bit too and make sure you recycle any Plan communications once you have finished with them.



Our digital communications

Moving everything online may seem like a good alternative to print. However, the use of the internet also comes with an environmental cost, as it relies on vast physical resources which means that every website has a carbon footprint. Did you know, for example, that opening a standard webpage can use as much energy as boiling a kettle?

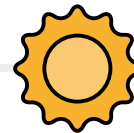
Our new pensions website has been designed to be cleaner and more efficient. Careful attention has been paid to everything from the content, copywriting and design through to our members' pathway to find the information they need. Streamlining the navigation and search processes and optimising the website so it works on all types of devices (PCs, laptops, tablets and phones) all contribute to a modern, cleaner standard.



Did you know?

An average website can produce around 4.61g of CO₂ per page view. You'll be pleased to hear that our new pensions website has been tested and found to produce just 0.27g of CO₂ per page, making it cleaner than most other websites.

The CSC continues to work on our Plan communications to ensure that the information we provide to you is as engaging and useful as possible, while keeping in mind our impact on the environment.



Your retirement choices explained

- what will you do with your pension fund?

When you come to take your benefits from the Plan, you'll be able to choose how to manage your retirement income in the way that suits you best.

There are three main options, annuity, income drawdown and cash, and you can target these in your investment choices while you're still saving into your pension fund. In deciding which one is best for you, you'll need to consider your personal circumstances and preferences. Please note that for the annuity and income drawdown options, you'll need to transfer your pension fund to an appropriate pension provider.

- **Annuity** – this is a pension product that you buy from an insurance company. It pays you a guaranteed, regular income, either for a set period or for the rest of your life. There are lots of different types of annuity and you can shop around for the one that suits you – just as you would with your home or car insurance. For example, do you want an annuity just for you or would you like one that covers your partner too? Do you want one that pays a set amount or increases with inflation? The price of an annuity will vary and depend on these kinds of choices as well as your age and your health. Once you've purchased your annuity, you're not able to change your mind in future.
- **Income drawdown** – you keep the money from your pension fund invested in a drawdown arrangement but take income from it as and when you need to. You'll need to manage your investments as well as your budget to make sure that you don't run out of money in your retirement. You're not 'locked' into a drawdown arrangement and can change your mind in the future. When you die, you can leave any money still in your drawdown account to your beneficiaries.



- **Cash** – if you want to, you can take the whole amount in your pension fund as a cash lump sum. The first 25% is paid tax-free and you'll pay income tax on the rest. Like drawdown, you'll need to manage your cash income to make sure you don't run out of money in your retirement. You'll also need to consider your tax position, as taking a large cash amount in a single tax year could potentially push you into a higher-rate tax band.

Did you know?

You don't have to choose just one of these options. You might find that a combination of these is best for you and your circumstances. For example, you may want to take a tax-free lump sum and income drawdown at the beginning of your retirement, when your expenses might be higher, but purchase an annuity later on, when your expenses are more fixed. You have the flexibility to decide what's going to be right for you.

Not ready to take your benefits yet?

Even if retirement is some way off, it's a good idea to think about your retirement options as you might want to review your investments to make sure they fit with your future plans. You can check how your pension fund is invested via **Manage my pension at www.cumminsukpensions.co.uk**

Tax-free cash

You can take a tax-free lump sum of up to 25% of your pension fund and then use the rest to provide your taxable retirement income using one or a combination of the choices listed.



Pension news



Could you spot a pension scam?

Scammers are targeting pension pots of all sizes – make sure you know how to spot the signs.

Increasingly sophisticated, scammers are articulate and financially knowledgeable with credible websites, testimonials and materials. They promise high returns and low risk, but in reality, pension scams can leave you with nothing. Scams often involve unusual, high-risk investments like overseas property, renewable energy bonds, forestry, parking or storage units. If it sounds too good to be true, it probably is.

Scams are devastating, with many people losing their life savings. In addition, you could then face a high tax bill from HM Revenue and Customs if you withdraw your savings before age 55.

Pension scams can be hard to spot, and anyone can be a victim, no matter how savvy you think you are. The warning signs include:

- Unexpected contact – cold-calling about pensions is illegal so just hang up. Similarly, if you get unexpected texts or emails, ignore them.
- Time pressure – time-limited offers such as bonuses or discounts.
- Social proof – fake reviews.
- Unrealistic returns – it's too good to be true.
- False authority – claiming to be regulated. You can check if the firm is FCA-authorized.
- Flattery – building a friendship with you to lull you into a false sense of security.

For more information about pension scams and how to avoid them, please see www.fca.org.uk/scamsmart where you can also try out the FCA's pensions scam quiz.

How much will you need in retirement?

The Pensions and Lifetime Savings Association (PLSA) has launched 'Retirement Living Standards', to help people picture their future retirement and understand what they need to save to achieve that.

The PLSA's research shows that only 23% of people understand how much they need to save. As part of their research, they asked consumers for their views on how much they would need to live on in retirement. This suggested that a single person will need £10,000 each year as a minimum income, £20,000 for a moderate standard of living and £30,000 to be comfortable. For couples, the equivalent numbers are £15,000, £30,000 and £45,000 each year.

The PLSA has built a website where you can explore the different categories in more detail, to picture what life in retirement could look like:

www.retirementlivingstandards.org.uk



Company news

It was a momentous year for Cummins in 2019, when the Company celebrated its 100th anniversary. Here is a summary of just some of the events that marked this special occasion.



6 February celebrations

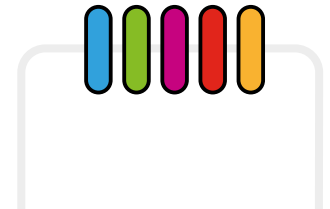
Employees came together to celebrate Cummins' 100th anniversary, as sites across Europe took the time to enjoy some birthday cake, watch the 100-year anniversary video and kick start the Innovation Challenge, encouraging our employees to think creatively and submit their innovative ideas. The challenge resulted in more than 950 ideas from seven different regions and included Cummins-sponsored forests, a green street air cleaning system integrated with street lighting, and a mobile app for a healthier and safer workplace.

Each site put their own stamp on the occasion with a variety of creative birthday bakes. Daventry had two giant creations – a K38 cake representing one of their earliest products, and a K50 genset cake, one of the factory's most recent product offerings.

Rugby celebrated with a filter-shaped cake, and we saw an array of beautifully decorated cupcakes and Cummins-branded cakes across the region.

Some sites even celebrated around the clock, with Huddersfield hosting no fewer than 19 celebration sessions, capturing all shifts.

Out in Norway, the Cummins team took the chance to recognise a combined 100 years of service as they braved the snow for a group photograph.



Summertime celebrations

In Daventry, more than 4,000 people were undeterred by the British weather and came to mark the anniversary. They were met at the entrance of the plant by vintage buses which took them past an enormous Volvo mining truck and into the plant, where they were treated to tours and musical treats from the Daventry Brass Band, a jazz band, a classical pianist and a DJ throughout the day. There was also an employee car show, an engine display, American trucks and a steam fair, as well as family fun in the form of bouncy castles, face painting and sports games.

At the Huddersfield Turbo Technologies site, around 3,500 Cummins employees, their families and Company retirees, along with Turbo Ted, the site mascot, gathered to celebrate. The site open day provided colleagues with the opportunity to show their friends and family around the facility through guided manufacturing and engineering tours. They got a real insight into how some Cummins products are used through close-ups of a range of vehicles including an AEC Routemaster bus, a Dodge Ram pick-up truck and a Bedford Green Goddess fire engine.

Over in Spain, colleagues in Madrid took the strapline for our centenary celebrations to another level and 'challenged the impossible' in their very own Escape Room. In teams, they worked together to solve complicated puzzles, open locks, and then finally release an encrypted message, which read, 'The most important thing in Cummins is us: the team!'



Running the Plan

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

Anthony Waller
Bernadette Daley
Darren Russon*
Edward Smith
Gloria Griesinger
Gordon Davis*
James Guilfoyle
John Finlay*
Lisa Thornton
Martin Bruniges*
Natalie Morton*
Nichola Moore, Chair
Paul Hoskins*
Stephen Coughlan*

*member-nominated Trustees

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

Governance sub-committee (GSC)

The GSC ensures that the Trustee board's processes comply with the Pensions Regulator's expectations, legal requirements and good business practice. It also manages the training of board members.

Bernadette Daley
Ed Smith
Jim Guilfoyle (from January 2019)
Jo Rayner
Julian Rose (from January 2019)
Nichola Moore (to December 2018)
Willis Towers Watson Actuarial Consultants
(to December 2018)

Communications sub-committee (CSC)

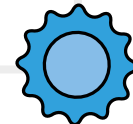
The CSC focuses on providing clear, engaging pensions information to our members. It includes members from most of the UK sites.

Amanda Scott
Crena White-Lewis
Darren Russon
Ellen Baldwin
Glynis Price (to December 2019)
Janet Restarick (to September 2019)
Jill Szymanski
Jo Rayner
Martin Bruniges
Michael Abbott
Natalie Morton
Paul Hoskins
Samantha Bennett
Capita Sparks (to June 2019)
Wordshop (from July 2019)

Investment sub-committee (ISC)

The ISC advises the Trustee on strategic investment, risk management and covenant issues, and reviews the providers we use to help us.

Anthony Waller (from June 2019)
Crena White-Lewis
Eddie Kelly (to December 2019)
Gloria Griesinger
John Finlay (from February 2020)
Julian Rose
Nichola Moore
Paul Hoskins
Willis Towers Watson Investment Consultants



Meet the new Trustee



We welcome new Company-nominated Trustee, Lisa Thornton, who joined the Trustee board in June 2019. Lisa is Director of Sales Operations & SBP, EMEA.

How did you become a Trustee?

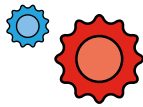
When Nichola Moore became Chair of the Trustee board at the beginning of 2019, that created an opening for a Company-nominated Trustee. A colleague who was already on the board asked if I would be interested and, after some reading up on what being a Trustee meant and being interviewed by people currently involved in the Trustee board and the Plan, I'm happy to say I was approved to become a Trustee.

What is your greatest work achievement so far?

I have worked for Cummins for 25 years so that's a hard question to answer. I'm particularly proud of the Cummins Emission Solutions Euro VI program I was leader for – the whole team overcame some major challenges along the way to launch a successful aftertreatment product behind the 4.5L and 6.7L engines in 2014. It wasn't an easy time, but everyone worked together and found the right solutions.

What have you been working on with the Trustee board since you joined?

One of the main things you need to do when you first become a Trustee is to complete the trustee toolkit training within the first six months, so there was a lot of learning there, along with getting familiar with all the details and documents related to the Plan. I've attended three Trustee board meetings so far, and that has included topics such as monitoring the recent change of our administrator from Capita to Premier, and I've also shared my experience with people who approached me regarding the recent member-nominated Trustee openings.



What interests you about pensions?

I like variety in anything I do, and pensions is no different. Investment options are obviously a key element, but governance is also important and keeping up to date with developments and changes is vital to ensure that we are doing all that we need to as a Trustee board. It's interesting how pensions topics have evolved over time in line with the changing world we live in.

What do you enjoy most about being a Trustee?

Through all of my career, I have enjoyed being able to make a difference and help people, whether that be with specific work issues or developing skills etc. and I see the Trustee role as an alternative way to help people and I'm really enjoying that opportunity. As an added bonus, I get to work with the other Trustees who all have diverse backgrounds and skills and that gives me an opportunity to learn and develop too.

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

I think a big challenge is developing knowledge and getting engagement across the whole spectrum of members and potential members, as pensions is not a topic many people feel comfortable or are familiar with, and planning for retirement can be something which is not really considered until later in working life. It needs to be as easy and interesting as possible for people to learn more about pensions and think about what is best for them, so they can make good decisions at the right time.

Which person, dead, alive or imaginary, would you like to have dinner with and why?

Quite topical right now, it would be Prince Harry – it would be interesting to hear more on how and why he made the recent decision to step down as a senior royal, as that can't have been an easy thing to do.

Meet the new Trustee (continued)

What was your dream job as a child?

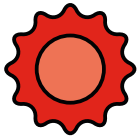
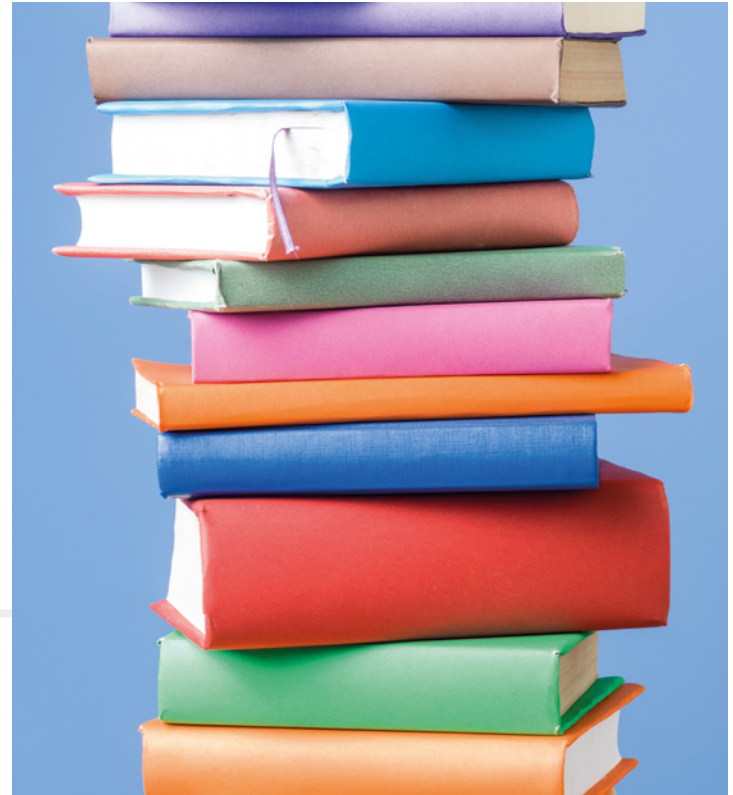
A librarian, probably because I thought you would be able to read books all day!

What do you like to do in your spare time?

My partner Justin and I have two boxer dogs, so we like getting out in the countryside for walks and it's always a bonus if we find a nice dog-friendly pub which sells a good real ale. I also enjoy reading, when I get the chance, and attempting to keep fit.

What are your plans around your own retirement?

It's a while off yet, but just to be able to spend time doing things I enjoy. I'm looking forward to being able to go on holiday more and visit new places.




Accounts and amounts


The year at a glance...



As at 31 December 2018, the Plan was worth **£178.5 million**



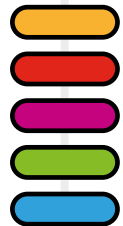
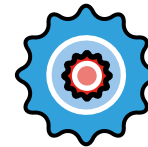
During the year, the Plan increased in value by **£1.3 million**



The Plan paid benefits to members worth **£2.2 million**

Financial highlights

	2018 £'000	2017 £'000
Plan value at the start of the year	177,143	145,926
Money in less money out	13,572	11,353
Change in market value	(12,245)	19,864
Plan value at the end of the year	178,470	177,143



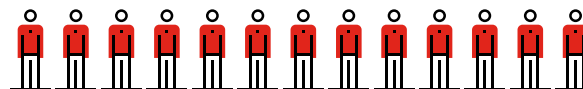
Accounts and amounts (continued)

Money in	2018 £'000	2017 £'000
Contributions	17,732	14,303
Transfers in and other income	1,445	814
Investment income	-	12
Transfers from DB section	350	262
TOTAL	19,527	15,391

Money out	2018 £'000	2017 £'000
Benefits paid to members	(2,230)	(1,640)
Payments to leavers	(14)	(33)
Transfers out	(3,406)	(1,858)
Administration expenses	(305)	(507)
TOTAL	(5,955)	(4,038)

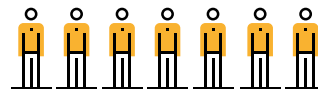
Who's in the Plan?

Active members



2018: 4,060 2017: 3,623

Deferred members



2018: 2,840 2017: 2,339

Total members

2018: 6,900 2017: 5,962

Investment performance

In 2018, global investors reacted to the slowdown in monetary expansive policies, fleeing from holding risky assets (such as equities) to safer assets (such as government bonds), which negatively affected the 12-month 2018 performance of the funds holding equities in the DC Section. The chart shows how the different funds performed against their benchmarks in the year to 31 December 2018.

		Performance %	Benchmark %
Lifecycle funds	Accelerated growth	-8.1	-7.9
	Moderate growth	-3.3	-6.6
	Pre-retirement	-1.7	-1.7
	Cash	0.4	0.5
Self-select funds	UK equity	-9.1	-9.1
	Ethical global equity	-4.0	-3.6
	World equity	-4.3	-4.2
	World equity (GBP hedged)	-9.0	-8.9
	World EM equity	-8.3	-8.1
	All stock bonds	-1.1	-1.1
	Property	3.2	6.5

Gateway2Retirement

Your new retirement service

To help you with your retirement decisions, the Trustee has appointed Premier, Chartered Independent Financial Advisers, to provide you with financial advice about your retirement options at preferential rates.

Paul from Premier talks about some of the key things to consider as you start to plan for your retirement.



What do people often forget to think about when planning for the future?

When they want to retire! If you're early in your career, retirement might seem a long way off, but you really need to plan how you are going to fund your future income as early as possible. Saving more when you're younger or working a bit longer could make a real difference to the shape of your savings.

If you're approaching retirement, there are a number of factors to be aware of that will affect the value of your lifetime savings. For example, you'll need to consider:

- how much money you'll need to last the duration of retirement
- how your circumstances may change over time
- the tax implications of the various ways in which you can take your retirement income.

Everyone is different so speaking to a financial adviser can help you make the right decisions for you and your individual circumstances.

What's your number one piece of advice for people as they approach retirement?

Take action sooner rather than later. While I imagine a lot of people are counting down the days until they retire, it's important to think realistically about the steps you need to take, as well as just kicking back and relaxing. For example: have you adjusted your investments to protect your retirement savings in preparation for when you stop working?

When your retirement date is less than a year away, start doing your research and talking to financial advisers about your options. Setting up an annuity or transferring your pension account out to a flexi-access drawdown account can take time, and you don't want to be left with a gap between that final pay cheque and your pension starting to pay out. Not when you could be out enjoying your new-found spare time anyway!

How does Premier help people with their retirement decisions?

We have been appointed by the Trustee to advise members on their retirement options. For members approaching retirement, annuities are not the only choice, but you may like the idea of a guaranteed income for life. We're here to talk you through all your options and help you work out what's best for you – and then handle all the steps to make it happen.

Coming soon!

Premier's services are coming soon to the Plan, and you will receive more details as you approach retirement.



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

Website:

www.cumminsukpensions.co.uk

Let us know!

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

**FSC Logo
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