

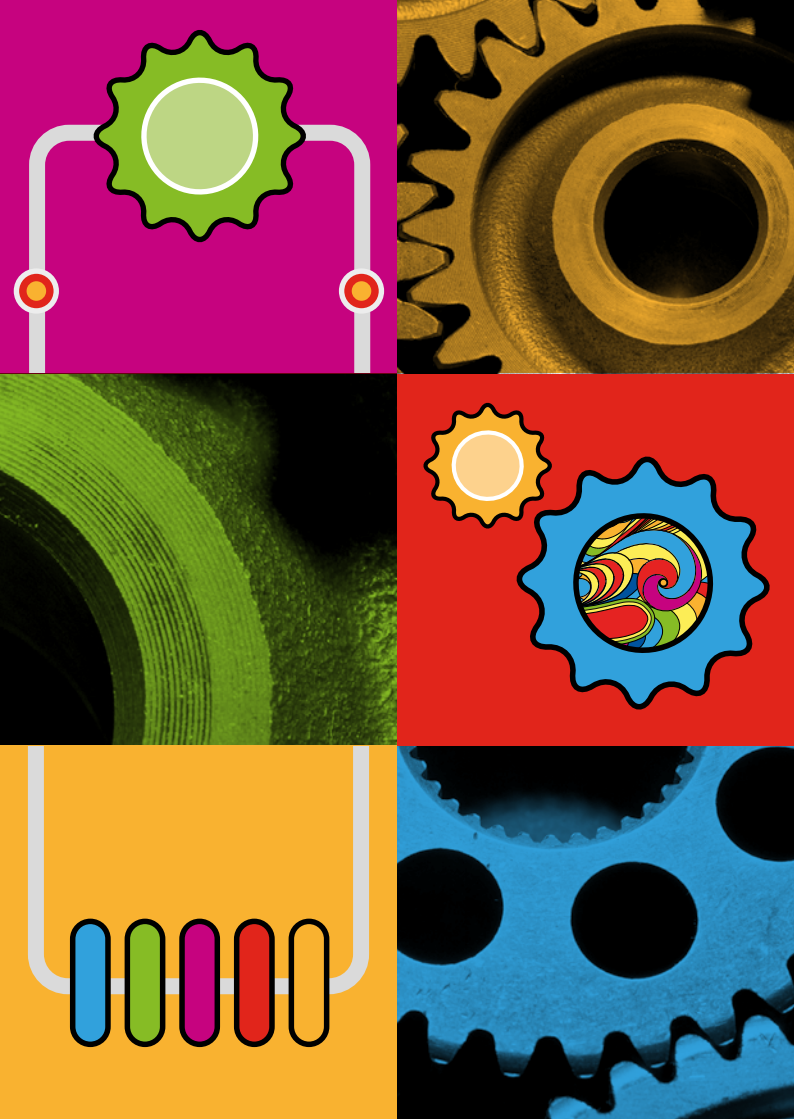


Cummins UK Pension Plan

# Pension news

for pensioner members

November 2020



# Welcome

Since our March newsletter, when the UK was entering lockdown, it's clear that this year is far from normal. The Trustee's priority has been to ensure the normal running of the Plan and to focus on managing the Plan's investments through this crisis.

Covid-19 has the characteristics of a 'black swan' event for investment markets: as it's unprecedented, it makes it very unpredictable with the potential for a very large impact on the global economy. For example, the first three months of 2020 saw incredibly volatile conditions in global markets, with global equities falling by approximately 16% during that time. There was also a sharp fall in gilt yields, followed by extreme volatility.

Consequently, the Trustee's investment sub-committee (ISC) continues to maintain a close review of the situation, meeting regularly throughout this challenging period. You can read more about this in the market update on page 4.

One of the most difficult tasks the Trustee directors face is what to do if a member dies within five years of taking their Plan benefits and they haven't completed a nomination form. We have to investigate that member's circumstances and decide who to pay. This can take a long time, and despite our best efforts, it might cause a delay in paying any benefits that are due. Obviously, we hope that you'll be taking your pension yourself, but in case the worst should happen, an up-to-date nomination form helps the Trustee directors with their decision and reduces delays. Have a look at our '5 things to do today' on pages 6 to 8 – it's our number one task.

As mentioned in our March newsletter, we have welcomed two new MNTs, Martin Bruniges and Natalie Morton. In this issue, you can find out more about Natalie on pages 16 and 17. Another of our MNTs, Darren Russon, recently stepped down from the board after more than 10 years. Darren has been an active and engaged Trustee director, and I thank him for his long service and dedication to the Plan.

Finally, we hope you enjoy reading this issue of *Pension news* and find it useful and interesting. Don't forget, there are also regular updates from the Plan on the Plan website. We hope you and your family stay safe and well at this unusual and difficult time.



Nichola Moore  
Chair of Trustees

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# Plan noticeboard

## Covid-19 market update

Although the movements in markets have been extreme, the DB Section high liability hedge ratio has helped protect the Plan's funding level. Also, a high level of diversification from traditional equities in the portfolio has significantly limited the impact of equity market falls on the Plan's funding level.

The DB Section is a long-term investment and following advice, the Trustee hasn't made any significant changes to the investment strategy in response to the short-term market events, beyond the ISC's orderly rebalancing of investments where practical. This has proved to be the correct course of action as the Plan's position is relatively unaffected by the market volatility thanks to its well-diversified asset portfolio.

## Have you paid too much tax?

Data published by HMRC shows that hundreds of thousands of pensioners have paid too much tax to the tune of £500 million, by accidentally triggering excessive tax charges when they withdrew savings from their pension pot under the pension freedoms introduced in 2015.

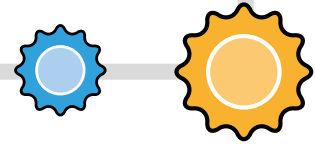
Almost £30 billion has been taken out of pensions since 2015. Many withdrawals are taxed at the higher emergency tax rate, which means individuals can end up losing significant sums of retirement income to tax that isn't owed. If you've made a pension withdrawal, make sure to check your tax liabilities carefully – both for the months you made the withdrawal and the subsequent months. You can claim a refund on overpaid tax by completing the claim forms which are available from the government website: [www.gov.uk/government/collections/income-tax-forms](http://www.gov.uk/government/collections/income-tax-forms)

An aerial photograph of a large, paved plaza filled with many small figures of people walking. A large, black arrow is drawn over the scene, pointing from the bottom left towards the top right, indicating a direction of movement or growth. The background is a light-colored, tiled surface.

## Pension increases

Your Plan pension is increased annually in accordance with the Plan rules. Increases are applied on 1 April for all sections, except Newage International (1 May) and Blackwood Hodge (1 January). Please note that different increases may apply to different elements of your pension, depending on when your benefits in the Plan were earned.

# 5 things to do today



## 1. Update your nomination form

If you recently started taking your Plan benefits (less than five years ago), please make sure your nomination form is up to date with your current circumstances.

If you die within five years of starting to take your Plan pension, a lump sum may be payable to your beneficiaries. An up-to-date nomination form means that we can identify quickly and easily anyone you would like to receive any benefits that are due.

Filling in the nomination form is really easy and can be done online in a matter of minutes via **Manage my pension** – in fact, in the time it takes to make a cup of tea. So, why not pop the kettle on and update your nomination now?



## 2. Take the shortcut...to the Plan website



Did you know you can easily add a shortcut to your phone or tablet's home screen that takes you straight to the Plan website? There's no need to keep putting in the website address every time: the shortcut icon takes you to the home page in one click, where you can find the latest news from the Plan or log into your account using **Manage my pension**.

On your phone or tablet, first go to **www.cumminsukpensions.co.uk** and then:

iPhone/iPad:	Android:
1. Click the share button	1. Tap the menu button
2. Choose 'add to home screen'	2. Choose 'add to home screen'

The shortcut will appear on your home screen like any other app shortcut or widget. Our new Plan website is fully responsive, and so it automatically adapts to whatever device you're using to view it on. Thanks to our MNT, Steve Coughlan, for researching this shortcut.

## 3. View your online payslip



Don't forget that you can view and print your monthly payslip online by logging into your account via **Manage my pension** on the Plan website.

As is common practice for pension plans, as well as helping to reduce our environmental impact, **we no longer provide a printed payslip, unless there is a change to your pension of more than £5**. If you need a printed copy of your payslip, please request one on an ad hoc basis from the Plan administrator.

## 5 things to do today (continued)

### 4. Check your tax code

If you think your tax code is incorrect or you have a query about it, you'll need to get in touch with the tax office directly. Your tax affairs are a personal matter and neither the Company nor Premier can query tax codes on your behalf. Premier can only change your tax code if instructed to do so by HMRC. Any changes to tax codes are typically sent to Premier around the 22nd of the month.

#### **You can contact the tax office at:**

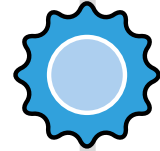
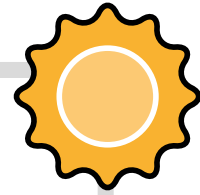
Pay As You Earn, HM Revenue and Customs, BX9 1AS

Telephone: 0300 200 3300

Tax reference: 120/HE05257

### 5. Make a note of your member number

If you need to contact Premier, the Plan administrator, please make sure you have your member number to hand. This identifies you as a Cummins pensioner and is shown on the welcome letter we sent you at the beginning of the year when the Plan moved from Capita to Premier. Your member number always carries a prefix of CUKPP.





# Pension pay dates

for the year ahead

Your pension is paid on the penultimate working day of the month.

2020

Wednesday 30 December

2021

Thursday 28 January

Thursday 25 February

Tuesday 30 March

Thursday 29 April

Thursday 27 May

Tuesday 29 June

Thursday 29 July

Friday 27 August

Wednesday 29 September

Thursday 28 October

Monday 29 November

Thursday 30 December



# Wellbeing matters

## Are you claiming all the benefits you're entitled to?

Many pensioners in the UK are missing out on valuable State benefits each year because they don't know they're entitled to make a claim or that they exist. If you're over State pension age, you may be entitled to certain benefits, services and support to help you, regardless of whether you live alone or with someone, own your own home or have savings.

At the start of 2020, a survey carried out by Just Group revealed that almost half of eligible pensioner homeowners are failing to claim any State benefits – and missing out on around £1,400 a year. The survey also found that a further 18% of pensioners who do claim State benefits are receiving too little, missing out on more than £2,100 a year.

## Check what you're entitled to claim

If you think you or someone you know might be entitled to State benefits, you can use the benefits calculator at <https://benefitscheck.ageuk.org.uk/Home/Start> to find out what you could claim. It's free to use and takes about ten minutes to complete.

### Some of the key benefits you might be able to claim include:

- Pension Credit – tops up your weekly income if it's below £173.75 for a single person or £265.20 for a couple.
- Council tax discount – if you're the only adult living in your household, you're entitled to a 25% reduction regardless of your income.
- Attendance allowance – if you need long-term help with personal care because of a physical or mental disability. You can claim this if no one is actually giving you the care and even if you live alone. If you do have someone caring for you, they could also claim carer's allowance.

- Winter fuel payment – you qualify if you were born before 5 October 1954 and you lived in the UK for at least one day during the qualifying week of 21 to 27 September. It's worth up to £300.
- Cold weather payment – £25 for each 7-day period of very cold weather between 1 November 2020 and 31 March 2021.

#### Other benefits you're entitled to:

- free eye tests – for anyone aged over 60
- free prescriptions – for anyone aged over 60
- free bus travel – in Wales, Scotland, Northern Ireland and London. In England, you're entitled to a free bus pass at State pension age.

It's well worth checking what you can claim and making sure you do claim the benefits you're entitled to. You can find out more at [www.gov.uk](http://www.gov.uk)

## LITTLE-KNOWN BENEFITS

### Marriage tax allowance

Introduced in 2015, this entitles couples to a tax break worth up to £1,188 for new claimants. It lets you transfer 10% of your personal tax allowance (£1,250 in 2020/21) to your spouse or civil partner if they earn more than you. You can backdate claims by up to four years, which means couples can also claim £220 for 2016/17, £230 for 2017/18, £238 for 2018/19 and £250 for 2019/20 – a total of £1,188.

To qualify, couples must meet the following criteria:

- Be married or in a civil partnership
- Both be born after 6 April 1935
- One of you must be a non-taxpayer (earns no more than £12,500 in 2020/21)
- One of you must be a basic rate (20%) taxpayer.

Once set up, the arrangement will remain in place, but you should review your situation annually to ensure you still qualify. Go to: [www.gov.uk/marriage-allowance](http://www.gov.uk/marriage-allowance) or call 0300 200 3300.

# Wellbeing matters (continued)

## Grandparents claim credit for babysitting

If you're under State pension age and look after grandchildren, you could be missing out on valuable National Insurance (NI) credits. The scheme means that parents can return to work and allow a grandparent to receive NI credits for looking after their child under the age of 12. The NI credits count towards your future State pension and are particularly valuable if you don't have a full NI record and are therefore due to receive less than a full State pension. You'll need to complete form CA9176 at [www.gov.uk](http://www.gov.uk)

## USEFUL CONTACTS

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

0800 678 1602 (8am to 7pm daily)

Age UK offers befriending services, information and advice for older people.

[www.u3a.org.uk](http://www.u3a.org.uk)

Learn something new or share skills for fun with University of the Third Age.

[www.gransnet.com](http://www.gransnet.com)

Gransnet is a social networking website for over 50s, an offshoot of parenting website, Mumsnet.

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

Re-engage hold monthly afternoon tea parties for people aged over 75 who live on their own.

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

0800 4 70 80 90

The Silver Line is a free, confidential helpline providing information, friendship and advice to older people, 24/7.

# News update

## TV licence fees

From August 2020, over-75s are no longer automatically exempt from paying the £157.50 television licence fee unless they are in receipt of Pension Credit. The BBC intended to introduce the means-tested TV licence from 1 June but postponed it until 1 August because of the coronavirus. TV Licensing started sending out 4.5 million 'payment invitation' letters in batches from August, and households don't need to act until they receive a letter.

The fee can be paid in a lump sum or in monthly, fortnightly or weekly instalments, subject to payment method. You can pay by card, online or over the phone, or direct debit, cheque, postal order or by taking a debit card or cash to any PayPoint.



# News update (continued)



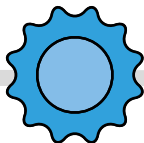
## Millions in lost pensions

Research from the Association of British Insurers (ABI) shows that around 1.6 million pension pots worth an estimated £19.4 billion have been lost because people move home but forget to tell their pension providers their new address. This is the equivalent of £13,000 lost per person.

In the ABI survey, nine out of 10 people said they automatically think of telling their GP or dentist about their change of address, but only one in 25 thinks about updating their pension scheme.

If you think you have a lost pension, the Pension Tracing Service will help you track down lost retirement pots. For more information, go to:  
[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)





## Scam alert!

A major event like the coronavirus crisis can lead to new types of scams. With this in mind, we urge you to be vigilant for scams of all kinds over the coming months. These could be about insurance policies, pension transfers or high-return investment opportunities, including investments in crypto-assets.

Scammers are sophisticated, opportunistic and will try to get personal details or money from victims in many ways. They tend to target people who are feeling vulnerable, particularly in the current climate with many people being at home.

### Spotting a pension scam

Pension scams can be hard to spot but their effects are devastating, with many people losing their entire life savings. While promising high returns and low risk, 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. Anyone can be a victim of a pension scam, no matter how sharp-witted you think you are. You can check with the Financial Conduct Authority if an offer sounds suspicious.

### The FCA's most searched-for investment and pension scams are:

- Cryptocurrency (e.g. Bitcoin)
- Binary options
- Foreign exchange
- Shares
- Bonds
- Pension review
- Pension loan/liberation

For more information about these and other pension scams as well as how to avoid them, visit:

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



# Meet our new MNT



**Natalie Morton is one of our newest member-nominated Trustees (MNTs), who joined the board in March 2020. Here, we find out a bit more about her.**

Natalie is Regional Payroll Manager for Europe and the Middle East and joined Cummins nearly 13 years ago.

## Why did you want to become a Trustee?

I've thought about becoming a Trustee for a few years now. Working in HR and payroll, I've always worked closely with pensions and found it interesting. The payroll environment is very controlled due to the materiality and the risk, and I thought I could use this knowledge on the Trustee board whilst having a good level of understanding of how pensions are applied in payroll.

I have also been a pensions link committee member for a number of years and a member of the communications sub-committee (CSC). Becoming an MNT seemed like the next step for me.

## What interests you about pensions?

Pensions are an ever-evolving field, which is something I enjoy; although, at the moment, I'm on a steep learning curve! I feel learning about pensions will assist me in my current and future roles. I have a personal interest in educating myself and others about how best to save for retirement, which I'd like to do as early as possible!

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

I feel the main challenge is employees' understanding of pensions. There's a lot of jargon and information that makes pensions confusing and daunting for a lot of people. The CSC works to provide the relevant and correct information in an understandable format, which helps members to make informed choices about their retirement.



The earlier you contribute, the better placed you are to retire and enjoy your retirement without the additional worry of finances.

### What was your dream job as a child?

I wanted to be a meteorologist – I love the dreams you have as a child! Payroll is a world away from analysing weather.

### What do you like to do in your spare time?

I love travelling and trying the local cuisine wherever I happen to be. As well as eating, I enjoy cooking although, sometimes, it doesn't turn out well! I like to keep fit by going to the gym and walking. This allows me to indulge my passion for food!



# 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  
Darren Russon\* (until September 2020)  
Edward Smith  
Gloria Griesinger  
Gordon Davis\*  
James Guilfoyle  
John Finlay\* (known as Jack)  
Lisa Thornton  
Martin Bruniges\*  
Natalie Morton\*  
Nichola Moore, Chair  
Paul Hoskins\*  
Stephen Coughlan\*

\*member-nominated Trustees



## The Plan 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  
Edward Smith  
James Guilfoyle  
Jo Rayner  
Julian Rose

### 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 (until September 2020)  
Ellen Baldwin  
Jill Szymanski  
Jo Rayner  
Martin Bruniges  
Michael Abbott  
Natalie Morton  
Paul Hoskins  
Samantha Bennett  
Wordshop

### 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  
Crena White-Lewis  
Gloria Griesinger  
John Finlay (known as Jack)  
Julian Rose  
Nichola Moore  
Paul Hoskins  
Willis Towers Watson Investment Consultants

# Company news

## Helping a local food bank stay open

A community impact team in Darlington have received a community development grant from the Cummins Foundation to help support four local food banks in the area that were struggling to stay open. A lack of food storage space and increased demand meant that they needed to close early as they constantly ran out of supplies. The team remodelled an old furniture store and turned it into a warehouse to act as a centralised food storage and distribution facility for the county's food banks. The extra space has allowed food banks to tackle underlying issues of poverty with counselling sessions and hosting community job fairs.

## CTT Huddersfield hailed for safety strategy during pandemic

Cummins' Turbo Technologies plant in Huddersfield has been recognised by local government officials as a leader in driving change for new regulations, ensuring its workforce's safety during the Covid-19 pandemic.

Their strategy has now been used as a template for other firms emerging from lockdown. The government guidelines on how to work safely in factories, plants and warehouses were issued recently and featured best practices from Huddersfield.

## Making life better

Stephen Layton, a CBS Telecommunications Manager, joined the frontline of the UK fight against Covid-19. Before working for Cummins, he worked in the medical gas testing industry, checking oxygen and other essential gases for use in hospital intensive care units. When the pandemic hit the UK, Stephen volunteered to help test the gases at various locations including the emergency Nightingale Hospital at ExCel in London. He completed over 100 volunteer hours, embodying the Cummins values of caring and integrity.

# Accounts and amounts

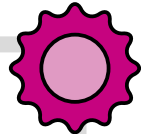
## The year at a glance...



As at 31 December 2019, the Plan was worth **£1.5 billion**



The Plan paid benefits to members worth **£37 million**



### Financial highlights

	2019 £'000	2018 £'000
Plan value at the start of the year	1,403,509	1,459,124
Money in less money out	(20,051)	(25,170)
Change in market value	147,494	(30,445)
Plan value at the end of the year	1,530,952	1,403,509



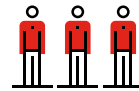
# Accounts and amounts (continued)

Money in	2019 £'000	2018 £'000
Contributions	24,274	17,857
Transfers and other income	410	957
Investment income	3,840	3,893
<b>TOTAL</b>	<b>28,524</b>	<b>22,707</b>

Money out	2019 £'000	2018 £'000
Benefits paid to members	(37,067)	(38,307)
Payments to leavers	(64)	(168)
Transfers out	(8,322)	(6,181)
Administration expenses	(2,750)	(2,871)
Transfers to DC Section	(372)	(350)
<b>TOTAL</b>	<b>(48,575)</b>	<b>(47,877)</b>

## Who's in the Plan?

### Active members

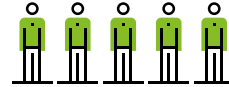


2019: 685    2018: 726

### Total members

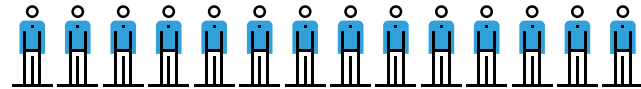
2019: 6,522  
2018: 6,684

### Deferred members



2019: 1,408    2018: 1,466

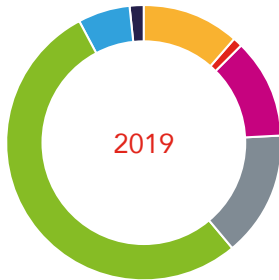
### Pensioners



2019: 4,429    2018: 4,492

## Where are the assets invested?

The chart shows the allocation of the Plan's assets as at 31 December 2019.



	2019	2018
● Equities	10.3%	11.7%
● Real estate	1.1%	1.5%
● Private equity	11.8%	11.9%
● Fixed income	14.6%	13.2%
● Liability matching	53.4%	56.5%
● Alternatives	7.3%	5.2%
● Cash	1.6%	-

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 Cummins UK Pension Plan. It tells you about the longer-term outlook for the DB Section and the substantial financial support the Company provides.

## Understanding this statement

Every three years, the Plan actuary carries out a full valuation of the Plan, comparing the value of the assets with the amount of money that will be needed to provide members' benefits (the Plan's liabilities). The percentage of the liabilities that can be covered by the assets is known as the funding level. If this is more than 100%, there is said to be a surplus; if it's less than 100%, the Plan has a shortfall. In between valuations, the actuary provides the Trustee with annual updates.





## The latest position

The most recent valuation of the Plan looked at the position as at 1 January 2018, when the Plan had a surplus of £73.6 million – or a funding level of 105%. Since then, the Plan actuary has provided the Trustee with an update of the position as at 1 January 2019 and at 1 January 2020, as shown in the table.

	<b>Valuation 1 January 2018</b>	<b>Update 1 January 2019</b>	<b>Update 1 January 2020</b>
<b>Assets*</b>	£1,450.6 million	£1,395.8 million	£1,521.6 million
<b>Amount needed to provide benefits</b>	£1,377.0 million	£1,346.6 million	£1,438.3 million
<b>Surplus</b>	£73.6 million	£49.2 million	£83.3 million
<b>Funding level</b>	105%	104%	106%

\*not including additional voluntary contributions or DC Section assets.

The funding level improved during the year to 1 January 2020 because of better-than-expected investment returns. However, the improvement was partly offset by significant falls in government bond yields which meant that the amount needed to provide benefits increased.

The next actuarial valuation is due as at 1 January 2021.

## How is my pension paid for?

The Company (Cummins Ltd and the other participating companies in the UK) and active members of the DB Section pay regular contributions into the Plan. These are held in a common fund (rather than in individual accounts for each member) from which the Trustee pays pensions to members when they are due.

# Summary funding statement (continued)

## How is the amount the Plan needs worked out?

Using the information from the valuation, the Trustee comes to an agreement with the Company on the level of contributions that need to be paid to help ensure that the Plan has enough funds to pay members' benefits now and in the future. As the Plan currently has a surplus, a recovery plan requiring additional shortfall contributions from the Company is not needed.

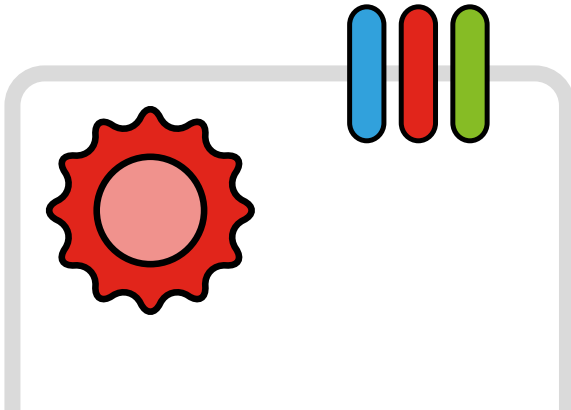
## The importance of the Company's support

The success of the Plan relies on the support of the Company because:

- the Company pays the cost of running the Plan on an annual basis
- the funding level can fluctuate and if there is a shortfall, the Company will usually need to pay more money into the Plan
- the target funding level may not turn out to be enough so the Company will need to put more money into the Plan.

## Other information we need to tell you

As required by law, 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 needed to use any of its powers in relation to the funding of our Plan or the benefits provided by it.



## What would happen if the Plan were to wind up?

In the unlikely event that the Plan were to wind up, members' benefits would be secured by buying insurance policies with an insurance company. As at 1 January 2018, there would have been a shortfall on this basis of £285 million (£247 million as at 1 January 2020). These are shortfalls rather than the surplus figures shown in the table on page 25, reflecting the fact that insurers must take a more cautious view of the future and need to make a profit. We've included this information because we're required to do so by law – it doesn't imply that the Company intends to wind up the Plan.

## Is my pension protected?

The Pension Protection Fund (PPF) provides compensation to members whose pension scheme is being wound up with insufficient assets. Broadly, this would be 90% of benefits for members who have not yet retired 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 at 1 January 2020 are likely to have covered the liabilities at higher levels than PPF compensation but were lower than the estimated cost of securing benefits with an insurer, the Plan would probably not have qualified for entry to the PPF had the Company become insolvent. In this case, members would have received more than PPF compensation. Further information and guidance are available on the PPF's website at: [www.ppf.co.uk](http://www.ppf.co.uk)

# Get in touch

If you have a question about the Plan or your benefits, please get in touch with Premier, the Plan administrator. It will help us if you have your member number (which starts CUKPP...) to hand.

**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)

## Don't forget to tell us!

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

FSC Logo  
to go here

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