



Cummins UK Pension Plan

Pension news

For Defined Benefit (DB) members



Welcome

Welcome to our spring issue of *Pension news*, the newsletter for defined benefit (DB) members of the Cummins UK Pension Plan.

As you can see, we have a new look for *Pension news*, which we hope you like. You'll start to see this style being used in all our Plan communications from now on, and it will be part of our revamp of the Plan website which we're currently working on for later in the year.

Following some research involving our active DC members, we've identified some popular topics that members would like to know more about, one of which is investments. We've therefore included a quick guide on page 8 to the different types of investments that are available in the Plan, if you have additional voluntary contributions (AVCs).

On page 10, you'll find some useful information about pension increases. Although you haven't retired yet, it's good to know how your pension from the Plan will be reviewed, once it's in payment, to help it keep pace with inflation.

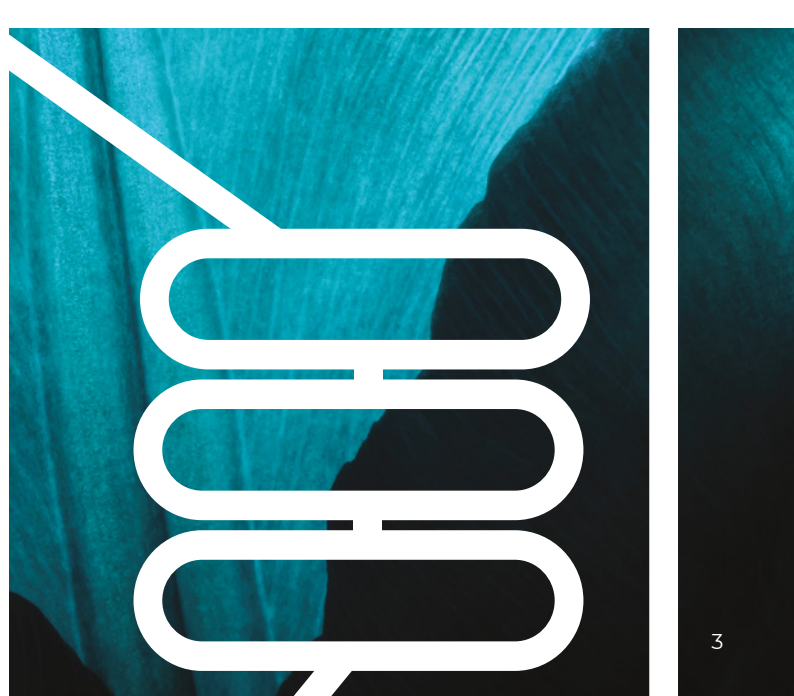
Finally, as with all our communications, we're mindful of the environment. There's an update on page 4 about the work we do to ensure our communications don't harm our planet.

I hope you find this issue of *Pension news* useful and interesting. As always, please get in touch if there's a particular topic you'd like to see more about in a future issue.

Nichola Moore
Chair of the Trustee

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Our communications and the environment

We regularly send communications to keep you informed about the Plan and your benefits. While some of our communications are legal requirements, all of them aim to help you engage with your pension, understand how it works and decide what action (if any) you need to take. We use both printed and digital formats, and with over 14,500 members in the Plan, you can see how important it is for all our communications to be kind to the environment.



Our printed communications

Print is a traditional and key part of our communications. Today, many people are concerned about the sustainability of paper products and the environmental impact of full colour print processes. However, you'll be pleased to know that the print industry continues to make strides to reduce its environmental impact and ensure that printing is sustainable. For example, our printers use:

- only vegetable-based inks (rather than oil-based)
- FSC accredited, recycled paper and reusable aluminium printing plates
- full colour printing which uses less paper and significantly fewer chemicals and solvents in the set up and press cleaning than traditional one or two-colour printing.

Our printed communications arrive with you in sustainably sourced paper envelopes. Once you've finished with them, you can of course put everything in the recycling.





Our digital communications

Following the digital boom that the pandemic created, we're all much more used to doing things online for work, domestic and social reasons. Moving everything to digital might seem like a good idea, as it doesn't involve the physical resources of paper, print machinery, inks and chemicals, or the delivery miles associated with postage. However, don't be fooled into thinking that digital is automatically a 'greener' alternative.

The internet brings its own environmental cost. It needs extensive physical resources to run data centres powering servers and keeping them cool. If the internet were a country, it would be the sixth largest carbon emitter in the world. Given that 4.1 billion people (over half the world's population) now use the internet, this is hardly surprising.

While every webpage or email has its own carbon footprint, you'll be pleased to know that our pensions website produces between 0.16g and 0.35g of CO₂ per page, making it cleaner than most other websites. We continue to be mindful of the most efficient way to provide the Plan's digital communications, using a website that's optimised and responsive, and only sending you emails with links rather than large attachments.

Getting personal

This is why we don't bombard you with emails or with lots of post about the Plan. We only send communications when there's something important to tell you. You'll find that, increasingly, you start to receive more personalised communications from us. If we don't need to tell all our members the same information, we can categorise our messages so that we're only sending you something from the Plan that's relevant for you.

Our aim is to keep you informed and up to date, as well as making sure that what we tell you and the way we communicate is relevant, engaging and mindful of our planet.



Plan noticeboard

Change to investment fund

In February 2023, we changed the name of one of the Plan's investment funds. For members who manage their own investments (self-select), the Cummins pre-retirement fund is now called the Cummins annuity-focused fund. There is no change to the underlying investment. This change was originally planned for last October but was delayed because of the volatility in the financial markets at that time. If this change affects you, we've recently written to you with full details.



Manage my pension – a reminder about logging in

Manage my pension is the member portal where you can log in and find specific information about your own pension fund. You can check your fund balance, make changes to your investments, update your nomination and much more. You can access **Manage my pension** from any page on the Plan website at www.cumminsukpensions.co.uk



How to log in

You can log in securely anytime, anywhere – either in the office, from home, on your PC or mobile.



- Go to www.cumminsukpensions.co.uk and select **Manage my pension**
- Enter your **username** and **password**
- When prompted, enter the single-use **authentication code** that will be sent to your email or smartphone.

If you've forgotten your memorable word or password, follow the 'Trouble logging in' link to get a new one sent to your registered email.



In the pipeline

A new drawdown option at retirement for members with AVCs

We're delighted to be introducing a new drawdown transfer option which will be available to members with AVCs at retirement. Members wishing to invest their savings in a drawdown arrangement when accessing their AVC benefits currently must research and find their own provider. Later this year, we'll be offering a drawdown transfer option with a provider chosen and pre-checked by the Trustee. This is to ease the transfer process for members looking to use drawdown for their AVCs rather than making and arranging a choice from the full market.

Remember to check your benefit statement

As usual, we'll be issuing your benefit statement later on this year. Make sure you take time to check it because it's a useful annual snapshot of your pension value and explains, in today's money, how much your pension will be by the time you retire. If you want to know your pension value, you can see this by logging in via **Manage my pension** at any time.



Investing your AVCs - what it all means

We know that investments can be complex, and it's even harder to make decisions about what's going to be best for your savings when there's so much jargon to wade through. Whether you're using the lifestyle or self-select options, here are some of the assets your pension fund could be invested in.

Equities – also called shares in a company. When you invest in equities, you own a little bit of that company and are entitled to an annual payment called a dividend. The value of shares can go up and down in the short term, but over the long term, they're usually expected to outperform other investments.

Good for: *long-term growth if you're willing to ride out any short-term falls in value.*

Bonds – also called corporate bonds, these are issued by a company to raise money. If you invest in bonds, you're essentially lending money to a company, who pays you interest before repaying the loan when it matures (comes to the end of the loan period).

Good for: *long-term growth but generally not such a high return – or as risky – as equities.*

Gilts – similar to corporate bonds but instead of being issued by a company, gilts are issued by the UK government. You can get fixed-interest gilts which pay a set rate of interest or index-linked gilts which pay interest linked to inflation.

Good for: *like bonds, gilts are suitable if you're a more cautious investor or want to protect the value of your investment against the price of buying an annuity when you retire.*

Property – usually an investment in commercial property like offices, shopping centres and factories rather than houses. Over the short term, property values can go up and down but it's an investment that is expected to outperform other asset types, except equities.

Good for: *long-term growth if you're willing to wait.*

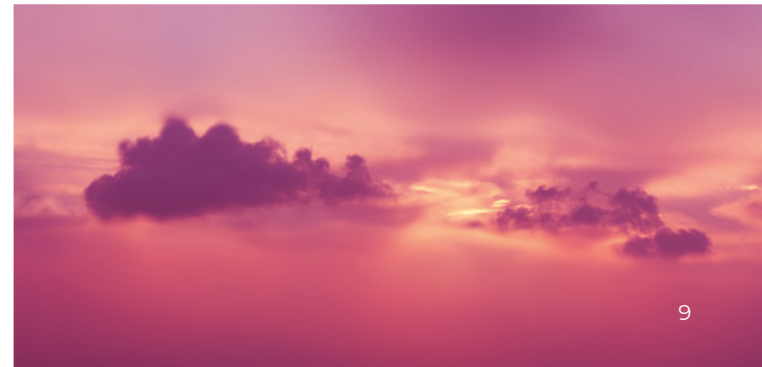
Cash – this is like keeping money in the bank, and returns will vary in line with bank lending rates.

Good for: *shorter-term investment, for example, if you're getting ready for retirement.*

Diversification

Diversification is a mixture of different types of assets within a portfolio. When one type of investment is doing poorly, another might be doing well. In this way, the winners help offset the losers, and the value of the overall portfolio doesn't move up and down so much.

If you'd like to understand more about investments and your AVC choices in the Plan, please see the Investment guide for members with AVCs on the Plan website at <https://bit.ly/3mKcwHW>



Pension increases explained

Inflation and your pension

Once you retire and start receiving your Plan pension, it's increased each year to help it keep pace with the rise in the cost of living (inflation), which you probably know has been at record levels this year. The Trustee is very aware of the impact that inflation has on pensions in payment, however, it is restricted in the actions it can take by the Plan rules.

The rules allow for pension increases to be calculated in line with the change in inflation as measured by the retail price index (RPI) or the consumer price index (CPI) for the 12 months to the September of the previous year, subject to certain caps. The amount of increase and the cap that applies will depend on when you earned the different elements of your pension and the Section that you belong to.

Pension increases

For most Sections, the annual increase to your pension when it's in payment will be made with effect from 1 April (apart from Newage which is 1 May and Blackwood Hodge which is 1 January), when the following increases are applied to pension in excess of the guaranteed minimum pension:

- For pension earned before 6 April 1997, the increase is in line with RPI:
 - ▶ capped at 3% (for CECL and Diesel members)
 - ▶ capped at 5% (for PGI members)
 - ▶ at a fixed rate of 3% (for ex-Blackwood Hodge and Newage members).
- For pension earned between 6 April 1997 and 5 April 2006, the increase is in line with CPI, capped at 5%:
 - ▶ (except for Newage and Exec members whose pension earned after 6 April 2005 is increased with a cap of 2.5%).
- For pension earned after 6 April 2006, the increase is in line with CPI, capped at 2.5%.

If part of your pension will include a guaranteed minimum pension (GMP), the increases to that are applied as follows:

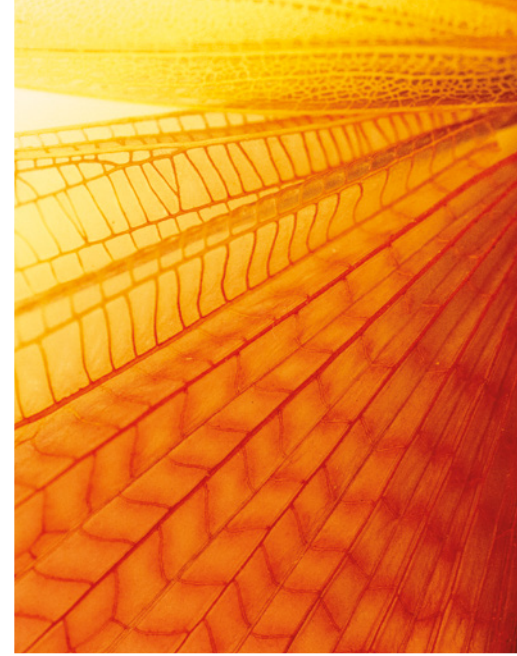
- For pre-1988 GMP, no increase is applied by the Plan as any increase on this element is included in the State pension.
- For post-1988 GMP, the increase is in line with CPI, capped at 3%.

State pension increases

In April 2023, the State pension will increase by 10.1% in line with the rise in inflation as measured by the CPI for September 2022.

This sees the return of the triple lock for State pensions, which was suspended following the Covid-19 pandemic. The triple lock is the system used to increase State pensions using whichever measure is the highest out of inflation, average wage growth or 2.5%.

The 'old' basic State pension will increase from £141.85 to £156.20 a week, and the new State pension will increase from £185.15 to £203.85 a week.



Pension matters

How much money will you need in retirement?

We've previously reported on the Retirement Living Standards, the guide to retirement income published by the Pensions and Lifetime Savings Association (PLSA) which shows the annual amounts needed to achieve different standards of living.

The PLSA has released updated figures. These are today's amounts, but to have the same spending power when you retire, you'll need to allow extra for future inflation.

For a single person		For a couple
£12,800	minimum covers all your needs with some left over for fun	£19,900
£23,300	moderate more financial security and flexibility	£34,000
£37,300	comfortable more financial freedom and some luxuries	£54,500

To find out more, visit www.retirementlivingstandards.org.uk





Beware of pension scams

Sadly, we continue to remind members to be aware of the danger of pension scams.

Recent research by the Financial Conduct

Authority and the Pensions Regulator found that half of pension savers don't believe they're at risk of being targeted by a pension scammer. But pension scams can happen to anyone, and no pot is too small for a scammer.

Members should also be aware that scammers are operating as so-called claims management companies and attempting to use 'subject access requests' to obtain personal information and details about a saver's pension arrangements. Please be particularly vigilant if you're approached in this context.

Scammers can be articulate and financially knowledgeable, with credible websites, testimonials and materials that are hard to distinguish from the real thing. They design attractive offers to persuade you to

transfer your pension pot to them or to release funds from it. It is then invested in unusual and high-risk investments like overseas property, renewable energy bonds, forestry, storage units, or simply stolen outright.

Scam tactics include:

- contact out of the blue
- promises of high/guaranteed returns
- free pension reviews
- access to your pension before age 55
- pressure to act quickly.

Don't let a scammer ruin your retirement. You can find more information about pension scams and how to avoid them at **www.fca.org.uk/scamsmart**

Get to know your pension

The Department for Work and Pensions has produced a retirement planning guide as part of its 'Get to know your pension' project. Set out in simple steps, it helps you plan for the retirement you want, looking at things to consider like getting a State pension forecast and how to track down a lost pension. It also debunks some pensions myths and provides signposts to further information and support.

Go to **www.yourpension.gov.uk**

Useful links

If you'd like more information and guidance about pensions, you may find the following organisations useful.

MoneyHelper

The government's free, financial information and guidance service is the easy way to get trusted help for your money and pension choices. Available online and over the phone, it offers clear and impartial help that's quick to find and easy to use. It also provides pointers to trusted services if you need more support. Go to: www.moneyhelper.org.uk

To find a financial adviser

Use Unbiased or Vouched For to find an independent financial adviser in your local area. Go to: www.unbiased.co.uk or www.vouchedfor.co.uk

Check who you're dealing with

The Financial Conduct Authority regulates financial markets and the companies which provide financial services in the UK. You can use its register to check that the company or person you're dealing with is listed and authorised to provide specific financial services. www.fca.org.uk

Information about the State pension

How much money will you get and when can you claim it? The State pension age has been under review in recent years, so the earliest you can claim yours will depend on the year you were born. You can find out what your State pension age is at: www.gov.uk/state-pension-age

You can also get a forecast of how much your State pension will be by going to: <https://www.gov.uk/check-state-pension>



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

Your current Trustee directors

Anthony Waller

Bernadette Daley

Emily Chapman*

Gloria Griesinger

Ian Smith*

James Guilfoyle

James Guyett*

Lisa Thornton

Martin Bruniges*

Natalie Morton*

Nichola Moore, Chair

Paul Bennett

Stephen Coughlan*

Stuart Stubbings*

*member-nominated directors (MNDs)

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:

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+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



Stay up to date

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

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