Cummins UK Pension Plan

Pension news

For defined contribution (DC) members

Autumn 2025

Welcome

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

In June, we introduced a new default investment strategy called the continued growth lifestyle. It targets growth throughout the different phases of your savings journey in the Plan, as well as managing risk as you approach retirement. We've also launched a Shariah lifestyle option, which uses a similar phased strategy for members who want to save in line with their religious beliefs. You can read more about the new lifestyle strategy on page 4.

As well as what's happening to the money going into your pension fund, we're also taking a look at the choices you have when you're ready to take your savings out of the Plan – see the retirement options summary on page 6.

Your latest benefit statement was issued to you at the end of July. Please make sure you read it carefully so you can check your savings' progress. You'll also find a copy of it by logging in to your account via **Manage my pension** on the Plan website.

As always, please remember to let us know if you have any feedback about this newsletter or if there's anything you'd like us to cover in a future issue.

Nichola Moore
Chair of the Trustee

In this issue

The new lifestyle investment strategy

In June, we introduced our new lifestyle investment strategy for the Plan. There are now two lifestyle options available, which manage your investments automatically.

The continued growth lifestyle is the Plan's default option. It has three phases called Grow, Strengthen and Prepare, which match the name of the funds used to invest your savings, in line with how far away you are from retirement. The Shariah lifestyle option also follows a phased investment path, using Shariah-compliant funds – please see the Investment guide for more details.

Continued growth lifestyle – how it works

GROW

When you're a long way from retirement, all your pension fund is invested in the Grow fund to target growth.

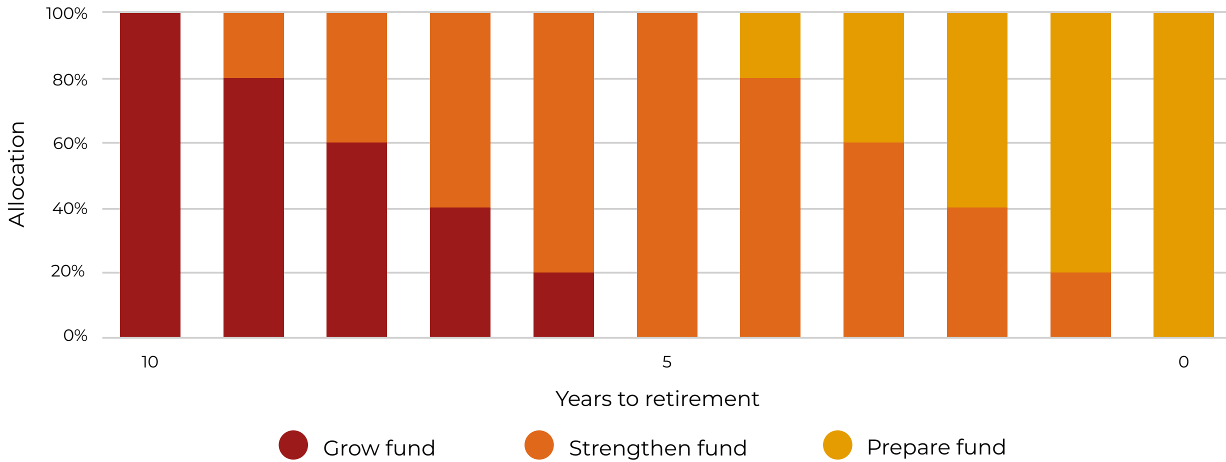
STRENGTHEN

Next, from **10 years before** your target retirement age, your pension fund is automatically and gradually moved so that by five years before your target retirement age, 100% of your savings is invested in the Strengthen fund. The Strengthen fund continues to target growth but also aims to start protecting the value of your pension fund by reducing investment risk.

PREPARE

In the final phase, from **five years before** your target retirement age, your pension fund is gradually moved into the Prepare fund, to help protect it from market shocks as you approach retirement.

Continued growth lifestyle



It's important that you review and update your target retirement age using Manage my pension to make sure it's in line with your retirement plans. Otherwise, it will automatically be set as your State pension age.

If you'd like to understand more about investing your pension fund, please go to the Invest section on the Plan website or see the **Investment guide**.

The Plan also provides a range of self-select funds if you prefer to manage your investments yourself. You can find links to the **self-select fund factsheets** on the Plan website.

Options at retirement

Getting ready to retire is exciting – it's one of life's 'big moments'. Whether it's still a long way off for you or just around the corner, it's good to understand the choices you'll have and to start thinking about what might be right for you.

What are my choices?

When you're ready, you'll use the savings you've built up in your pension fund to provide your retirement income. How you do this is completely up to you, and you'll have the following choices.

Choices for deferred members

If you're a deferred member, your pension fund will remain invested in the Plan until you either:

- decide to take your savings in one of the ways explained opposite; or
- transfer your pension fund to an alternative pension provider, such as a new employer's pension scheme or a personal pension arrangement.

Tax-free cash

If you want to, you can take up to 25% (capped at £268,275) of your pension fund as a tax-free cash lump sum. You can then use the rest of your pension fund for your taxable income in one of the following ways:

- **Income drawdown** – this is a special retirement account that keeps your savings invested but lets you withdraw money when you need to. There are lots of drawdown providers, and you'll need to compare their services to find the one that's right for you.

  If you don't want to search the market for a provider yourself, the Plan offers a drawdown transfer option with Legal & General called the **L&G Mastertrust Pension Access Scheme**.

- **Annuity** – using your Plan savings, you can buy an annuity (a pension) from an insurance company. This will pay you a guaranteed income for a set period or for the rest of your life. There are lots of different types of annuity and insurance providers, so you should shop around to get the best deal that meets your needs. Once you buy an annuity, you can't change your mind.

  Isio Wealth Planning offers an annuity broker service to help you research the market, or you can use your own independent financial adviser to do this.

- **Cash** – you can take your savings from the Plan as a cash lump sum, but remember this is taxable as only the first 25% is tax free.

- **A combination of these** – you don't have to choose just one of these. A mix of options might suit your circumstances. For example, you might want to use drawdown and cash at the start of your retirement when your expenses might be higher and then later buy an annuity if you no longer want to manage your retirement income yourself.

Everyone's situation and needs are different, so it's important that you consider taking independent financial advice if you need more help with your retirement choices. Details of how to find an independent financial adviser are on page 15.

Plan noticeboard

In the pipeline

If you currently work for Cummins, look out for site visits from the Total Rewards team. We'll be running annual drop-in sessions where you can come along and ask questions about your pension. We'll also help you register for **Manage my pension** via the Plan website and check you have an up-to-date nomination on file.

To find out when the next drop-in session is planned at your site, please contact People Support via Answers on Cummins Connect.

Climate change report

As the Plan's Trustee, we view climate change as a significant factor affecting our investments and therefore your savings.

The Plan's latest Climate change report outlines our activities over 2024, including:

- reviewing our governance on climate-related matters
- comparing the effects of various climate scenarios on our members' assets
- reviewing our investment managers' approaches to managing climate-related risks and opportunities
- analysing our funds' climate metrics to help us assess their management of climate-related risks and opportunities.

The Trustee and its investment consultant, LCP, also continue to monitor the investment managers' progress on climate-related matters and engagement.

If you'd like to know more about our approach to climate-related investment matters, please see the full **Climate change report.**

Running our pension plan

We're currently in the process of selecting a member-nominated director (MND), who is a contributing member of the DC Section, to join the Trustee board. Like all the Trustee directors, our MNDs play an important role in helping to protect members' interests in the Plan. We recently invited contributing members of the Plan to consider putting themselves forward for selection. Interviews with the shortlisted candidates are being held in mid-November by the selection panel, and we'll announce the successful candidate in January 2026.

Cyber security

Cyber-attacks continue to be in the news, with high-profile retailers, Marks & Spencer, the Co-op and Harrods all being targeted earlier this year. As cyber-attacks can affect individuals, companies and even governments, any organisation holding large amounts of personal data can be a target. The Trustee therefore takes cyber security seriously, including it in its risk register and having an incident response plan in place in the event that there is a cyber-attack which affects the Plan.

Pension matters

Inheritance tax changes

The government is proceeding with plans to bring pensions into the scope of inheritance tax. From 6 April 2027, unused pension pots and lump-sum death benefits (with some exceptions such as death-in-service lump sums and spouses' and dependants' pensions) can no longer be automatically passed on tax free to your beneficiaries; instead, they'll be included in the value of your estate – your property, money, possessions, etc. – when working out if any inheritance tax is due.

For many people, the change will have no impact. Inheritance tax won't be due if you leave your entire estate, regardless of its value, to your spouse (or civil partner) in the UK.

Inheritance tax at 40% is due on amounts over a threshold of £325,000 (or £500,000 if you leave your home to a direct descendant). The government has confirmed these levels remain fixed until 2030. The rules are complex and if you're concerned, you should get advice from a tax specialist when making your will.

Normal minimum pension age to rise

The Plan's default target retirement age is your State pension age. If you're thinking about taking your benefits earlier than this, please keep in mind that the government is raising the normal minimum pension age and this may affect your plans. From 6 April 2028, the earliest you can access your pension is going up from age 55 to 57, unless you're in serious ill health or have a lower protected minimum pension age. Please contact the Plan administrator if you think this change might affect your retirement plans.

New government plans to combine small pension pots

If you've got any small pension pots from when you've changed jobs over the years, they may be automatically combined in the future. The government plans to introduce a process that aims to make it easier for savers to keep on top of their pension savings and reduce costs.

According to government figures, there are around 13 million small (under £1,000) pension pots. If you move jobs and are automatically enrolled into a new pension scheme, it's easy to forget about your old scheme and lose touch with it. The plans for combining small pots are in development, so we don't yet have details for how it will work, but we'll keep you updated as more information becomes available.

Pensions dashboards

Work on the government's pensions dashboards programme continues. The UK's pension schemes are connecting to the dashboards' ecosystem in stages, but it won't be until autumn 2026 that all schemes have connected ahead of a public launch at a later date. The aim of the pensions dashboards is to help savers plan for retirement by showing all their pension information from different schemes in one place, including the State pension.

In the meantime, you don't need to do anything or provide any information. Please be aware that scammers may attempt to take advantage of the pensions dashboard project as it gains momentum and greater public awareness. At no point will anyone from a pensions dashboard contact you to ask for confirmation of any of your data.

Stay safe from scams

Pension scammers appear professional, and it's getting harder than ever to spot the difference between something that's genuine and something that's a scam. Here's a checklist you can use to help stay safe from scammers:

1. **Is the offer unexpected?**
Cold-calling about pensions is illegal, so legitimate pension providers won't contact you out of the blue. Be wary of 'free pension review' offers and promises of high or guaranteed returns.

2. **Have you checked who you're dealing with?**
The Financial Conduct Authority (FCA) has a **Financial Services Register** that you can check on its website. Use it to make sure anyone offering you advice or services is authorised to do so. Double check the contact details you've been given match those on the register.

3. **Stop and think – are you being rushed or pressured?**
Pressure to act quickly is a warning sign. Take your time to make all the checks you need – if it sounds too good to be true, it probably is.

4. **Should you get impartial advice or guidance?**
MoneyHelper provides free and impartial information and guidance online, over the phone or via webchat.

Read the **Steps to stay scam safe** leaflet.

Running the Plan

The Plan is looked after by a Trustee board.

Your current Trustee directors

Connor Redden*

Ian Smith*

James Guyett*

Julian Rose

Lisa Thornton

Martin Bruniges*

Natalie Morton

Nichola Moore, Chair

Stephen Coughlan

Steve Seslar

Stuart Stubbings*

***Member-nominated director (MND)**

Sub-committees

The Trustee has four sub-committees focusing on the key areas of communications, discretions, governance and investment.

- **Communications sub-committee (CSC):** works to provide clear, engaging pensions information to members.
- **Discretions sub-committee (DSC):** reviews and decides, on behalf of the Trustee, how to pay death benefits from the Plan in accordance with the Plan rules.
- **Governance sub-committee (GSC):** ensures that the Trustee's processes and providers comply with the Pensions Regulator's expectations, legal requirements and good business practice.
- **Investment sub-committee (ISC):** makes recommendations to the Trustee on strategic investment issues and reviews the providers we use to help us with this.

Useful links

Feeling puzzled about pensions? There's lots to know, so if you're looking for more information and guidance, the following organisations have useful websites.

Guidance about money and pensions

MoneyHelper is the government's free financial information and guidance service, offering trusted help for your money and pension choices. With clear and impartial help that's easy to find and use, MoneyHelper also provides links to trusted services if you need more support.

Find out about your State pension

When you're planning your retirement, it's good to have a clear idea about how much State pension you'll get and when you can claim it. You can check your **State pension age** online as well as get a **State pension forecast**.

Need a financial adviser?

The **Unbiased** and **VouchedFor** websites are useful if you're looking to find a regulated financial adviser in your area.

Check who you're dealing with

The **Financial Conduct Authority** (FCA) regulates financial markets and companies providing financial services in the UK. You can use its register to check that the company or adviser you're dealing with is listed and authorised to provide specific financial services.

Get in touch

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

Email us
cummins.helpdesk@isio.com

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Blyth NE24 9DY

Plan website
www.cumminsukpensions.co.uk

Remember to let us know!

Please make sure you update your details online if you change your address or any other personal details. If you currently work for Cummins, please use MyHR.

Pension news is available in large print on request.