

Cummins UK Pension Plan

Pension news

For pensioner members

Autumn 2025

Welcome

Welcome to the autumn issue of *Pension news*, the newsletter for pensioner members of the Cummins UK Pension Plan.

You can read an overview of the **Plan's finances** for the year which has been taken from the Trustee's formal report and accounts. This is followed by the latest **summary funding statement** that includes an update from the Plan actuary, looking at the Plan's funding position as at 1 January 2025.

You'll find the **pension pay dates** for the year ahead along with other key updates from the Plan. There's also a round-up of news that may affect you as a pensioner in ***Wellbeing matters*** including more about the government's plans to bring pension benefits into the scope of inheritance tax and the return of the winter fuel payment for this winter.

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

Plan noticeboard	4
Wellbeing matters	6
Accounts and amounts	8
Summary funding statement	10
Running the Plan	14
Useful links	15
Get in touch	16

Plan noticeboard

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 2024 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 an active 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. 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 pay dates

Thursday 30 October 2025
Thursday 27 November 2025
Tuesday 30 December 2025
Thursday 29 January 2026
Thursday 26 February 2026
Monday 30 March 2026
Wednesday 29 April 2026
Thursday 28 May 2026
Monday 29 June 2026
Thursday 30 July 2026
Friday 28 August 2026
Tuesday 29 September 2026

Wellbeing 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.

Winter fuel payment

This winter, State pensioners will receive up to £300 to help with heating bills. Last year, the payment was only made to State pensioners who were claiming pension credit. However, the payment is being restored to most pensioners who received it previously.

Around nine million pensioners in England and Wales will benefit. If your income is below £35,000, the payment of £200 per household, or £300 per household where there is someone over 80, will be made between November and December. In Scotland, a similar benefit called the Pension Age Winter Heating Payment will be paid. If you're eligible for the payment, you don't need to do anything as it will be paid into your bank account automatically.

Scam warning

The Department for Work and Pensions (DWP) has urged people to be wary of scams pretending to offer financial support from the government. The latest scam text invites you to apply for an 'energy support scheme' to help with the high cost of gas and electricity. Please note that there is no scheme with this name offered by the DWP. If you need help with energy bills, please check the **government website**.

Are you missing out on some State pension?

Almost 200,000 people could be missing out on their full State pension entitlement as a result of errors in their National Insurance records, as the DWP admits it's struggling to reunite most of these people with their money. The error relates to Home Responsibilities Protection (HRP), which was available between 1978 and 2010 for people getting child benefit or with caring responsibilities. If you think this affects you, you can retrospectively **apply for HRP**.

Accounts and amounts

The year at a glance...

As at 31 December, the Plan was worth

£872m

The Plan paid benefits to members worth

£61.7m

Who's in the Plan?

2025

399 Active members

1,033 Deferred members

4,308 Pensioners

5,740 Total members

2024

448 Active members

1,136 Deferred members

4,323 Pensioners

5,907 Total members

Financial highlights

	2024 £'000	2023 £'000
Plan value at the start of the year	**1,010,067**	1,045,505
Money in less money out	**(31,810)**	44,683
Change in market value	**(106,206)**	(80,121)
Plan value at the end of the year	**872,051**	1,010,067

Money in

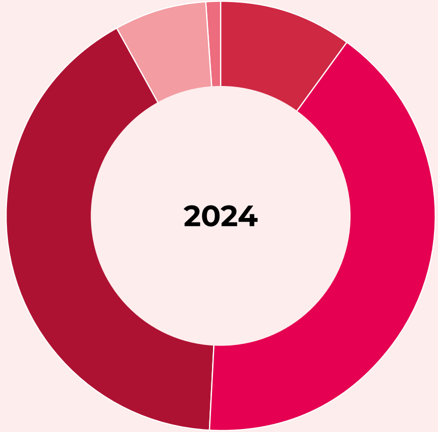
	2024 £'000	2023 £'000
Contributions	4,486	68,822
Transfers and other income	361	568
Investment income	29,550	28,740
Total	**34,397**	**98,130**

Money out

	2024 £'000	2023 £'000
Benefits paid to members	(50,689)	(37,746)
Payments to leavers	(11,041)	(10,623)
Transfers out	(994)	(1,102)
Administration expenses	(2,947)	(3,753)
Transfers with DC Section	(536)	(223)
Total	**(66,207)**	**(53,447)**

Where are the assets invested?

The chart shows how the Plan's assets were allocated as at 31 December 2024.



	2024	2023
Private equity	10%	9%
Fixed income	41%	44%
Liability matching	41%	38%
Alternatives	7%	7%
Cash	1%	2%

Summary funding statement

This statement explains the funding that supports your benefits in the DB Section of the Plan. It tells you about the longer-term outlook for the DB Section and the substantial financial support the Company provides.

Actuarial valuation as at 1 January 2024

A full valuation of the Plan is usually carried out every three years, with annual updates being completed in the intervening years. The valuation compares the value of the Plan's assets with the amount of money that's expected to be needed to provide members' benefits.

Any shortfall between the amount held and that which is needed is then met by the payment of extra contributions from the Company.

The table shows the results of the most recent formal valuation of the Plan as at 1 January 2024 and the annual update as at 1 January 2025.

Money in

Update 1 January 2025

£835.4m
Value of assets*

£829.3m
Amount needed to provide benefits (liabilities)

£6.1m
Surplus

101%
Funding level

Valuation 1 January 2024

£959.3m
Value of assets*

£921.2m
Amount needed to provide benefits (liabilities)

£38.1m
Surplus

104%
Funding level

*Excludes additional voluntary contributions and DC Section assets.

How has the position changed?

The funding position has declined over the year to 1 January 2025 because of changes in membership, including active members accruing additional DB benefits. Both the assets and liabilities reduced during this period, mainly due to the rise in government bond yields. However, the fall in the Plan's assets for this reason was similar to the fall in the liabilities.

Shortfall contributions

As there was no shortfall at the valuation date, shortfall contributions from the Company are not currently required.

How is my pension paid for?

The Company pays regular contributions into the Plan, in line with the Schedule of Contributions, to meet the cost of pensions and other benefits that will become due in the future – for example, as and when people retire. Active members are also required to contribute to the cost of their benefits by making contributions. The money paid into the DB Section is held in a common fund, rather than in individual accounts for each DB member, which the Trustee manages on behalf of all the DB members.

How do you work out how much the Plan needs?

The Trustee obtains regular formal valuations of the Plan to estimate the value of the benefits that members have earned up to the date of the valuation. Using this information, the Trustee comes to an agreement with the Company on the levels of contributions that need to be paid to help ensure that the Plan has enough funds available to pay the benefits promised to members when they are due.

Importance of the Company's support

One of the Trustee's main objectives is to have enough money in the Plan to pay pensions both now and in the future. However, the success of the Plan relies on the support of the Company because:

- the Company will be paying the future cost of running the Plan on an annual basis
- the funding level can fluctuate and at times when there's a shortfall of assets, the Company will usually be required to pay more into the Plan
- the target funding level may not turn out to be enough, so the Company may need to put more money into the Plan.

Company contributions in respect of future accrual

The Company is paying contributions to the Plan from 1 January 2025 onwards to cover the cost of future benefit accrual, ongoing running costs of the Plan and the cost of PPF levies. These are in addition to the amounts that the Company already pays, which include life assurance premiums. The contributions will be reviewed at the next full actuarial valuation, which must take place no later than 1 January 2027.

Payments to the Company

In accordance with legal requirements, 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 used any of its powers in relation to the funding of the Plan or the benefits provided by it.

What would happen if the Plan was wound up?

Please note that we've included this information because we're required to do so by law – it shouldn't in any way be taken to imply that the Company is intending to wind up the Plan. It's both the Trustee's and the Company's intention that the Plan should be continued on an ongoing basis, with pensions being paid in full to members as and when they reach retirement. In the unlikely event that the Plan was wound up, benefits would be secured by buying insurance policies with an insurance company.

The solvency position

The valuation at 1 January 2024 also looked at the position of the Plan if it had been wound up and the benefits secured by buying annuity policies with insurance companies. If this were to be the case, the estimated shortfall at that date was around £67m. This was reassessed at 1 January 2025, resulting in a broadly similar shortfall of £68m. This shortfall reflects the fact that insurers are obliged to take a more cautious view of the future and need to make a profit.

There's also a safety net that provides some level of compensation for members who are in the unfortunate position of being in a pension scheme that's being wound up with insufficient assets. Very broadly, the safety net, which is known as the Pension Protection Fund (PPF), provides members who haven't yet retired with 90% of their expected benefits 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 are likely to have covered the PPF liabilities as at 1 January 2025 but were less than the estimated cost of securing benefits with an insurer, the Plan would probably not have qualified for entry into the PPF had the Company become insolvent at that date. In this case, members would have received more than the PPF level of benefits. Further information and guidance are available at **www.ppf.co.uk**

Running the Plan

The Plan is looked after by a Trustee board.

Your current Trustee directors

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 finances, 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.

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Remember to let us know!

Please make sure you update your details online if you change your address or any other personal details.

Pension news is available in large print on request.