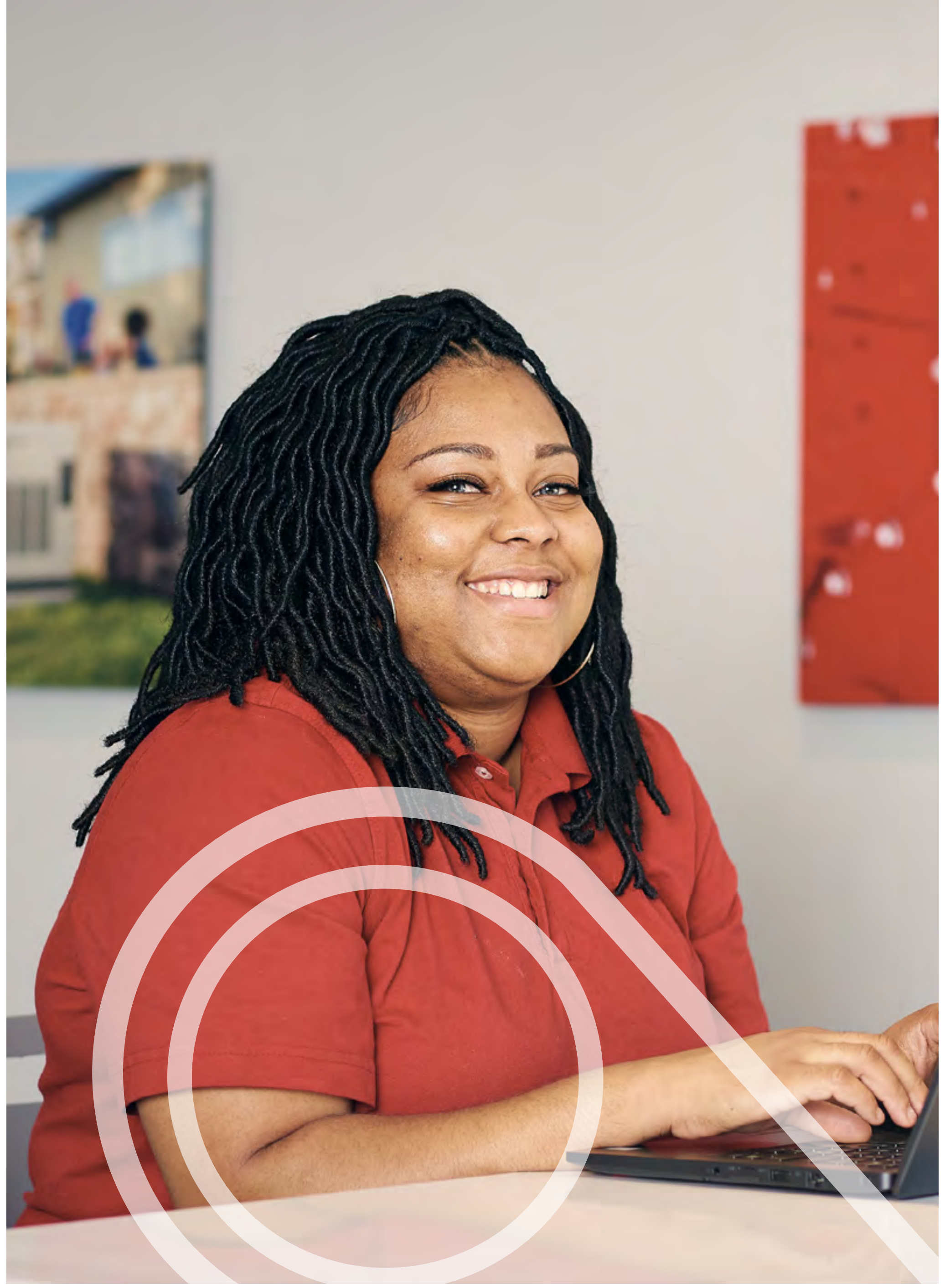


Cummins UK Pension Plan

April 2025

Member guide

Defined contribution (DC) Section

In this guide

Hello

Save

Invest

Retire

When things change

Useful information

5 things to do today

Contact us

Hello

Welcome to the Cummins UK Pension Plan. It's never been more important to save for the future, and being in the Plan is a great start. Together, you and Cummins will build up a pot of retirement savings so that you can look forward to your future, helping to make the money you save today last a lifetime.

How it works

The DC Section is a defined contribution pension arrangement. While you're working for Cummins, you and the Company pay regular contributions into a personal account in your name. This is called your pension fund.

The money in your pension fund is invested to help it grow. When you're ready to take your benefits, you can use your pension fund to provide a retirement income in a way that's right for you.

The amount of pension you'll get when you retire depends on:

- how much has been paid into your pension fund in contributions
- how your investments have performed
- your choices at retirement.

Register for *Manage my pension*

You can manage your pension fund online using *Manage my pension*, which you can access via the Plan website at **www.cumminsukpensions.co.uk**. Make sure you register for online access as soon as you get your personal login and registration details from Isio, the Plan administrator.

Save

Paying contributions

You and Cummins pay monthly contributions based on a percentage of your pensionable pay. When you're enrolled into the Plan, you automatically pay contributions of 7%, which means you benefit from the maximum Company contribution of 9% straightaway.

You pay	Cummins pays	Total
7%	9%	16%

You don't have to pay 7% if you don't want to, but the minimum you must contribute is 3% of your pensionable pay and Cummins will pay 5%. These basic contributions can't be changed.

If you'd like to save more than the basic amount, you can choose to pay saver contributions up to a further 4% of your pensionable pay. Saver contributions can be changed and are matched by Cummins. You can increase or reduce your saver contributions and the Company's saver contributions will change accordingly.

	You pay	Cummins pays	Total paid into your account
Basic contributions	3%	5%	8%
	plus		
Saver contributions	+1%	+1%	10%
	+2%	+2%	12%
	+3%	+3%	14%
	+4%	+4%	16%

Additional voluntary contributions

If you'd like to save more than the maximum saver contributions, you can pay additional voluntary contributions (AVCs). These are invested in the same way as your other contributions. However, unlike basic and saver contributions, the Company doesn't match any AVCs you pay.

How can I change my contributions?

It's really easy to change your contribution rate. Simply log in to your account using *Manage my pension* via the **Plan website**. If you change your contributions before the 15th of the month, this will take effect from that current month's pay.

Paying the SMART way

Saving into the Plan costs you less than you think. When you're enrolled into the Plan, you automatically pay your contributions using SMART. This is a salary sacrifice arrangement which stands for 'save money and reduce tax'. For a basic-rate taxpayer, the cost of contributing £1 to your pension comes down to 72p.

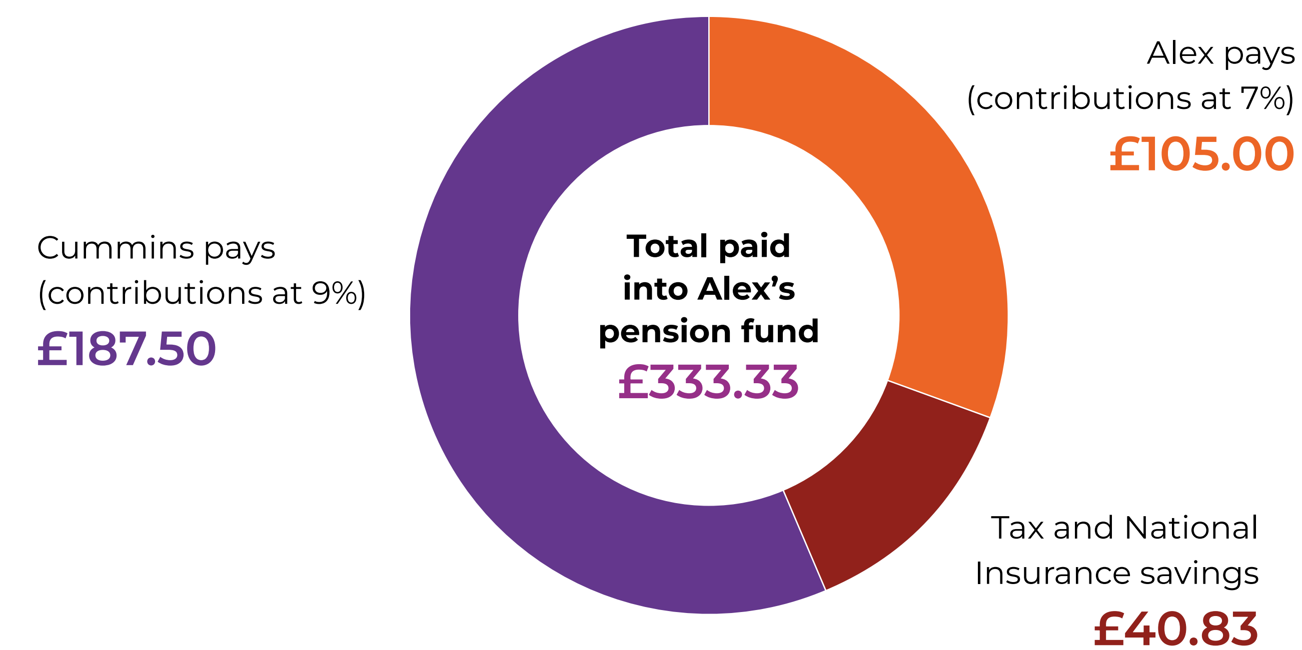
You can't participate in SMART if the salary sacrifice would result in reducing your salary to below the National Minimum Wage (or National Living Wage if you're over 25). It's also not possible to sacrifice statutory pay, for example on maternity, paternity, adoption or sick leave.

If you have any questions about SMART contributions, please contact **Isio**.

Example

Alex earns £25,000 and contributes 7%, which is £145.83 a month. However, with tax relief and National Insurance savings, the amount Alex actually pays is just £102.08.

Here's how Alex's monthly contributions stack up:



By getting the maximum matched contributions from Cummins, Alex saves a total of £333.33 but only pays £105.00 each month.

Are there any limits on how much I can contribute?

Yes, the government restricts the amount of tax relief on pension savings with the annual allowance (AA):

Annual allowance

The AA is the tax-free amount of money you can put into a pension scheme each year. The standard AA is currently £60,000, including employer's contributions. However, if you have a high income of £200,000 or more, with an adjusted income of over £260,000, the tapered annual allowance may apply to you, and your AA may be reduced to as low as £10,000.

You can find out more about the AA at **www.gov.uk/tax-on-your-private-pension**

Invest

Putting your money to work

Your investment choices have a big impact on how much your pension fund will be worth when you retire – and therefore how much pension income you can expect.

The lifestyle option

When you join the Plan, your money is automatically invested in the continued growth lifestyle option. This is the default investment strategy which is used by the majority of members.

A Shariah lifestyle option is also available, giving you the choice to invest on a Shariah-compliant basis, if you wish to.

What does lifestyling do?

When you're a long way from retirement, your pension fund is invested in funds which aim to maximise investment growth. Then, in the years as you get closer to your target retirement age, your money is automatically and gradually switched from growth investments (equities, also called shares) into investments like bonds and cash. This aims to protect the value of your pension fund when you're close to retirement.

The self-select option

As an alternative to the lifestyle option, you may prefer to make your own investment choices using the range of 12 self-select funds. These are suitable if you have the time and knowledge to manage your own investments. You can make changes to your investments at any time by logging in to your personal account using *Manage my pension* on the **Plan website**.

You can read more about all your investment options in our **investment guide**.

How do I know how much is in my pension fund?

Log in to your account using *Manage my pension* on the **Plan website** to find the most up-to-date fund balance.

Every year, we'll also send you a benefit statement, which shows:

- the value of your pension fund
- the amount that's been paid into your account during the year by you and by Cummins
- the investment returns during the year
- an illustration of how much income you could expect if you buy an annuity (a pension) at retirement.

If you leave the Company, we'll continue to send you a benefit statement every year until you either transfer your benefits to another pension arrangement or you retire and start taking your benefits. Please make sure you remember to tell **Isio, the Plan administrator**, if you change your address after leaving Cummins.

Can I withdraw money from my pension fund?

You can't take money from your account until you reach the minimum pension age of 55 (rising to age 57 in 2028), unless you're retiring because of ill health.

However, you can transfer your pension fund to another registered pension arrangement (for example, a new employer's pension scheme), if you wish.

Your target retirement age

It's really important to choose a target retirement age if you're using the lifestyle option because the switching process begins based on when you plan to retire. If you don't select a target retirement age, we'll assume that it's your State pension age. You can change your target retirement age at any time by logging in to your personal account using *Manage my pension* via the **Plan website**.

If you've left your target retirement age at State pension age, but you're actually hoping to retire earlier, it could mean that your pension fund is still invested in a growth fund too close to your retirement. If there's a sudden downturn in the financial markets, your retirement savings might not have enough time to recover.

Similarly, if you've chosen an earlier retirement age, say 55, but find you want to continue working a bit longer, your investments will have started switching away from growth assets into investments like bonds and cash too soon and you might miss out on some investment growth.

- Go to the **Plan website** and log in via *Manage my pension*
- Select *View account* from the drop-down list
- Scroll down to *Select the age you plan to retire at* and click *edit*
- Choose a target retirement age and *submit*.

Retire

Your choices at retirement

The Plan's default target retirement age is the same as your State pension age (66, 67 or 68, depending on when you were born), although you can decide to take your benefits at any age between 55 (rising to age 57 in 2028) and 75. There's lots of flexibility in how you take your savings.

When you retire, you can take up to 25% of your pension fund as a tax-free cash lump sum (currently capped at £268,275), if you wish to. You can then use the remainder to provide a taxable retirement income in the way that's right for you.

Lump sum limits

The government imposes a limit, called the lump sum allowance (LSA), on the amount of retirement savings that you can take as a tax-free lump sum. It's currently £268,275, unless you've previously applied to HMRC for lifetime allowance protection.

When calculating your available LSA, you need to deduct any tax-free cash you've already received from other pension arrangements. This includes pension commencement lump sums as well as uncrystallised funds pension lump sums.

Flexible income drawdown

You transfer your pension fund to the Legal & General Master trust or an alternative drawdown provider of your choice, where you keep your savings invested but can take out money as and when you want to. There are many different drawdown providers, and you should compare their services to find one that's best for you.

You'll need to plan carefully to make sure you don't run out of money in retirement, but any money that's left in your drawdown arrangement after you die can be passed on to your beneficiaries, normally free of tax.

Annuity

You use your pension fund to buy an annuity (a pension) from an insurance company of your choice. This is a type of insurance policy that pays you a guaranteed income for the rest of your life. You can get different types of annuity, and you can shop around for the best deal, like you would with your car or home insurance. Once you've bought an annuity, you can't change your mind.

Cash

You can take all of your pension fund as a one-off cash lump sum. Remember, only the first 25% (capped at £268,275) is available to you tax free, and you'll pay tax on the remaining amount. This is the only option that can be paid directly from the Plan.

A combination of these options

You don't have to choose just one option but can mix and match them to 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, but then later buy an annuity, if you no longer want to manage your retirement income yourself. It's completely flexible and up to you.

When things change

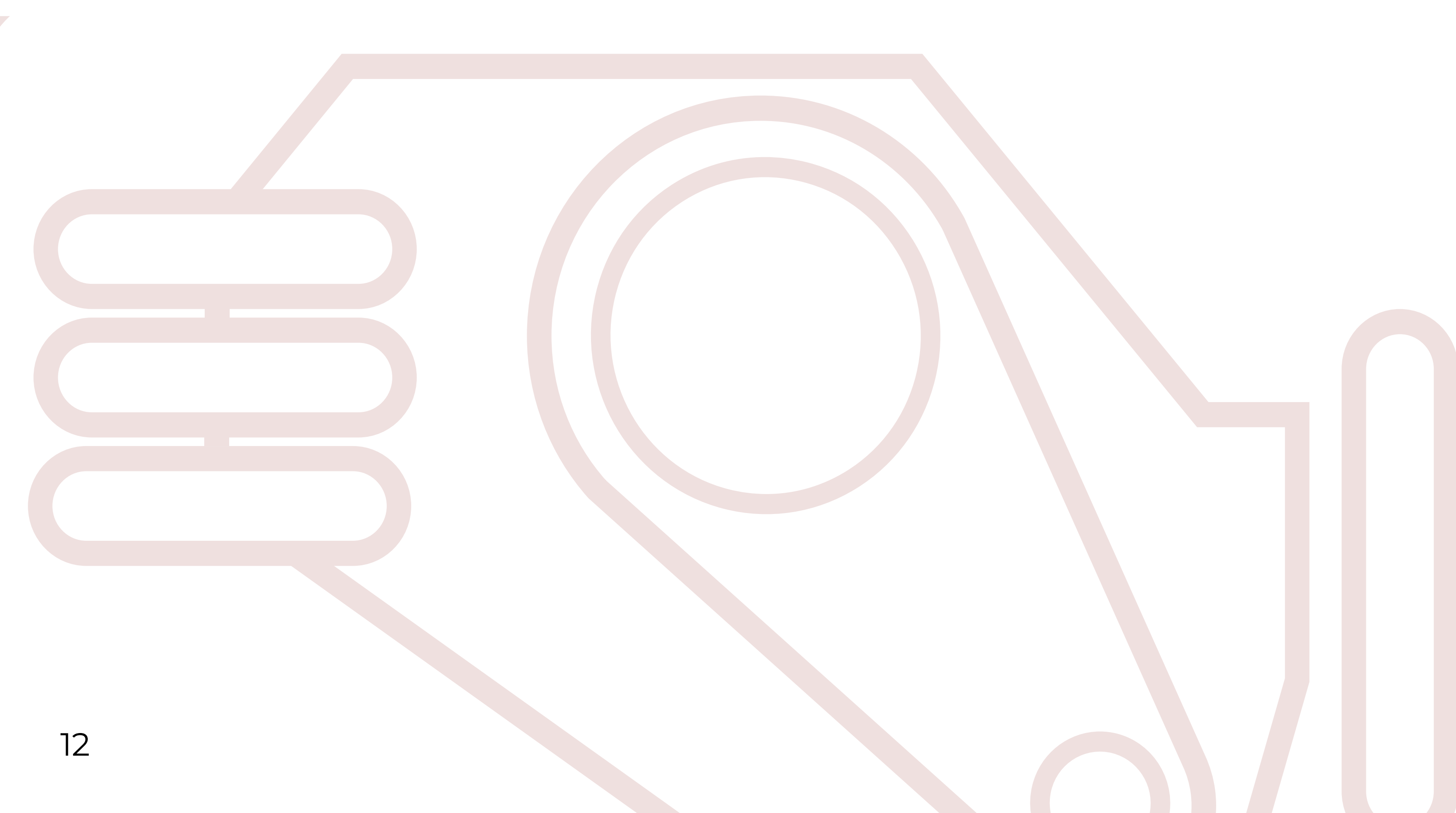
Leaving the Plan

If you leave Cummins, no further contributions are paid into your pension fund.

If you're under age 55 (age 57 from 2028), your pension fund will remain invested, and you'll become a deferred member of the Plan until you either:

- retire and draw your benefits
- transfer your benefits out of the Plan to another pension arrangement.

If you leave the Plan, you might be able to transfer your pension fund to your new employer's pension scheme or to another personal pension you have.



Opting out

Although being a member of the Plan isn't compulsory, please think carefully before choosing to opt out. As a member of the Plan, you benefit from:

- valuable pension contributions from Cummins worth up to 9% of your salary
- tax-free pension contributions, which mean saving costs you less than you think
- life assurance cover of five times your annual salary (non-members are only covered for one year's salary).

When you're automatically enrolled into the Plan, you have 30 days from receipt of your joining notification to opt out and get a refund of any contributions you've paid.

If you opt out after 30 days of joining, you'll stop paying contributions, but any contributions you've already paid won't be refunded. They'll remain invested in the Plan for you until you either transfer them to an alternative pension arrangement or retire.

Remember, if you opt out, life assurance cover reduces to one year's annual salary rather than five times your salary.

Rejoining the Plan

If you've opted out and want to rejoin, you can do so by visiting the **Plan website** and selecting *Manage my pension* to log in to your account.

Taking maternity/adoption leave

You can continue to pay contributions while on the Company's enhanced maternity/adoption leave, where you'll receive full pay for six months. After six months, you'll receive statutory maternity pay and the Company will pay both the employee and employer contributions on your behalf, based on your pre-maternity/adoption leave pay.

If you take more than 12 months maternity/adoption leave, contributions will cease until you return to work.

Am I entitled to other family-related leave?

Most employees have certain family leave rights. Both you and your employer will continue to pay contributions during this period, based on the pay you actually receive.

You can take parental leave, whether you're male or female, if you've been employed by the Company for at least one year. Parental leave is unpaid, so neither you nor your employer will pay any pension contributions during this time.

For further details of how family leave affects your DC pension, please contact your local line HR department.

Retiring because of ill health

Your pension benefits can be paid as a tax-free lump sum (subject to taxation limits) if you have a life expectancy of less than 12 months. Medical evidence will be required, and the lump sum payment will need be referred to the Plan Trustee for approval. There's no minimum age for a serious ill health lump sum payment.

Death benefits

If you die before you take your Plan savings, your pension fund will be paid to your beneficiaries as a lump sum*, normally tax free.

If you're an active member of the Plan and you die while you work for Cummins, your beneficiaries will also receive a tax-free lump sum of five times your basic annual salary. If you've opted out of the Plan, this benefit is reduced to one year's salary.

*The lump sum and death benefit allowance (LSDBA) limits the lump sums that can be paid to you (or in respect of you) from all registered pension schemes to £1,073,100 (unless you have a lifetime allowance protection). When working out the available LSDBA, you need to deduct certain lump sums that were received before April 2024.

Nominate a beneficiary

The Trustee determines who receives any benefits that are due if you die. This means that the benefit doesn't form part of your estate and so is not subject to inheritance tax.

Remember to complete a nomination form by logging in to your account using *Manage my pension* on the **Plan website** to let the Trustee know who you'd like to receive any lump sum benefit. You can update your beneficiaries at any time, and we recommend you review your nomination at least every two years.

Useful information

Neither the Trustee nor the Company can give you financial advice about your pension. If you'd like further information and guidance, you may find the following organisations useful:

MoneyHelper

This is the government's financial information and guidance service. Offering free, trusted help for your money and pension choices, it's available online or over the phone and includes pointers to trusted services if you need more support. Go to **www.moneyhelper.org.uk**

Understanding your options

When you're thinking about your retirement choices, specialist support, provided by Isio Wealth Planning, is available to you. It offers financial guidance about all your options, tailored to your circumstances, including buying an annuity, moving into flexible income drawdown or taking cash. You can have one general guidance session paid for by Cummins, which you can use at any time from the age of 50.

However, if you want any subsequent guidance sessions, or detailed financial advice which includes recommendations about what you should do and help to research the market to find a suitable annuity or drawdown provider, there would be a charge.

Call **0203 372 2114** or email **cumminsadvice@isio.com**

Finding a financial adviser

To find an independent financial adviser in your local area, go to **www.unbiased.co.uk** or **www.vouchedfor.co.uk**

What if I have a complaint?

If you have any issues that can't be resolved by Isio, the Plan administrator, the Plan has an internal dispute resolution procedure (IDRP) that you can follow. Please ask **Isio** for more details.

If you're not satisfied with the outcome of the IDRP, you can contact the **Pensions Ombudsman**.

The **Pensions Regulator** protects members of workplace pension schemes.

5 things to do today

As a member of the Plan, making changes and keeping your account up to date is easy online. Please make sure you've completed the following:

- [ ] **Register for online access**
View and keep track of your pension fund via *Manage my pension* on the **Plan website**. Isio, the Plan administrator, will send you initial registration details. If you haven't received these, please **contact us**.

- [ ] **Complete a nomination form**
Make sure you tell the Trustee who you'd like them to consider paying your benefits to in the event of your death. As an active member, this relates to your pension fund savings as well as life assurance cover of five times your annual salary.

- [ ] **Check your contribution rate**
Maximise the contributions from Cummins by paying saver contributions, or start paying additional voluntary contributions (AVCs).

- [ ] **Select your target retirement age**
Even if retirement is a long way off, please make sure you choose a target retirement age. This is important if you're using the Plan's lifestyle investment strategy, where your investments are managed for you.

- [ ] **Choose how to invest your contributions**
Whether you want to be 'hands on' with your investments or not worry about day-to-day investment decisions, there's an investment option in the Plan for you. Use the Plan's default lifestyle investment option, which manages your investments automatically, or pick your own investments from the range of self-select funds.

You can manage your retirement savings in the Plan and make changes at any time by logging in to your account via *Manage my pension* on the **Plan website**.

Contact us

If you have any questions about the Plan or your benefits, please contact Isio, the Plan administrator.

Call:
0800 122 3266
+44 203 3722 113 (from overseas)

Email:
cummins.helpdesk@isio.com

Write to:
Cummins UK Pension Plan
Isio
PO Box 108
Blyth NE24 9DY

Plan website:
www.cumminsukpensions.co.uk

The benefits outlined in this guide are governed by the Plan's trust deed and rules. If there is any discrepancy between this guide and the trust deed and rules, the trust deed and rules will prevail.