

ENGINEERING YOUR FUTURE

The newsletter for members of the Caterpillar Defined Contribution Pension Plan

2019



CATERPILLAR[®]

CATERPILLAR DC PLAN



A NEW ERA IN PENSIONS ADMINISTRATION

I'm delighted to confirm that the change in Plan administrator, from Capita to Mercer, proceeded smoothly in October last year, with no disruption to the day-to-day running of the DC Plan.

Everyone should have received an introductory letter from Mercer with their new contact details, followed by another letter giving personal login details to Mercer's secure website, OneView. Turn to page 5 to find out more about OneView and how you can manage your pension online, whenever you want.

If you're an active member, you can log in to OneView using your CWS ID, so you don't have to remember another password. If you're accessing it from home you'll have to register for OneView and set up a secure password. You can access OneView through the general Caterpillar pensions website (www.mycatpension.co.uk), which has also received a facelift to make it easier for you to find information about the DC Plan. The revamped website also has some new videos which you might find useful to watch, including one about increasing your contributions.

New government regulations mean we have updated this year's Chair's Statement to include transaction costs. The article on page 6 explains this and we have also published the details on the pensions website: www.mycatpension.co.uk (go to the library) or you can read the highlights in the enclosed infographic.

I hope you enjoy reading this newsletter. Please let us know if there is anything you would like to see covered in a future issue.

Anna Lee
Chair of Trustees



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MERCER TAKES OVER DC ADMINISTRATION

Mercer Limited became the new administrator for the Caterpillar DC Pension Plan on 15 October 2018, after a competitive tender process in which the Trustee interviewed several pension administrators.

A key factor in selecting Mercer was the strength of their quality management system which underpins the administration service. The Trustee was also impressed with the functionality of their secure online system, OneView, and the variety of online tools that members can use to plan ahead for their retirement.

If you have any questions about your benefits in the DC Plan, you can contact Mercer in one of three ways:

Telephone: 0344 854 3338 (8.30am to 5.30pm, Monday to Friday except on public holidays)

In writing: Caterpillar Defined Contribution Pension Plan,
Mercer Limited, PO BOX 434, Westgate House, 52 Westgate,
Chichester PO19 3ZU

Email: caterpillardc.pensions@mercer.com

Whichever way you choose to contact Mercer, you will need to provide the following pieces of information to verify your identity for security and data protection purposes:

- Full name
- Address, including postcode
- Date of birth
- Employee number or National Insurance number

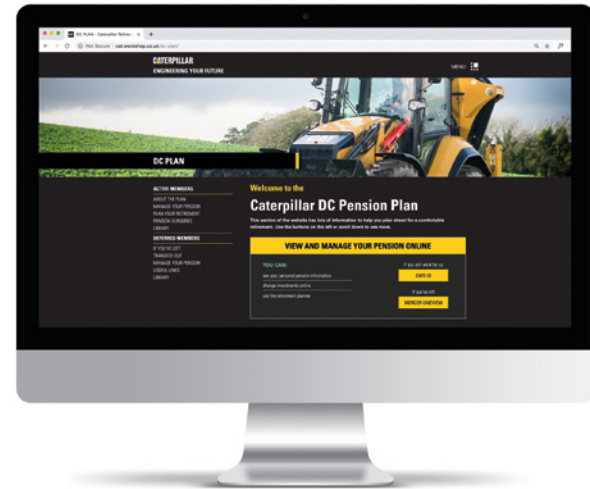
TAKE A LOOK AT MERCER ONEVIEW, YOUR MEMBER WEBSITE

One of the benefits of having Mercer as our Plan administrator is that you will be able to use their secure online system, Mercer OneView, to keep track of your retirement savings.

You can log into OneView through www.mycatpension.co.uk using your CWS ID, whether you're at work or at home.

Here's what you can do through OneView:

- Check how much money is in your account
- Find out where your account is invested and make changes if you want
- Change your assumed retirement age
- Update your beneficiary nomination details, to tell the Trustee how you would like them to consider payment of any death benefits
- Use OneView's retirement planning tools to explore your options



PLAN NOTICEBOARD

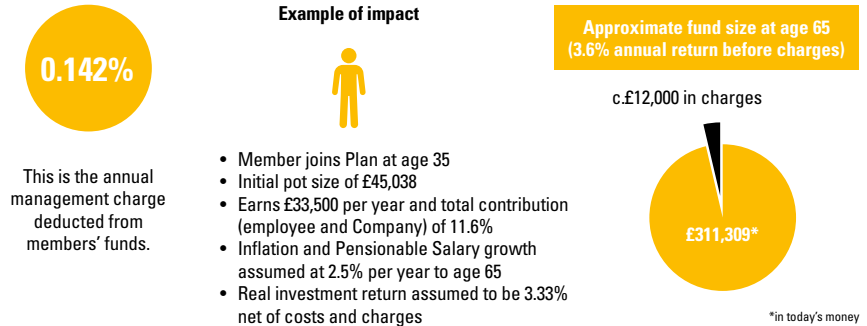
The impact of investment charges over a lifetime of saving

The level of charges has an impact on investment returns and it's important to understand how they build up over time. This year, for the first time, the Chair's Statement provides an important addition: a section that illustrates the impact of charges.

It includes a variety of examples (like the one shown here) of members investing in the default investment strategy and also each alternative fund option. It sets out how the charges would affect the value of these members' accumulated retirement savings over their lifetime.

IMPACT OF COSTS AND CHARGES

The Trustee is now required to show the impact of costs and charges on a member's pension savings. An example of the impact for a member invested in the Long Term Growth Fund (the default arrangement's growth phase) is shown below. Further illustrations can be found in the full Chair's Statement, which is available on the pensions website www.mycatpension.co.uk



It's important to note that the Trustee regularly examines the charges and costs paid by members and formally assesses them on an annual basis as part of their value for members work. Furthermore, the Plan's size and status helps in negotiating fund charges that are far lower than those of most pension plans.

The enclosed infographic provides highlights from the Chair's Statement but you can also view the full Statement online at www.mycatpension.co.uk

THE TRUSTEE BOARD

The DC Plan is run by a Board of Directors which includes four Company-appointed Trustee Directors and four member-nominated Trustee Directors. You can find out more about each of the Trustees on the member website.

There was one change to the Trustee Board during the year to 30 September 2018.

Company-appointed Trustee Directors

Barbara Henry

Adam Lambert

Robin Woodward

Daryl Steele – appointed 14 March 2018

Member-nominated Trustee Directors (MNDs)

Paresh Desai

Adrian Forrester

Anna Lee – appointed Chair of Trustees

Nick Morgan

Running a pension scheme is no easy task, and it involves many different areas that require specialist expertise – investment, administration, legal, regulatory, to name just a few. The advisers to the Trustee Directors are experts in their field and help to make sure the Plan is run in compliance with legal and regulatory requirements:

Administrator	Mercer Limited (from October 2018)
Auditor	PricewaterhouseCoopers LLP
Legal adviser	Slaughter and May
Investment adviser	Mercer Limited
Bankers	HSBC plc Royal Bank of Scotland
Investment manager	Legal & General Investment Management

THE PLAN IN NUMBERS

At 30 September 2018, the Caterpillar DC Pension Plan was worth £442 million – an increase of around £53 million over the previous year.

DC Plan at the start of the year	£388,956,000
IN Total income	£41,557,000
OUT Total expenditure	£20,119,000
+ Increase in market value of investments	£31,219,000
DC Plan at the end of the year	£441,613,000

IN

Company contributions	£30,273,000
Member contributions	£6,831,000
Payments from insurance companies	£741,000
Administration charge to the business	£3,331,000
Transfers in from other plans	£369,000
Investment income	£12,000

OUT

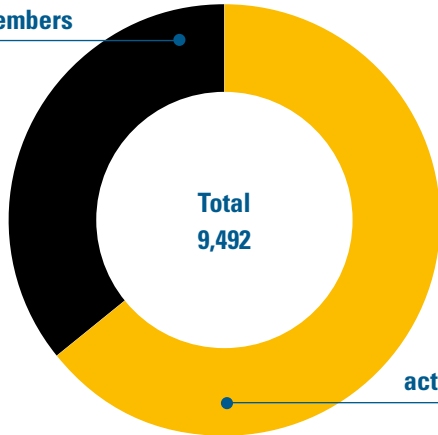
Annuities bought	£1,097,000
Lump sums at retirement	£507,000
Death benefits	£1,128,000
Refunds to leavers	£456,000
Transfers to other plans	£13,646,000
Investment management costs	£651,000
Administration expenses	£828,000
Payments to insurance companies	£1,806,000

These figures are taken from the Plan's formal annual report, which is audited by PricewaterhouseCoopers LLP to ensure it gives a fair and true reflection of the Plan's financial position. Previous years' reports are available from the Pensions Team.

WHO'S IN THE PLAN?

Plan membership increased by over 500 during 2018.

3,378
deferred members



6,114
active members



PENSIONS NEWS

Pensions tax allowances – an update

The Lifetime Allowance (LTA) is the maximum amount of pension savings you can have at retirement from all pension schemes without incurring an additional tax charge.

Between April 2016 and April 2018, the LTA had been fixed at £1 million. However, since April 2018, the LTA has increased annually in line with inflation, as measured by the Consumer Prices Index. On 6 April 2019, it increased from £1,030,000 to £1,055,000.

The Money Purchase Annual Allowance (MPAA), which is a limit on the tax-relieved pension savings you can make if you have withdrawn any pension benefits flexibly, remains set at £4,000.

There has also been no change to the Annual Allowance (AA) – both the ‘standard’ AA and the ‘tapered’ AA, which were covered in more detail in last year’s newsletter.

Remember, the rules on how much you can save into a pension in a tax-efficient way have become very complex, so if you think you might be affected, please take independent financial advice.

To find out more about pensions tax allowances, go to:
www.gov.uk/tax-on-your-private-pension

For more specific guidance on the Tapered Annual Allowance, go to: www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance

You can find a local independent financial adviser through the unbiased website: www.unbiased.co.uk

TPAS dispute resolution moved to Pensions Ombudsman

The Pensions Advisory Service’s (TPAS) dispute resolution function has moved to the Pensions Ombudsman. The transfer aims to ensure a smoother customer journey and improved complaints handling.
www.pensions-ombudsman.org.uk

Money and Pensions Service

The Pensions Advisory Service (TPAS) has merged with two other government services, Pension Wise and the Money Advice Service, into a new Single Financial Guidance Body (very shortly to be renamed the Money and Pensions Service). Although the public will not see any changes immediately, the aim is ultimately to create a new umbrella organisation, bringing together for the first time the provision of debt advice, money guidance and pensions guidance.

www.pensionsadvisoryservice.org.uk

www.moneyadviceservice.org.uk

www.pensionwise.gov.uk

Don't let a scammer enjoy your retirement savings

Scammers are after your pension pot. Since the introduction of pension freedoms in 2015, the number of people being targeted by scammers has increased dramatically. Official figures reveal that fraudsters have successfully defrauded people out of pensions worth £43 million in the past three years, with victims losing an average of £15,000 each.

The government has now introduced a ban on cold calling, which covers unsolicited calls about pensions. There are significant penalties for any individuals or firms who breach this legislation. However, the threat still exists. If someone contacts you unexpectedly, claiming to be able to help you access your pension before the age of 55, it's probably a scam and you should simply hang up.

The Pensions Regulator advises members to:

- reject unexpected offers
- check who you are dealing with
- not be rushed or pressured
- get impartial information and advice.

You can find out more about pension scams, including what to do if you think you are being targeted, at www.pension-scams.co.uk or www.fca.org.uk/scamsmart

CONTACT US

You can contact the Plan's administrator, Mercer, in any of the following ways:

Telephone: 0344 854 3338 (8.30am to 5.30pm, Monday to Friday except on public holidays)

In writing: Caterpillar Defined Contribution Pension Plan, Mercer Limited, PO BOX 434, Westgate House, 52 Westgate, Chichester PO19 3ZU

Email: caterpillardc.pensions@mercer.com

When making any decisions about your level of contributions into the Plan or the investment of your account, we would recommend that you consider seeking financial advice from an independent financial adviser. If you do not have a financial adviser, the government's Money Advice Service provides free and impartial information on choosing a financial adviser and links to details of financial advisers. The Money Advice Service website, www.moneyadviceservice.org.uk, also has lots of information about personal pensions and choosing investments. All information in relation to taxation, National Insurance and the State pension scheme have been provided in good faith as at the date of publication of this newsletter, but no representations are given as to its accuracy. It is recommended that you check any information before relying on it. Please note that this newsletter does not confer rights to benefits. Rights to benefits are conferred only by the Trust Deed and Rules of the Plan, as from time to time amended.



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