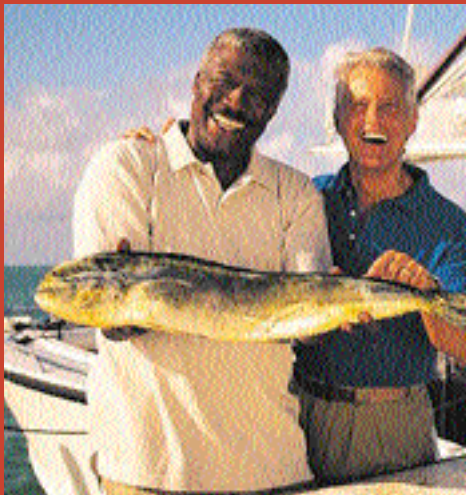
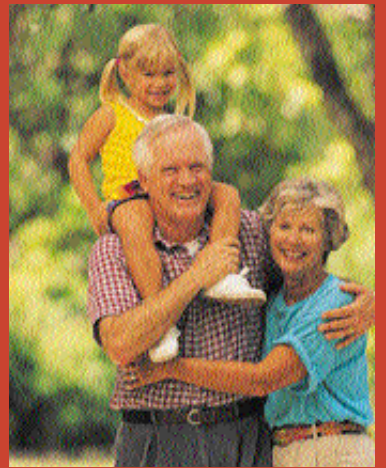




Your Retirement Guide:

A Step-by-Step Checklist



Save Well, Live Well

You Are Retiring Soon— Congratulations!

Retirement is a big step. You will be asked to make many important decisions about your Cummins benefits and your financial security over the next few weeks and months. This easy-to-use guide takes you step by step through the retirement process. It also gives you information about some of the other things you need to know, do, and consider to make sure that your retirement starts off right.

Getting Started

Now that you have begun the retirement process, you will work closely with a retirement specialist. Your retirement specialist will be your single point of contact for the entire process until you retire. Your specialist's job is to make the process easy, convenient, and hassle free—and to make sure that you retire with peace of mind.

If you have not begun the retirement process, just call **1-800-682-8788** between 7:00 a.m. and 6:00 p.m. Central Time, Monday through Friday, and select option **2** to speak to a retirement specialist.

TIP: START THE PROCESS THREE MONTHS OUT.

Start the retirement process about three months before you want to stop working. This will give both you and Cummins enough time to get everything in place for a smooth transition.

Working With Your Retirement Specialist

Retirement specialists understand how important your retirement decisions are. They will take all of your benefits elections over the phone, help you complete and return any required paperwork, and help you understand:

- What your benefits options are;
- The forms and information you will receive in the mail about your benefits;
- How to locate a financial advisor and/or investment vehicles such as IRAs or immediate fixed annuities for your retirement savings through the Hewitt Personal Finance Center;
- How to begin your Social Security and Medicare benefits; and
- What action steps you need to take and when.



NEED HELP MANAGING YOUR RETIREMENT SAVINGS?

Call the Hewitt Personal Finance Center at **1-866-437-DESK (3375)**.

Highly trained personal finance specialists can talk with you objectively about:

- Rolling over your retirement plan savings into an IRA to maintain tax-deferred status;
- Locating a prescreened, independent, and objective financial advisor through the Hewitt AdvisorConnection™;
- Consolidating IRAs or other investment accounts into one convenient account;
- Purchasing an immediate fixed-annuity IRA that provides a stable monthly payment over your lifetime;
- Opening Section 529 college savings plans for children or grandchildren; and
- Minimizing paperwork by opening accounts over the phone or online.

Plus, the Hewitt Personal Finance Center gives you a variety of options for managing your money in retirement and offers unique cost savings that are not available to the general public. Call today or visit the Your Benefits Resources Web site for more information.

Online Tools and Information

If you like using the Internet, visit the Your Benefits Resources™ Web site 24 hours a day, seven days a week, at **www.yourbenefitsresources.com/cummins** for detailed, personalized information about your Cummins benefits and easy-to-use modeling tools that will help you make decisions about your benefits options. If you want, you can even complete the entire retirement process online without the assistance of a retirement specialist. Of course, you may call a retirement specialist at any time if you want help.

For additional information on Cummins retiree medical plans, be sure to visit **<http://healthspan.cummins.com>** from any computer with Internet access.

TIP: ACCESSING RETIREMENT SERVICES

For your security, you will need your user ID and password to work with a retirement specialist or access personalized information or modeling tools on the Your Benefits Resources Web site. If you do not remember your user ID or password, you will need to request new ones by visiting **www.yourbenefitsresources.com/cummins** or calling **1-800-682-8788** between 7:00 a.m. and 6:00 p.m. Central Time, Monday through Friday. Once your request has been received, a temporary user ID and password will be mailed to your home address on file. You can use your temporary ID and password the next time that you log on to the Web site or call your retirement specialist—then, you will be able to create a permanent user ID and password of your choice.

www.yourbenefitsresources.com/cummins



Your Retirement Action Checklist

Use this checklist to keep track of what you need to do as you work through the retirement process.

TIP: UNDERSTAND YOUR PENSION.

Throughout this guide are references to the Pension Plans. These refer to both the traditional Pension Plans and the Cash Balance Plans.

RETIREMENT TERMS TO KNOW

To help you understand the differences between the retirement plans, here is an overview:

Cummins Inc. and Affiliates Retirement and Savings Plans (RSP)

- Employee 401(k) Savings Plan.
- Cummins matches a portion of your contributions to your account.
- You choose how the money in your account is invested.
- Your account balance grows based on your contributions, Cummins' contributions, and investment returns.

Pension Plan

- Fully funded and managed by Cummins.
- You were automatically enrolled in a traditional Pension Plan or Cash Balance Plan based on your location and employment start date.
- A Cash Balance Plan establishes an account in your name that grows with pay and interest credits. When you retire, you can choose to withdraw your entire account balance or begin receiving monthly payments.* A traditional Pension Plan provides a monthly benefit at the time of retirement that is based on your years of service with Cummins.

**Some plans may differ. Call your retirement specialist at 1-800-682-8788 for more information.*

Your Cummins Benefits

Pension Plan

WHAT YOU NEED TO KNOW

- If you are vested in the plan, you will receive a pension benefit.

WHAT YOU NEED TO DO

- Choose the type of payments you want, as well as how and when you want to receive them.
- Return the required forms 30 days before your retirement date to make sure that your payments won't be delayed.
- Have your bank or other account information (for example, a copy of a check or deposit slip) available to set up direct deposit, if desired.

HOW TO DO IT

- Call your retirement specialist at **1-800-682-8788** or visit the Your Benefits Resources Web site at **www.yourbenefitsresources.com/cummins** from any computer with Internet access.

YOUR RETIREMENT DATE

Your retirement date may have an impact on the amount of your Pension Plan benefit. If you have any questions regarding your retirement date, ask your retirement specialist.

USE DIRECT DEPOSIT.

Direct deposit makes receiving Pension Plan payments easy and convenient. To set up direct deposit, have your bank or other account information available as you work through the retirement process.

Your Cummins Benefits (continued)

Cummins Inc. and Affiliates Retirement and Savings Plans (RSP)

WHAT YOU NEED TO KNOW

- ❑ Your plan contributions stop when you retire.
- ❑ Any outstanding loan repayments must be received by the fifth day of each month or the outstanding balance will become taxable income. The option to continue loan repayments is only available if you leave your money in the plan. Call your retirement specialist for more information.
- ❑ You can leave your money in the plan, take all of it in cash, elect to receive annual installment payments, roll over some or all of it into an IRA, or take amounts in Cummins stock as a share distribution. **Note:** Keep in mind that if you do not roll over your distribution, there may be tax consequences.
- ❑ You will continue to choose how any money you leave in the plan is invested.

WHAT YOU NEED TO DO

- ❑ Choose how and when you want to take money out of the plan.

HOW TO DO IT

- ❑ Call your retirement specialist at **1-800-682-8788**, or visit the Your Benefits Resources Web site at **www.yourbenefitsresources.com/cummins** from any computer with Internet access.
- ❑ Call the Hewitt Personal Finance Center at **1-866-437-DESK (3375)** for information about managing your money after you take it out of the plan.

Employee Stock Purchase Plan (ESPP)

WHAT YOU NEED TO KNOW

- ❑ Your payroll deductions will stop when you retire. No additional shares can be added to your Smith Barney account through deductions and/or discounts.
- ❑ You can leave your shares in the account, transfer them to another brokerage firm, or sell the shares and liquidate your account.
- ❑ Beneficiary designations for the ESPP will be determined through your estate planning.

WHAT YOU NEED TO DO

- ❑ Choose how and when you want to withdraw the shares from your Smith Barney account.

HOW TO DO IT

- ❑ Visit **www.smithbarney.com** or call **1-800-367-4777**.
- ❑ Contact a lawyer and a financial advisor regarding estate planning.

Retiree Medical Plan

WHAT YOU NEED TO KNOW

- ❑ You (and your spouse or other dependents) may be eligible for the Retiree Medical Plan.
- ❑ Your monthly premium will be deducted from your monthly pension payment. If you will not be receiving pension payments or if your payment does not cover your premium amount, you can sign up for direct debit from your bank account.
- ❑ Specific details about your Retiree Medical Plan will be mailed to you, and also are available online or by visiting the Web site at **http://healthspan.cummins.com**.

Important:

- ❑ If you do not enroll now, you cannot enroll later—unless you have a qualifying life event. For more information, call the Cummins Business Services (CBS) Benefits Contact Center at **1-877-377-4357**.
- ❑ To cover your spouse or domestic partner under the Retiree Medical Plan, you must be married or in a certified domestic partnership with him or her for at least one year before your retirement date.

Your Cummins Benefits (continued)

Retiree Medical Plan (continued)

WHAT YOU NEED TO DO

- Review your plan details carefully.
- Decide if you want to enroll.
 - If you do not want to enroll, you may temporarily continue your current coverage through COBRA (see below).
- Enroll before your retirement date (following the instructions below).
- Have your bank or other account information available to set up direct debit.

HOW TO DO IT

- If you are eligible for Retiree Medical coverage, review and complete the enrollment form and mail it before the deadline.
- If you have any questions about enrolling in the Retiree Medical Plan, call the Cummins Business Services (CBS) Benefits Contact Center, Monday through Friday, 7:00 a.m. to 6:00 p.m. Central Time, at **1-877-377-4357**, or visit <http://healthspan.cummins.com> from any computer with Internet access.

Health Care Spending Account

WHAT YOU NEED TO KNOW

- Coverage ends on your retirement date.
- You may temporarily continue your current coverage through COBRA (see below).
- You may submit spending account claims for expenses that you incurred before your retirement date until March 31st of the year following your retirement.

WHAT YOU NEED TO DO

- Decide if you want to continue your coverage.
- Enroll when you receive your COBRA enrollment materials in the mail.
- Have your bank or other account information available to set up direct debit.

HOW TO DO IT

- Call the Cummins Business Services (CBS) Benefits Contact Center, Monday through Friday, 7:00 a.m. to 6:00 p.m. Central Time, at **1-877-377-4357** for more information.

COBRA

WHAT YOU NEED TO KNOW

- If you decide not to enroll in the Retiree Medical Plan, you may temporarily continue your health and welfare coverage, as well as your Health Care Spending Account contributions, through COBRA.

WHAT YOU NEED TO DO

- Decide if you want COBRA coverage.
- Enroll when you receive your COBRA enrollment materials in the mail.
- Have your bank or other account information available to set up direct debit.

HOW TO DO IT

- Call the Cummins Business Services (CBS) Benefits Contact Center, Monday through Friday, 7:00 a.m. to 6:00 p.m. Central Time, at **1-877-377-4357** for more information.

Your Cummins Benefits (continued)

Life Insurance

WHAT YOU NEED TO KNOW

- ❑ In general, active coverage for basic, supplemental and dependent life, business travel accident, and accidental death and dismemberment insurance coverage ends on your retirement date.
- ❑ You may be able to convert or continue this coverage within 31 days of your retirement date by completing the application and submitting the initial premium.

HOW TO DO IT

- ❑ Call the Cummins Business Services (CBS) Benefits Contact Center, Monday through Friday, 7:00 a.m. to 6:00 p.m. Central Time, at **1-877-377-4357** to learn about opportunities to convert or continue your coverage.

Disability

WHAT YOU NEED TO KNOW

- ❑ Short- and long-term disability coverage ends on the day you retire.

Other Resources and Action Steps

Social Security

WHAT YOU NEED TO KNOW

- ❑ You may begin receiving a reduced benefit as early as age 62; you will receive a full benefit between the ages of 65 and 67, depending on your birth date.

Important:

- ❑ Apply for Social Security benefits three months before your retirement date to ensure that your benefits will begin when needed.

WHAT YOU NEED TO DO

- ❑ Apply for benefits.

HOW TO DO IT

- ❑ Visit **www.ssa.gov** or call **1-800-772-1213**.

Medicare

WHAT YOU NEED TO KNOW

- ❑ You are eligible to receive Medicare benefits when you reach age 65.
- ❑ You need to enroll within three months before you reach age 65. If you wait, you may have to pay a premium penalty.

Important:

- ❑ Enroll in Medicare three months before your retirement date to ensure that your benefits will begin when needed and to avoid possible premium penalties.

WHAT YOU NEED TO DO

- ❑ Enroll in Medicare before you reach age 65.

HOW TO DO IT

- ❑ Visit **www.ssa.gov** or call **1-800-772-1213**.
- ❑ For information about Medicare, visit **www.medicare.gov** or call **1-800-MEDICARE (1-800-633-4227)**.

Other Resources and Action Steps (continued)

Pension and Savings Plan Benefits From Past Employers (if applicable)

WHAT YOU NEED TO KNOW

- Are you eligible for pension plan benefits from past employers?
- Do you have balances in past employers' savings plans?

WHAT YOU NEED TO DO

- Factor these benefits into your planning.
- Decide how and when you want your benefits paid.

HOW TO DO IT

- Contact your past employers and/or financial institutions.

Personal Savings

WHAT YOU NEED TO KNOW

- Your personal savings, including bank accounts, IRAs, brokerage accounts, and other investments, are another important source of retirement income.

WHAT YOU NEED TO DO

- Factor these savings into your planning.

HOW TO DO IT

- Contact your financial institutions.
- Call the Hewitt Personal Finance Center at **1-866-437-DESK (3375)** for information about consolidating your accounts or locating a financial advisor through the Hewitt AdvisorConnection network.

Estate Planning

WHAT YOU NEED TO KNOW

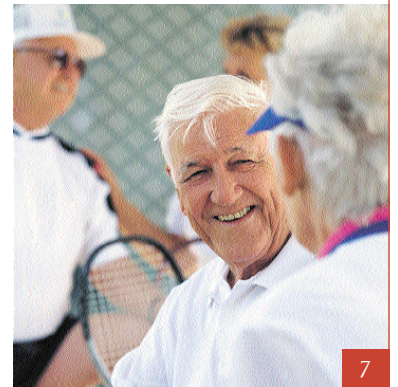
- An estate plan ensures that you and your beneficiaries get the maximum value from your hard-earned money—both before and after your death.
- You should consider having a will, living trust, durable power of attorney, power of attorney for health care, and/or a living will.
- Estate planning is for everyone, not just for wealthy people.

WHAT YOU NEED TO DO

- Gather and review all of your financial records, current will, etc.

HOW TO DO IT

- Contact a lawyer and a financial advisor.
- Call the Hewitt Personal Finance Center at **1-866-437-DESK (3375)** to be referred to a financial advisor through the Hewitt AdvisorConnection network.



Your Retirement Plan Payment Options and Considerations

You will be asked to choose among several Pension Plan and RSP payment options as part of the retirement process. Your retirement specialist can help you understand your options and the tax rules that may apply. Because these rules are very complex, you should consider talking with a qualified financial advisor about your personal situation.

You may have to pay income taxes on your Pension Plan payments and any money you take out of the RSP. Under current federal law:

- You can continue to defer income taxes until you reach age 70½ by rolling over lump-sum payments into an IRA or another tax-qualified plan.
- Twenty percent of lump-sum payments must be withheld for tax purposes—unless you roll them over directly into an IRA or other eligible retirement plan. The amount that is withheld will be subtracted from what you owe in income taxes for the year in which you took the lump sum.
- If you leave the company before you reach age 55 and don't roll over a lump sum that you take before you reach age 59½, you may owe an extra 10% tax penalty on top of regular income taxes.
- You may roll over some or all of your distributions from the RSP. You cannot roll over installment payments or required minimum distributions.
- You may roll over your rollover-eligible Pension Plan payment into the RSP.

Please contact your retirement specialist or a financial planner with any questions prior to making an election. Once made, a pension election is irrevocable.



Here are some items to consider as you think about which types of payment options might be best for you:

If You:	What to Consider:
Defer Payment	<ul style="list-style-type: none">❑ Can you live comfortably now if you defer your benefits? Can your personal savings or other sources of income meet your needs in the meantime?
Take a Lump-Sum Payment	<ul style="list-style-type: none">❑ If you take your payment in cash, how will the tax consequences affect your retirement security?❑ What are the benefits of rolling over the lump sum directly into an IRA? Will tax-deferred growth improve your retirement security? Will you be in a lower tax bracket in a few years and be able to pay lower taxes on the money you withdraw from an IRA?
Take a Single Life Annuity	<ul style="list-style-type: none">❑ You will receive a monthly payment for the rest of your life, and payments will end when you die.❑ Are you married? Do you have dependents? Will choosing this option negatively impact their financial security after your death? Do you have life insurance or other income or savings that will support them?
Take a Joint and Survivor Annuity	<ul style="list-style-type: none">❑ You will receive a monthly payment for the rest of your life. When you die, your beneficiary will receive a percentage of your monthly benefit for his or her lifetime.❑ Your monthly benefit will be lower than the amount you would receive from a Single Life Annuity. The benefit amount depends on your age, your beneficiary's age, and the percentage of the benefit that will be paid to your beneficiary when you die.

*This guide provides a summary of your Cummins retirement benefits. This guide does **not** supercede the description of benefits contained in the summary plan descriptions. In the event of any discrepancy between this guide and the summary plan descriptions, the summary plan descriptions will govern. Cummins retains the right to make changes to the plans at any time.*