November 2017

Career average plan

UNILEVER UK PENSION FUND (the 'Fund')

UPDATE TO THE JULY 2014 GUIDE TO THE CAREER AVERAGE PLAN

Please read this update to the Career average plan guide (and the legal statements at the end) alongside the July 2014 guide. It summarises the material changes that have occurred since the guide was published.

The notes below refer to the original page numbers in the July 2014 guide. The notes highlight where a complete section has been replaced; otherwise each note should be read with the rest of the information in the relevant section of the July 2014 guide.

Important change to Contact details on page 35

If you are working at Unilever, you should contact Enterprise Support HR Services with any pension queries:

0800 028 4390

es.hrservicesuk@unileverhrservices.com

If you leave Unilever, you should contact Capita (the new Fund administrator with effect from 1 November 2017):

Unilever UK Pension Fund
PO Box 420
Darlington
DL1 9WU

E-mail: **unileverpensionsteam@capita.co.uk**

Freephone: **0800 028 0051** (UK only)

Telephone: **+44 (0)1473 622307**

Page 6 – Special terms – 6.5% member contribution rate

The higher member contribution rate from April 2016 is 8.4% (the '8.4% member contribution rate'). The next time that this arrangement will be reviewed and may change will be in April 2019.

You will have an opportunity to select the higher member contribution rate when you join the Career average plan and then again in July/August each year. If you select it, you will start paying the higher contribution rate in the following April. You can cancel the higher member contribution rate in July/August each year and it will take effect in the following April.

This update also applies to 'Additional inflation protection – Career average plan pension in payment' on page 12, and other references to the 6.5% member contribution rate on pages 13, 20 and 21.

Page 6 - Special terms - Higher level

The Career average plan higher level from 1 April 2017 is £60,500 for those who work full-time. Any change will take effect on 1 April each year.

Page 7 - Special terms - Lower level

The Career average plan lower level from 1 April 2017 is £6,288 for those who work full-time. Any change will take effect from 1 April each year. It will be expected to increase in line with one of the increases the State makes to state pensions.

Page 7 - Special terms - Matched contribution salary

The maximum salary level from 1 April 2017 is £55,000 for those who work full-time. It is reviewed each April.

Page 12 – Your choices – Paying extra voluntary contributions

Replace third bullet point: any extra contributions you make count alongside your Career average plan benefits towards the annual and lifetime allowances. If you go over these allowances, you will have to pay a tax charge on the excess. Benefits are **not** restricted any more to keep your pension savings within the allowances.

Please refer to the update 'Page 26 – Tax – Annual allowance' below.

Page 20 - Leaving the plan - Transferring your pension

This replaces the complete section 'Transferring your pension' on page 20. It describes what you need to do if you leave the plan before normal retirement age and before drawing your pension, and would like to transfer your pension savings in the Fund to another registered pension arrangement, such as your new employer's pension plan, a personal pension or stakeholder pension plan (and the new arrangement is ready to accept the transfer).

Since April 2015, there are separate transfer rules for your

1. Career average plan benefits; and
2. Investing plan account

You can still transfer all your pension savings in the Fund together, or you can just transfer your Career average plan benefits leaving the Investing plan account in the Fund - and vice-versa. But whatever you decide to transfer, you have to follow the specific rules that apply to the pension savings you are transferring:

Transferring your Career average plan benefits: under their current discretionary policy, the Company and the Trustees have agreed that you must apply to transfer at least 6 months before your normal retirement age, all the transfer requirements must be completed and the transfer paid before normal retirement age.

This current policy gives you more time than your statutory right which requires you to apply and confirm the decision to transfer more than a year before your Normal Pension Age (other conditions apply as well).

If you are transferring your Career average plan benefit to a 'defined contribution' plan (an arrangement where pension savings are held in an account and used to provide benefits at retirement) and the value of the transfer exceeds £30,000, the Trustees must obtain confirmation that you have received the appropriate financial advice about the transfer. You will be given more information about this requirement when you confirm the details of the pension arrangement receiving the transfer.

Transferring your Investing plan account: you must apply and confirm the decision to transfer at any time before any benefits from those savings have been put into payment. This is broadly the same as your statutory right to a transfer of this type of pension savings.

On request, in some circumstances, the Trustees and the Company may permit you to transfer part of your Investing plan account. This is also subject to the relevant provider's agreement.

If you want to take a transfer, please contact us. We work out how much your benefits are worth – the 'transfer value' – based on pension law and investment conditions at the time. This means that transfer values change. If you have a right to a transfer, the transfer value we give you for your Career average plan benefits is guaranteed for three months. If you do not take up your transfer right in that period then the transfer value will no longer be guaranteed and you will need to ask for a new transfer value. There may be a charge if you apply for a new transfer within 12 months of the original application.

Please remember that transferring your pension savings in the Fund is an important decision and it is not always a quick process. You need to allow time to consider all the issues and you may need to take independent financial advice. Please refer to the update 'Page 29 - Further information' below.

Page 25 – Tax - Lifetime allowance

From 6 April 2016, the standard lifetime allowance was reduced to £1 million. The Government's intention is that it will increase annually in line with inflation (currently, as measured by the Consumer Prices Index) from April 2018.

Please also refer to the pension tax allowances page on the UUKPF website www.uukpf.co.uk

Page 26 – Tax - Annual allowance

This replaces the information on page 26.
Please also refer to the pension tax allowances page on the UUKPF website www.uukpf.co.uk

The annual allowance is the yearly amount of pension savings you can build up in registered pension schemes before a tax charge arises. The standard annual allowance is £40,000, except where an individual has accessed certain types of pension savings (see 'Money purchase annual allowance' below) or is subject to the reduced 'tapered' annual allowance (see below).

For pension input periods ending before 6 April 2016, the amount of pension savings you could build up in the Fund was restricted to the annual allowance. This no longer applies and you will have to manage your pension savings bearing in mind the annual allowance.

Pension input periods
Pension savings are measured against the annual allowance over a time period call the 'pension input period' (PIP). Historically, the PIP for all Unilever registered arrangements, including the Investing plan was 1 April to 31 March. From 6 April 2016, the PIP for the Fund and all pension arrangements is the same as the tax year, 6 April to 5 April.

Measuring pension savings against the annual allowance
For pension savings arrangements like the Career average plan, the value of pension savings is the increase in the annual amount of pension during the relevant PIP multiplied by a factor of 16. This means that if your pension increases by £1,000 this would be deemed to be worth £16,000 for annual allowance purposes.

For pension savings arrangements like the Investing plan, the value of the pension savings is the total of the contributions made by the member and their employer during the PIP (ignoring investment returns).

Carry forward of unused annual allowance
Generally, you are able to carry forward any unused annual allowance from the previous three tax years into the current tax year. Special rules apply for carrying forward annual allowance from the 2015/16 tax year.

Tapered annual allowance
From 6 April 2016, your annual allowance may taper down from the standard £40,000 annual allowance to a minimum of £10,000 depending on broadly your taxable income. There are two tests to see whether an individual is subject to the tapered annual allowance.

The first test is based on 'Threshold Income' which is broadly, taxable income after relievable pension contributions to a registered pension scheme. If you have Threshold Income of £110,000 or less in a tax year, then you will continue to have a £40,000 annual allowance.

If your Threshold Income exceeds £110,000 then the second test applies and you will need to check your 'Adjusted Income' for the tax year. Adjusted Income is broadly taxable income after relievable pension contributions to a registered pension scheme, plus the annual allowance value of pension savings.

For every £2 that your annual Adjusted Income exceeds £150,000, your annual allowance will be reduced by £1 up to a maximum reduction of £30,000. If you have annual Adjusted Income of £210,000 or more, your annual allowance will be £10,000.

Pension Savings Statements
If the annual allowance value of your pension savings (the 'pension input amount') exceeds the £40,000 standard annual allowance in a tax year, then you will receive a Pension Savings Statement from the Fund's administrators by the 6 October following the end of the tax year. The purpose of the statement is to help you work out if you might be liable to an annual allowance tax charge. It does not automatically mean that you will have a charge because you may be able to use unused annual allowance carried forward from the previous three tax years.

If your total pension input amount does not exceed £40,000 in a tax year, you won't receive a Pension Savings Statement, but it is still possible that you could have a tax charge if, for example, you have a tapered annual allowance.

It is your responsibility to manage your annual allowance and report any pension savings liable to the annual allowance tax charge to HMRC on your self-assessment tax return. You can request a Pension Savings Statement from the Unilever Pensions Team to help you assess your own position.

Paying the annual allowance tax charge
If you have an annual allowance tax charge in respect of any tax year starting on or after 6 April 2016, then you can either:

- Pay the charge directly through the self-assessment process; or
- If your total tax charge exceeds £2,000 then it may be possible for you to request the Fund to pay the tax charge that arises in relation to the Fund for you in return for a reduction in your pension savings (a process called 'Scheme Pays'). If you think you have a tax charge and wish to use Scheme Pays, you must contact the Unilever Pensions Team by the end of November following the tax year to which the charge relates.

Telling HMRC about an annual allowance tax charge
You have to tell HMRC about any pension savings subject to an annual allowance tax charge as part of your self-assessment tax return. You still need to tell HMRC even if you have agreed with the Fund that it will pay the tax charge on your behalf ('Scheme Pays').

Money purchase annual allowance
From 6 April 2015, a money purchase annual allowance of £10,000 came into effect. It reduced to £4,000 with effect from 6 April 2017. The money purchase annual allowance will only affect you if you access certain pension savings for the flexible pension options introduced in April 2015, for example, flexi-access drawdown. Please note these options are not available under the Fund. Please refer to the update 'Page 29 – Further information – Flexible pension options' below.

In practice, the administrator of your pension savings plan will let you know if you are subject to the money purchase annual allowance and you will need to notify the Unilever Pensions Team.

Page 27 - State benefits – Basic State pension and State Second Pension (S2P)

The information in the guide reflects the position for benefits built up in the Fund before 6 April 2016. From 6 April 2016, the Government replaced the Basic State Pension and State Second Pension ('S2P') with a single tier State pension for individuals who reach State Pension Age on or after 6 April 2016.

As a consequence of the changes to the State pension, from 6 April 2016, the Fund ceased to contract out of S2P and both the Company and members pay the standard rate of National Insurance.

You can visit the Government website www.gov.uk for more information about the new State pension, to find out your State Pension Age, to get an estimate of your State pension.

Page 29 - Further information – Flexible pension options (new)

On 6 April 2015, the Government introduced new rules to allow individuals more flexibility about when and how they can take benefits from certain pension arrangements (predominantly 'defined contribution' plans that work like the Investing plan where pension savings are held in an account and used to provide benefits at retirement). The flexible pension options include more options for taking retirement income and fewer restrictions on the amount that can be withdrawn as cash. The Fund does not offer these flexible pension options, but members who might want to access them can investigate transferring some or all of their Fund benefits to a pension arrangement that does. You may need to take independent financial advice to help you understand the implications of transferring and flexible pension options.

Please refer to the update 'Page 20 - Leaving the plan – Transferring your pension' above.

Please refer to the update 'Page 33 – Helpful organisations' below.

Page 33 - Helpful organisations

Pension Wise is a free Government information and guidance service for people over the age of 50 with 'defined contribution' plans (arrangements that work like the Investing plan, where pension savings are held in an account and used to provide benefits at retirement). Pension Wise helps individuals understand their options and make the right retirement choices. It is available online, over the phone, or you can book a face-to-face appointment to talk through your options.

0300 330 1001

pensionwise.gov.uk

Page 35 - Staying in touch - Contact details

If you have left Unilever, you should contact:

Unilever UK Pension Fund
PO Box 420
Darlington
DL1 9WU

E-mail:
unileverpensionsteam@capita.co.uk

Freephone: 0800 028 0051 (UK only)

Telephone: +44 (0)1473 622307

November 2017

Legal notes:

The aim of this update (and the guide dated July 2014) is to outline the benefits available from the Career average plan and, where appropriate, to refer to the Investing plan section of the Fund. Neither this update nor the guide give any rights to a particular level of contributions or benefits. It does not describe your benefits in as much detail as the legal document governing the Fund – its 'trust deed and rules'. In the event of any differences between the trust deed and rules from time to time in force and this update (or the guide), the trust deed and rules will apply.

Unilever and the Trustees reserve the right to change the Fund in accordance with its governing documents and any overriding legislation, and Unilever reserves the right to end your employer's participation in the Fund.

Anything in this update or the guide dated July 2014 about legal or tax is based on Unilever's understanding of these issues at the date of printing. Any changes in the law or the practice of HM Revenue & Customs may affect this information.

Where this update (or the guide) refers to Unilever or the Trustees giving consent to a benefit or option, they do not mean that Unilever or the Trustees will necessarily give its consent as a general rule. Unilever or the Trustees have the right to give consent in some cases and not others.

In the same way, Unilever and the Trustees can discontinue or change in future any discretionary practice it currently applies.