

Frequently Asked Questions

What is the response of the Trustee of the UUKPF to the proposed changes to the scheme?

The Trustee board of the Unilever UK Pension Fund (UUKPF) has agreed to the implementation of changes to the UUKPF proposed by Unilever. The Trustee board does not welcome the Company's decision to cease Final salary accrual, but we have concluded that we should not oppose it, after consideration of all relevant matters. This agreement followed the Company making a number of further refinements at the Trustee board's request, in addition to the significant changes made to its original proposals following the closing of its consultation with employees in October. The Trustee board will now be working with the Company to complete legal formalities and to agree the required changes to the UUKPF rules with effect from 1 July 2012.

How did the Trustee board arrive at its decision?

The Trustee board has given detailed consideration at its many meetings over the last nine months to all the matters we consider relevant. We have also taken extensive independent professional advice – actuarial, legal and financial. In making our decision, we were required to act independently and have done so throughout our deliberations. We have also received presentations from employee representatives and the Company, as well as numerous letters from individual members.

What are the "relevant matters" that the Trustee Board considered before making the decision?

Relevant matters included (but were not limited to):

- The interests of, and impact upon, all members of the Fund – pensioner and deferred members as well as active members
- The extent to which accrued final salary benefits are protected and the interests of active members in future accruals
- The legitimate objective of the Company to determine what it considers to be an appropriate and sustainable reward policy in a competitive market
- Recognition that the Company could effect changes to active member benefits in alternative ways not requiring the Trustee board's consent. However at no point in the process has the Company communicated any such intent to the Trustee board.
- The Company is continuing to retain a defined benefit element so its pension benefits will compare favourably with many other companies, which have moved wholly to defined contribution provision.

I am an active member of the Final salary plan of the UUKPF. What do these changes mean for me?

If you are currently an active member of the Final salary plan, you will stop building up pensionable service in the Final salary plan, but a salary link for working out the Final salary plan pension will be kept - up to a maximum cumulative increase in pensionable salary of 3% a year from July 2012 to date of leaving.

In addition, the Final salary plan pension at date of leaving the UUKPF will be at least as great as the deferred Final salary pension at 30 June 2012 increased (on the basis that applies to deferred pensions) up to the date of leaving.

For your service from 1 July 2012, you will continue to build up defined benefits through the Career average plan for pensionable earnings up to approximately £48,000 (and this higher earnings threshold will be linked to future increases in Unilever salaries), and potentially through the defined contribution Investing plan, depending on whether you choose to make extra member contributions (AVCS, which will be partly or wholly matched by the Company) or have earnings above the higher earnings level.

I am an active member of the Career average plan of the UUKPF. What do these changes mean for me?

If you are currently an active member of the Career average plan, you will continue to build up benefits until you leave the UUKPF in broadly the same way as you do now, although if you have pensionable earnings above the original level (approximately £41,000), more of your earnings will now be covered by the Career average plan. Other changes are also being made, for example, to how the pension will increase when you retire. If you leave the Career average plan before you retire, your pension may be increased in a different way from currently, until retirement age.

Where can I find further information about the changes?

More details of the potential impact of the changes and the options available to you, including new ones, will be made available to you in March and there will be a series of roadshows round each of Unilever's sites to take employees through the changes and deal with your questions. You should also look at the announcement made by the Company on 7 October 2011 for more information, although further refinements have been made to the proposals since then – see the Trustee board's announcement dated 20 January 2012.

How do the new pension arrangements compare with those of other employers?

This is one of the issues we took into account in making our decision. Our conclusion was that, following the proposed changes, Unilever will be providing benefits which compare favourably with those available to employees of many other companies, many of whom have switched wholly to defined contribution (money purchase) schemes.

Do the changes differ in any way from those originally proposed by the Company?

Yes. The Company made a number of significant improvements to its original proposals following last year's consultation process, a number of which addressed concerns raised by the Trustee board. Since then the Company has agreed to further refinements at the request of the Trustee board.

When will the proposed changes take effect?

The changes are scheduled to come into effect from 1 July 2012.

Who are the UUKPF trustees?

The Trustee board consists of 11 directors: an independent Chair, 5 nominated by members of the scheme and 5 appointed by the Company. The member-nominated directors are drawn from the active, deferred and pensioner membership (currently 1, 1 and 3 directors respectively), whilst the Company-appointed directors are drawn from the active and pensioner membership (currently 2 and 3 directors respectively).

Are any further changes planned?

The Company has committed that it will not be making any further changes to the contribution or benefit structure of the UUKPF for at least three years from the date of the new Career average plan being introduced to all employees.

When will I know what effect the changes will have on my pension?

In March further information will be made available to explain the potential impact of the changes and the options available to you. There will also be a series of roadshows in March/April for all active members at Company locations, to explain the changes and deal with your questions.

How will this affect the Final salary benefits I have built up to this stage?

Your past Final salary benefits built up to 1 July 2012 will be preserved, subject to a cap on future pensionable pay increases.

Will I be able to top up my pension with additional contributions?

Yes. You can make additional voluntary contributions to the Investing plan and the Company has undertaken to match additional contributions up to 2% of pensionable earnings up to 100% of Work Level 2B salary, currently £43,800.

What do these changes mean to pensioner/deferred members?

Pensioner and deferred members' pensions will not be affected by these changes which are being introduced from 1 July 2012.

This is a brief summary, and further information will be provided to you in due course. The modifications are subject to the adoption of changes to the rules of the UUKPF, and these rules, as so changed, will govern the terms of your benefits. This document confers no right to benefits.