

Your Unilever pension

Career average plan



Unilever

Unilever UK Pension Fund

Welcome to your Career average plan guide

This guide outlines the valuable benefits available through the Career average plan (part of the Unilever UK Pension Fund), along with the contributions you need to pay as a member.

You should read it alongside these other guides:



- the **Investing plan** guide, which explains how you can pay extra contributions to add to your Career average plan benefits and includes information about your investment fund choices; and
- the **General information** guide, which includes important background details – for example, about tax and legal issues – that you need to know about.

Please note that the aim of this guide is to outline the benefits available from the Career average plan. It does not go into as much detail as the legal document governing the Unilever UK Pension Fund – its ‘trust deed and rules’. If there are any differences between the trust deed and rules from time to time in force and this guide, the trust deed and rules will apply.

This guide does not give any rights to particular levels of contributions or benefits and must be read together with the other guides. Unilever reserves the right to change the Career average plan, or end your employer’s participation in the Career average plan.

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Special terms

Annual allowance

This is the yearly amount of tax-approved retirement benefits you can build up – in pension plans inside or outside the Unilever UK Pension Fund – without paying a special pensions tax charge on them. ('Tax-approved' means that you build up the benefits in a plan registered with HM Revenue & Customs.)

More details are in the General information guide.

Dependant

This can mean anyone who (in the Trustees' opinion) wholly or partly depends on you either for financial reasons, or because of a disability.

Extra contributions

These are additional payments you can make on top of your normal contributions to add to your benefits. You can make them regularly, or as occasional 'one-off' payments, subject to the terms of the Investing plan – see the Investing plan guide for more details.

Higher level

Your contributions and benefits are based on your pensionable earnings between two levels. At January 2008, the higher level is £38,000. It will be reviewed each April, from April 2008.

Inflation

This is the general rise in prices, normally shown by the 'Retail Prices Index' – a figure taken from measuring how costs increase across a range of goods and services.

Lifetime allowance

This is the total amount of tax-approved benefits you can build up over your working life without paying a special pensions tax charge on them.

More details are in the General information guide.



Lower level

Your contributions and benefits are based on your pensionable earnings between two levels. At January 2008, the lower level is £4,500. It will be reviewed each April, from April 2008.

Normal retirement age

This is age 65 for men and women.

Pensionable earnings

This is normally your basic pay, but may include other earnings from time to time. (Your employer will tell you if other earnings are included.) Your pension amount each 'plan year' is worked out using your pensionable earnings between two levels. The plan year runs from 1 April to 31 March, unless Unilever decides that another period is to be the plan year.

Pensionable service

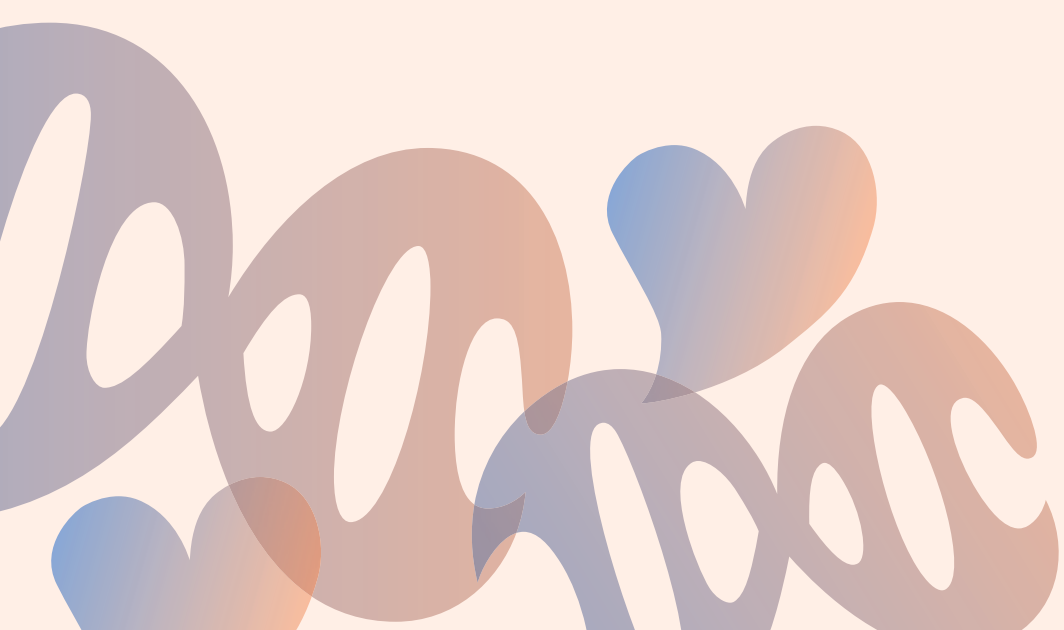
When you are both working at Unilever and building up benefits in the Unilever UK Pension Fund, you are in 'pensionable service'. You can have a maximum of 40 years' pensionable service.

Unilever

Unilever is the Unilever Group company that employs you and has agreed to take part in the Unilever UK Pension Fund. But, in some places in this guide it means Unilever PLC.

Unilever Contribution Arrangement

This is the normal way of making contributions to the Unilever UK Pension Fund. Instead of you paying contributions from your salary, Unilever pays an amount equal to what your contributions would have been straight into the Unilever UK Pension Fund. You agree that your pay is reduced by the same amount. In this way, you and Unilever make savings on the National Insurance that would be payable if you made the contributions yourself. Further details are in the General information guide.



At a glance

Here are the main features of the Career average plan.

- Your pension is based on your pensionable earnings between two levels and the pensionable service you build up in the plan year by year.
- Your pension is normally paid at age 65 – but you may have the option of retiring early or late.
- The plan offers valuable protection benefits during your pensionable service in the plan – you may receive a serious ill-health pension if you have to stop work (provided you are aged at least 23 and you have been in the plan for at least five years), and your family may receive a cash sum and pension benefits if you die while in pensionable service.
- You pay 5% of your pensionable earnings between the two levels towards these benefits. You can also add to your benefits by paying extra contributions into the Investing plan.
- Unilever meets the cost of your Career average plan benefits not covered by your contributions.
- Unilever will also make a contribution of 12.5% of any pensionable earnings you receive above the higher level. You can receive this as a contribution into the Investing plan, take it as cash with your salary (less deductions to take account of tax and National Insurance), or combine both options.

Membership

Joining the plan

The plan is open to employees who:

- are permanent – or who have been on a temporary contract for at least 12 months;
- are aged 18 or over; and
- meet any other conditions set by their particular Unilever employer.

When you start at Unilever, you will normally join the plan automatically – or as soon as you meet the above conditions, if later.

If you decide you do not want to belong to the plan, you should contact Unilever Peoplelink (see 'Opting out of the plan').

Belonging to other funds

You are allowed to save in other pension arrangements – such as a personal pension or a stakeholder – at the same time as building up your Career average plan pension.

If you are thinking of doing this, you should bear in mind:

- The Unilever UK Pension Fund allows you to pay extra contributions, through the Investing plan. If you decide to save more in this way, you currently benefit from Unilever covering the running costs of the plan while you are in pensionable service. If you save in a personal or stakeholder pension plan elsewhere, you will pay this kind of charge yourself.
- The Unilever Contribution Arrangement allows you to make savings on National Insurance (see page 3).
- Contributions and benefits in other tax-approved arrangements count towards the HM Revenue & Customs tax allowances. The General information guide outlines the allowances in more detail.

If you have left benefits in a tax-approved arrangement you were in before joining Unilever, you may be able to transfer them into the Investing plan, as long as Unilever agrees and the benefits meet certain conditions.

For example, they must be worth more than a certain level (currently £10,000) and they cannot normally be transferred from a 'contracted out' scheme (see page 5 of the General information guide).

Please get in touch with Unilever Peoplelink if you would like more details.

Opting out of the plan

You can leave the plan if you want to, even if you still work at Unilever – this is called 'opting out'. If you decide to do this, you must contact Unilever Peoplelink at least one month before you want your membership to end.

Once you have opted out, you will only be able to change your mind and re-join once. You will need Unilever's agreement and you may have to undergo a medical or give evidence you are in good health. Unilever reserves the right to restrict benefits if you re-join. You will receive details at the time you ask to re-join.

Before you opt out, please consider:

- You will miss out on valuable benefits if you leave the plan. Unilever pays towards your pension in the Career average plan and covers its running costs.
- There are also serious ill health and life cover benefits in place for you and your family while you are in pensionable service.

If you are thinking about opting out, or you are uncertain about any area of your financial planning, you should consider taking independent financial advice – see page 8 of the General information guide.

Paying into the plan

Your contributions

Your contributions are 5% of your pensionable earnings between two levels. At 1 January 2008, the lower level is set at £4,500 and the higher level is set at £38,000. You must make contributions through the Unilever Contribution Arrangement.

Adjusting for part time

If you work part time, your contributions are adjusted to reflect this. They are based on pensionable earnings (between the two levels), but reduced in line with the number of hours you actually work compared with 'full-time' hours.

If you work three days a week on £12,000 pensionable earnings:

£12,000 adjusted upwards to the 'full-time' equivalent is

$£12,000 \times 5$ (days in a full working week)
then divided by 3 (the days you work) =
£20,000.

Take away the lower level: £20,000
– £4,500 = £15,500.

Adjust back down for working 3 days a
week: $3/5 \times £15,500 = £9,300$.

So, your contributions – and your pension for that year (see page 5) – will be based on £9,300 a year.

40-year limit on contributions and benefits

You may not contribute towards benefits in the Career average plan for more than 40 years, so your Career average plan benefits are also limited to a maximum of 40 years.

Tax advantages

The real cost to you is lower than 5%, because of the tax advantages that apply to your contributions.

Tax relief applies to your contributions at your highest rate of tax. So, if you pay the basic rate of tax (20% from 6 April 2008), every £1 contribution you make only costs you 80p. If you pay the higher rate of tax (currently 40%), the same £1 contribution only costs you 60p.

As a plan member, you also take part in the 'Unilever Contribution Arrangement'. Broadly speaking, this means that Unilever pays directly into the Unilever UK Pension Fund an amount equal to the contributions you would otherwise have paid (instead of you paying them out of your salary). You agree that your pay is reduced by the same amount. This allows you and Unilever to make National Insurance savings on the amount. You can find details of how this works in the General information guide.

Unilever contributions

Unilever pays the running costs of the plan, and the balance of the amounts needed to provide the plan benefits not covered by the members' contributions.

This means that Unilever's contributions vary from time to time. Each time the plan undergoes a 'valuation' (a regular 'healthcheck' on its finances), Unilever and the Trustees agree the level of contributions Unilever should pay.

Paying into the plan

Unilever will also arrange a contribution of 12.5% on any of your pensionable earnings above the higher level. You can normally benefit from this contribution in one of three ways:

- A contribution to an Investing plan account;
- A payment straight into your salary – but less deductions to take account of tax and National Insurance; or
- A combination of the two.

Please note that if your pensionable earnings are currently just over the higher level, the 12.5% contribution may be below the minimum amount needed for a pension contribution. If this is the case, you will receive the contribution as cash with your normal pay.

Bear in mind that because both the higher level and the minimum amount will change in the future, there may be times when you have to take the contribution as cash, even if you previously received it as a pension contribution.

You have the opportunity to change the way you receive this contribution once a year, in October (starting October 2009).

Paying extra

You have the option to make extra contributions to add to your benefits. These extra contributions go into an account for you in the Investing plan. You decide how you want to invest the account from the range of funds available, and you choose how to use the value of your Investing plan account to provide additional benefits when you retire. The Investing plan guide gives details about how you can pay extra contributions and the choices you have available for investing your account.

Please note that any extra contributions you make count alongside your main Career average benefits towards the annual allowance – if you go over this allowance, you would pay a special pensions tax charge on the excess. However, the annual allowance is set at a high level and should only affect very few people. You can read more details in the General information guide.

Paying for extra life cover

The standard life cover cash sum payable if you die in pensionable service is three times your pensionable earnings. If you can confirm you are in good health, you can choose to pay more into the plan towards extra cover, up to a total of eight times your pensionable earnings. (You have to choose a whole multiple – for example, you cannot have cover of 5½ times your pensionable earnings).

You will be sent a form and the current rates for the different levels of cover, when you join the plan.

You have the opportunity to change your level of life cover once a year, in October (starting October 2009).

Retiring from the plan

Your pension

If you retire at normal retirement age (65), your pension is worked out like this:

You earn a yearly pension of 1/60 of your pensionable earnings between the two levels in each plan year of pensionable service.

This yearly amount then increases in line with inflation up to 5% a year until you retire at age 65. Your total pension is made up of all these 'year's worth' of pension added together (up to a maximum of 40 years' pensionable service).

This example shows how your pension might build up over a four-year period. It assumes that inflation is 4% each plan year.

First plan year

Your pensionable earnings are £24,000 – so, the earnings figure used to work out your pension is £24,000 less the lower level of £4,500 = £19,500.

$1/60 \times £19,500 = \text{£}325 \text{ a year.}$

This is your first plan year's worth of pension.

Second plan year

Your pensionable earnings are now £25,000 and the lower level has gone up to £4,680 – so, the earnings figure used to work out your pension is £25,000 – £4,680 = £20,320.

$1/60 \times £20,320 = £339.$

This is your second plan year's worth of pension.

Your first plan year's worth of pension receives a 4% increase immediately after the end of the second plan year (in line with inflation that year). 4% of £325 = £13, so your new 'first year' pension amount is £325 + £13 = £338.

Your total pension so far is £338 (your increased 'first year' pension) + £339 (your 'second year' pension) = **£677 a year.**

Third plan year

Your pensionable earnings are now £26,000 and the lower level has gone up to £4,867 – so, the earnings figure used to work out your pension is £26,000 – £4,867 = £21,133.

$1/60 \times £21,133 = £352.$

This is your third plan year's worth of pension.

Your first and second plan years' pension receives a 4% increase immediately after the end of your third plan year (again, in line with inflation): £677 + £27 = £704

Your new total pension is
 $£352 + £704 = \text{£}1,056 \text{ a year.}$

Fourth plan year

Your pensionable earnings are now £27,100 and the lower level has gone up to £5,062 – so, the earnings figure used to work out your pension is £27,100 – £5,062 = £22,038.

$1/60 \times £22,038 = £367.$

This is your fourth plan year's worth of pension.

Your first three plan years' pension receives a 4% increase immediately after the end of your fourth plan year: £1,056 + £42 = £1,098.

Your new total pension is
 $£367 + £1,098 = \text{£}1,465 \text{ a year.}$

Pay is normally reviewed each 1 April – which means there is a 'pay year' of 1 April to 31 March (which is the same as the plan year). So, you may start and end your membership with 'part years' where you earn that level of pay for only a few months. If this is the case, your pensionable earnings are adjusted in line with the proportion of the year you work.

Retiring from the plan

For example, if you join on a 1 January, you will have pensionable earnings at that level for three out of the twelve months of that 'pay year'. If your pensionable earnings are £24,000 – taking away the lower level (say it is still £4,500) gives £19,500.

$3 / 12 \times £19,500 = £4,875$ (your pensionable earnings adjusted for those three months).

$1/60 \times £4,875 = £81$ is the amount of pension built up in those three months only.

Retiring early

If you have Unilever's consent, you can currently retire and draw a pension at any age from 50 onwards. From 6 April 2010, however, this goes up to age 55 onwards. If you retire early, you will receive the Career average pension you have built up at the date you retire.

Your pension will then be reduced to take account of its early payment – that is, the expectation that you will receive it for longer than if you had started it at age 65.

This reduction is currently 4.5% for each year you retire before age 65. Unilever decides this reduction after taking professional advice, and may vary it (up or down) from time to time.

You have built up a pension amount of £1,465 a year.

If you retire at age 60, the reduction will be $4.5\% \times$ the 5 years you have retired before age 65 = 22.5%. 22.5% of £1,465 = £330.

So, your pension at age 60 would be $£1,465 - £330 =$ **£1,135 a year.**

Retiring late

If Unilever agrees, you may be able to keep working past age 65. If you decide to do this, you have two choices about how your benefits are treated.

- You can continue your contributions and carry on building up years' worth of pension as normal, subject to the 40-year limit.
- You can opt out of pensionable service and stop contributions. But please bear in mind:
 - you cannot draw your pension until your employment with Unilever ends;
 - there are no increases to your pension for late retirement; and
 - your life cover benefits will stop.

Retiring due to ill health

If you have to stop work because of serious ill health, you may be eligible to receive a pension provided you are aged at least 23 and have five or more years' pensionable service in the plan.

The serious ill-health pension is made up of:

- the total pension you have built up at the date you stop work; and
- extra years' worth of pension, worked out using:
 - your pensionable earnings (plus any fluctuating pay that Unilever decides to include, averaged over the last three years) between the two levels at the date you stop work; and
 - the number of years you could have worked after that to age 65.

The years of pension you have built up, plus the extra years, is limited to a maximum of 40 years overall.

If your pensionable earnings are above the higher level when you stop work, Unilever will arrange for an extra credit to your Investing plan account to provide additional benefits. The credit is up to 25% of your pensionable earnings above the higher level for each year of pensionable service you could have built up from when you stop work to age 65. (Again, the overall maximum of 40 years applies.)

Please note that 'serious ill health' is defined in the plan rules – Unilever has the final say (consulting a company doctor if appropriate) about whether your condition is severe enough for you to receive a serious ill-health pension. If your health improves, Unilever has the right to stop or suspend any serious ill-health pension you are receiving.

Exchanging pension for cash

With Unilever's consent, you can normally exchange some of the pension you have built up for a cash sum, currently paid tax free – whatever age you retire.

There are some restrictions on how much cash you can take, so we will let you know the highest amount available to you, as you near retirement.

The amount of cash you can take for each £1 of pension you give up depends on your age, among other things. We will provide information about your cash sum options as you near retirement.

Pension increases

Once in payment, your pension increases on 1 April each year, in line with inflation up to 2.5% a year.

Additional benefits

If you have paid extra contributions into the Investing plan, you will be able to provide additional benefits when you retire. Within limits, you can take your account as cash (currently tax free), use it to buy extra pension, or combine the two.

For example, one way of using your Investing plan benefits might be to take all the cash you want from your account, so that you have to exchange as little of your Career average pension as possible to get the cash sum you want on retirement. Or, you may decide to use all of your account for extra pension.

You can find details of your options in the Investing plan guide.

Tax allowances

Please note that the pension you are building up counts towards the Government's annual and lifetime allowances – if you go over either of them, you would pay a special pensions tax charge on the excess. However, these allowances should only affect very few people. You can read more details in the General information guide.

You are liable for income tax on your pension, once it comes into payment.

State benefits

You would also receive a State pension on top of your Career average pension (provided you have paid enough National Insurance over your working life). State benefits do not count towards the tax allowances – see the General information guide for more details.

Leaving the plan

If you leave the plan before normal retirement age (65), your benefits may depend on how long you have been in pensionable service.

With two or more years' pensionable service

The total pension you have built up at the date you leave the plan becomes 'deferred'. This means it stays in the plan for you to draw at age 65 (or when your Unilever employment ends, if later). The pension is increased in line with inflation, up to 5%, each year until it comes into payment. You may be able to draw your pension early (see below).

You may also be able to transfer your plan benefits (including your Investing plan benefits) out into another tax-approved arrangement – such as your new employer's scheme or a personal or stakeholder pension plan, so long as that arrangement agrees to and can accept the transfer.

If you want to take a transfer, let us know (see page 9 of the General information guide). 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 the right to a transfer, the transfer value we give you for your Career average plan benefits is guaranteed for three months – if you take longer than that to make your decision, you will need to ask for a new transfer value.

Please bear in mind that until you and the new arrangement complete the necessary paperwork, the transfer cannot go through.

With less than two years' pensionable service

With the Trustees' agreement, you can currently choose a pension if you have less than two years' pensionable service.

Or, you can transfer your plan benefits (including your Investing plan benefits) into another arrangement.

Or, you can choose to receive an amount from Unilever equal to the contributions (with interest) made for you through the Unilever Contribution Arrangement (in place of the contributions you would otherwise have paid yourself). This amount is paid less the cost of buying you back into the second level of the State pension (see page 5 of the General information guide), tax and National Insurance.

You will also receive a payment to cover any extra contributions made to your Investing plan account. You will receive an amount from Unilever equal to any fixed-term voluntary contributions, less tax (under current rules, normally 20%). The Unilever UK Pension Fund will refund the value of any variable additional voluntary contributions at the date you leave, less tax.

You will not receive a refund of Unilever contributions made to the Investing plan on any earnings above the higher level.

Please note that if you do not make a decision about your benefits within four months of leaving, we will assume you do not want a deferred pension or transfer and make the payments described above.

Service in previous schemes

Service relating to any benefits you have transferred in from a previous pension scheme counts towards your pensionable service for deciding your benefits on leaving. You are treated as having two years' pensionable service automatically if you have transferred in benefits from a personal pension.

Drawing your deferred pension

If your employment with Unilever has ended and Unilever and the Trustees agree, you can draw your pension from age 50 onwards (increasing to age 55 from 6 April 2010).

If you take your pension before normal retirement age, it will be reduced, currently by 4.5%, for each year before age 65. Unilever decides this reduction after taking professional advice, and may vary it (up or down) from time to time.

If you leave Unilever before age 65, you should claim your deferred pension when you reach 65. If you are late claiming it, you will receive the pension you were due between age 65 and the date you claim without interest (unless Unilever decides otherwise).



Protection for you and your family

If you retire due to ill health

If you have to stop work because of serious ill health, you may be eligible to receive a pension provided you are aged at least 23 and have five or more years' pensionable service in the plan.

Please see page 6 for more details.

If you die in pensionable service

The following benefits are payable:

- A life cover cash sum (currently tax free) of three times your pensionable earnings (ignoring the two levels) at the date you die.
- Any extra life cover you have arranged from the plan through the Unilever Contribution Arrangement (see page 4).
- A further payment equal to the contributions made for you through the Unilever Contribution Arrangement, with interest (in place of the contributions you would otherwise have paid yourself).
- A pension for your eligible husband or wife of half your pension, based on your pensionable earnings **between the two levels** at the date you died, and the number of years you could have worked up to age 65 (limited to a maximum of 40 years overall). If your pensionable earnings include fluctuating pay, the average of that fluctuating pay over the last three years is used.
- Pensions for eligible children (also based on pensionable earnings between the two levels) up to age 18 (or 23 if they are in full-time education).

These benefits will still apply if you have already reached 40 years' pensionable service and still work at Unilever – but no more than 40 years' pensionable service counts when calculating the benefits.

If you work past the age of 65 then die while working for Unilever, the benefit payable will depend on the decision you made about your pension:

- If you carried on your pensionable service, the benefits will be worked out as above, using your actual pensionable service up to the 40-year maximum (as you have passed age 65).
- If you stopped your pensionable service, the benefits will be worked out as though you had died between leaving and retiring (see below).

If you die in retirement

Your eligible husband or wife will receive a pension of half the Career average plan pension you were receiving at the date you died (ignoring any reduction from taking a cash sum). Eligible children – who must be aged less than 18 (or 23 if they are in full-time education) – will also receive pensions.

If you die within five years of retiring, the balance of your pension for the rest of that five-year period – based on the monthly rate of pension you are receiving at the date of your death – will be payable as a cash sum (currently tax free).

If you die between leaving the plan and retiring

If you die after leaving the plan but before you have drawn your pension, the following benefits are payable:

- A pension for your eligible husband or wife of half your deferred pension, including increases up to the date you died.
- Pensions for eligible children up to age 18 (or 23 if they are in full-time education).

Eligible husbands and wives

Your husband or wife is automatically eligible for benefits on your death if you married them before your pensionable service ended.

If you married your husband or wife after your pensionable service ended, they do not become eligible for these benefits until you have been married for six months.

Allowing for age difference

If your husband or wife is more than ten years younger than you, the pension they receive will be reduced, since it is likely to be paid for a longer period. Their pension will be reduced by 1.5% for each year of age difference above ten years.

Increasing pension for your husband or wife

When you retire, you can choose to start with a smaller pension yourself and increase the amount payable to your husband or wife after you die (up to two-thirds of your pension). Let us know nearer the time if you are considering doing this and we will go through the details with you.

Civil partners

Civil partners are entitled to the same benefits as a husband or wife.

Pensions for other dependants

If you do not leave a husband, wife or civil partner, the Trustees may agree to provide benefits to another dependant who relied either on you financially or on your joint income, or because of disability. It is important you let the Trustees know if you want them to consider someone like this (contact Unilever Peoplelink for the relevant form).

You can also apply for another dependant to receive a pension in addition to your husband, wife or civil partner. In this situation, their pension would be reduced to take account of the amount payable to the dependant.

Working out children's pensions

Children's pensions are worked out as a percentage of your Career average plan pension, which depends on whether or not a pension is also payable to your husband, wife, civil partner or other adult dependant and how many children are entitled to receive benefits. The table below shows the total children's pension payable in each situation (as a percentage of your pension):

Number of children	1	2	3	4 or more
If a husband, wife, civil partner or other adult dependant is also receiving a pension:	20%	30%	40%	50%
If no other pension is paid:	30%	45%	60%	75%

A child's pension stops when the child reaches age 18, or 23 if they are still in full-time education. If a child is severely disabled, the Trustees can decide to pay them a pension for life.

Your nomination form

It is important that you fill in a nomination form to guide the Trustees about who should receive the cash sum benefit if you die in pensionable service. The form has two sections.

- Section A – please fill in here the names of close family only. The Trustees will be legally obliged to follow your instructions in this section, unless:
 - the person you have nominated dies before you, or less than 28 days after you;
 - you were single or not in a civil partnership when you made the nomination and have married or entered a civil partnership since (unless

Protection for you and your family

- you have told us that your new status should not affect your nomination); or
- your nomination only covers part of the cash sum.
- Section B – you can name anyone in this section. The Trustees do not have to follow your instructions in this section, but they will take them into account.

If your nomination in Section A does not apply, the Trustees will decide how to pay the cash sum. Please note: although the Trustees would normally expect to follow your wishes in Section B, they are not legally obliged to do so if Section A does not apply.

Please remember to keep your nomination form up to date. If your personal situation changes and you need to fill in a new form, please contact Unilever Peoplelink.



