

Your Unilever pension

General information



Unilever

Unilever UK Pension Fund

Welcome to your General information guide

This guide sets out 'the small print' - some of the important background details you need to know about the Unilever UK Pension Fund, whether you are a member of the Final salary plan or the Career average plan.

You should read it alongside these other guides:

- your main plan guide (**Final salary plan** or **Career average plan**), which outlines the key benefits in the Unilever plan you belong to; and
- the **Investing plan** guide, which outlines how you can pay extra contributions to add to your main plan benefits.

Please note that the aim of the guides is to outline the benefits available from the plans and give other important information about the plans. They do 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 plans, or end your employer's participation in the plans.



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About the Fund

The Trustees

The Unilever UK Pension Fund is set up as a trust, with separate finances from Unilever. It is managed by Unilever UK Pension Fund Trustees Limited, a trustee company which is legally responsible for administering and making decisions about the Fund.

The trustee company has an overall duty to run the Fund in line with its trust deed and rules and current trust and pensions law. In carrying out this duty, it must also act in the best interests of the Fund members. It acts through its board of directors, who are generally called 'Trustees'. (Please note: this does not mean each director has the same legal duties individually as the trustee company – it is simply a useful shorthand term.)

At the time of writing, the number of Trustees is 14. However, this is currently being changed. It is expected that going forward, there will normally be 13 Trustees on the board. Unilever will appoint six of them, one will be an independent (jointly appointed by Unilever and the Trustees), pensioners will elect two, and the remaining four will be chosen from, and by, the Fund delegates. The delegates meet regularly and act as your local contacts for pension information. Elections for delegates are held once every four years.

The plans

The Fund is made up of three sections, called 'plans':

- the Final salary plan, which is, in general, closed to new members from 1 January 2008;
- the Career average plan, currently open to all employees and new joiners meeting its eligibility conditions; and
- the Investing plan, available for members of both the above plans to add to their benefits.

Fund administration

Unilever UK Pensions manages the plans on the Trustees' behalf. It is responsible for paying members' benefits, making any necessary changes to the Fund and working with the Trustees' advisers.

The Unilever Pensions Team at Hewitt Associates undertakes the day-to-day administration of the plans. This includes handling contributions, and working out members' benefits.

All member queries should go to Unilever Peoplelink in the first instance – you can find their contact details on page 9. Unilever Peoplelink will pass queries on to the Unilever Pensions Team if appropriate.



Unilever Contribution Arrangement

The Unilever Contribution Arrangement is a way of paying contributions into the Unilever UK Pension Fund that allows you and Unilever to make savings on National Insurance, as well as the normal tax relief on pension contributions. This is how it works:

- Unilever normally pays an amount equal to your pension contribution straight into the Unilever UK Pension Fund each month.
- Your pay is reduced by this amount.
- Tax relief applies to this amount – in other words, you do not pay income tax on it. So, if you pay the basic rate of tax (20% from 6 April 2008), each £1 contribution costs you just 80p. If you pay the higher rate (currently 40%), the £1 costs you 60p.
- You and Unilever only pay National Insurance on the pay you receive – so, your take-home pay will actually go up slightly.

The pay you would have received **including** the contribution amount is used to work out all your other benefits (this is sometimes called your 'notional annual salary'). Unilever would also quote this higher salary figure if you were applying for a mortgage or loan.

The Unilever Contribution Arrangement has no effect on:

- How your pension is worked out;
- How much income tax you pay (tax relief applies to contributions whether they are made in this way or not); and
- Your death benefits.

Career average plan members

Career average plan members must take part in the Unilever Contribution Arrangement as a condition of membership.

Final salary plan members

Final salary plan members can choose to opt out of the arrangement in April each year, or at other times if there is a significant change to their pay.

A small number of Final salary plan members may not benefit from the arrangement, if their pay is below the level needed to qualify for State benefits (or, if taking part would bring their pay below that level).

Investing plan members

Investing plan members can choose whether or not to arrange contributions through the Unilever Contribution Arrangement. See the Investing plan guide for more details.

Please note that Unilever has the right to change or end the Unilever Contribution Arrangement and in some situations is not obliged to pay the amount equal to your contribution into the Unilever UK Pension Fund. For example, if the Fund has a surplus – which means there is already more money in the Fund than the estimated amount needed to pay members' benefits.

Tax

How tax applies to pensions

The Fund is registered under the 2004 Finance Act, which means it receives certain tax advantages. In return, your benefits must fall in line with certain HM Revenue & Customs rules.

Income tax

'Tax relief' applies to your contributions, and cash sums paid from the plans (on retirement or death) are currently free of income tax. Then, when your pension comes into payment, you are liable for income tax on it.

Special tax rules for pensions

Tax-free cash

On retirement, you can take part of your benefits as tax-free cash. However, there are restrictions on how much tax-free cash you can take when you retire – we will let you know the maximum figure that applies to you nearer the time.

This is because the rules for tax-free cash are quite complicated. For arrangements where you build up an account – like the Investing plan – you can take up to 25% of the value of that account as cash when you retire. For arrangements where you build up a pension – like your main plan – the percentage is much harder to work out and depends on your age, among other things. Further details will be provided as you near retirement.

Lifetime allowance

The lifetime allowance is the total amount of tax-approved benefits you can build up over your working life before you must pay a special tax charge on them. This includes benefits from all sources except the State – so if you have benefits due from tax-approved schemes you were in before you joined Unilever, or any personal pension plan or stakeholder plan, they all count.

The allowance should only affect a small number of people. For the 2008/2009 tax year, it is £1.65 million. Most of you will be able to see how high this figure is by comparing the value of your benefits with the allowance.

To do this, first take the total tax-approved pension you have built up so far and multiply it by 20. This figure is set by the Government to make it simple for people to work out the 'value' of their pension. Then add the amount you get to:

- the 'value' of any deferred pensions you have in company schemes you belonged to before joining Unilever – remember to multiply any pension amounts by 20 first;
- the value of your Investing plan account (if you have one);
- the value of any personal or stakeholder pension plan benefits you have; and
- the 'value' of any pensions from tax-approved plans which you are already receiving (multiply the annual amount by 25 before adding to your total).

Another way of looking at how high the lifetime allowance is set is to imagine that the only benefit you need to take into account was your Unilever pension. If this was the case, your annual pension for the 2008/2009 tax year would have to be £82,500 a year (£1.65 million divided by 20) for you to reach the allowance.

Please note, however, that it is your responsibility to keep track of your benefits against the allowance. If you are over the allowance when you retire, you will pay a special pensions tax charge, known as the 'lifetime allowance charge', on the excess. The excess may be paid as pension or it may be possible for it to be drawn as a cash sum. In either event, the excess will effectively be subject to an overall tax rate, currently of 55%.

Annual allowance

The annual allowance is the yearly amount of tax-approved benefits you can build up before you must pay a special tax charge on them.

The allowance should only affect a small number of people. For the 2008/2009 tax year, it will be £235,000. Most of you will be able to see how high this figure is by comparing the value of your benefits with the allowance.

To do this, first take the pension you have built up over the year – that is, the difference between your total pension at the start of the year and your total pension at the end of the year – and multiply it by 10. This figure is set by the Government to make it simple for people to work out the 'value' of the pension they have built up in a year. Then add the amount you get to:

- any contributions made into an Investing plan account over the year;
- any contributions you have made into personal or stakeholder pension plans over the year.

Another way of looking at how high the allowance is set is to imagine that the only benefit you need to take into account is your pension from the main plans – that is, any pension you have from the Final salary or Career average plan (or both). If this was the case, your pension amount would have to go up by £23,500 that year (£235,000 divided by 10) for you to reach the allowance.

Please note, however, that it is your responsibility to keep track of your benefits against the allowance. If you are over the allowance for the tax year, you will pay a 40% tax charge ('annual allowance charge') on the excess over the allowance.

Pension scheme trustees can decide on the 12-month period they will use to measure their members' position against the allowance – this is called the 'pension input period'. For the Unilever plans, the pension input period is 1 April to 31 March.

State benefits

State pension age

Whatever age you retire and draw your Unilever pension, you will not receive any State benefits you are entitled to until State pension age. For many years, State pension age has been 65 for men and 60 for women, but pension laws passed in 1995, 2004 and 2007 mean that this will change significantly in the near future.

First, State pension age will become equal at 65 for men and women. This means that it will increase from 60 to 65 on a 'sliding scale' between 6 April 2010 and 6 April 2020 for women born between 6 April 1950 and 6 April 1955 – so, for example, a woman born in September 1952 will have a State pension age of 62½.

Then, State pension age will be increased to age 68 for everyone, this time in a series of stages between 6 April 2024 and 6 April 2046. These are the main stages – please note the year-long 'gaps' between them:

- People born between 6 April 1960 and 6 April 1968 have a State pension age of 66.
- People born between 6 April 1969 and 6 April 1977 have a State pension age of 67.
- People born on 6 April 1978 or later have a State pension age of 68.

The ages are adjusted on a sliding scale month by month for people born during the two 'gap' years, that is April 1968 to April 1969 and April 1977 to April 1978.

Basic State pension

As long as you pay enough National Insurance over your working life, you will receive your basic State pension on top of your Unilever pension.

State Second Pension (S2P)

S2P is the second level of pension paid by the State. (It used to be known as the State Earnings Related Pension Scheme, or SERPS – S2P, however, is being changed to a 'flat-rate' benefit like the basic State pension.)

The Final salary and Career average plans are 'contracted out' of S2P. Under the 'contracting out' system, pension schemes can 'replace' some or all of S2P with their own benefits. This is what happens:

- While you are a plan member, you do not build up all of your S2P.
- This means that you and Unilever make National Insurance savings.
- By law, Unilever must provide plan benefits above a certain level set by the Government to replace the S2P you would have built up.

For pension built up before 6 April 1997, this level was the Guaranteed Minimum Pension (GMP). If you have any GMP, it is included in your Final salary plan pension and receives special treatment:

- Your Final salary plan pension must be at least equal to your GMP (at the time you reach GMP pension age – 65 for men, 60 for women). The amount of tax-free cash you can take will be limited if it would reduce your pension to less than your GMP.
- Your husband, wife or civil partner, where eligible, is legally entitled to 'spouse's GMP' in the event of your death (even if you have nominated others to receive benefits).
- GMPs receive separate pension increases.

The Pension Service

For more information about State benefits, please visit this government website – see page 8.

Things to remember

Temporary absence

If you are away from work for a long period, the way your benefits are treated may depend on the reason for your absence, and which plan you belong to.

Maternity / paternity / adoption / parental leave

If you are on this type of leave, your pension will continue building up as normal while you are still being paid.

During unpaid leave of this type, your contributions will stop. On your return to work, you then have the choice of buying back your missing pensionable service or not – in which case you will not have benefits relating to that period.

You will be told the cost of buying back this pensionable service at the time.

If you die while you are on leave of this type, the same benefits payable on death will apply as in normal pensionable service, whether the leave is paid or unpaid. The benefits will generally be based on your pensionable salary at the date you went on leave.

Career break

If you take a career break, you will not make contributions while you are away, and your pension will not build up over that period. You will not qualify for death benefits during the career break.

Other unpaid leave

If you are away from work for less than a month, the single contribution payment will still be collected, based on your full monthly pay. Your pension will build up as normal, and you will still qualify for the same benefits on death as in normal pensionable service.

For longer-term unpaid leave (such as unpaid sickness absence), Final salary plan members have the choice of making up the missing contributions on returning to work (so their pensionable service is uninterrupted) or not – in which case they will not build up pension for that period.

However, the same benefits payable on death will apply as in normal pensionable service, as if the member had continued their contributions. The benefits will generally be based on their pensionable salary at the date they went on leave.

There is no facility for Career average plan members to make up contributions, so they will not build up pension for that leave period. However, benefits payable on death will apply as in normal pensionable service. The benefits will generally be based on their pensionable salary at the date they went on leave.

Paid sickness

Final salary members' pensions build up as normal (that is, based on full pay) during paid sick leave. The same benefits apply on death as in normal pensionable service. In the Career average plan, benefits build up based on the pay actually received during the period of absence – apart from death benefits, which will still apply based on the members' full pay.

Protecting your details

The Trustees hold and use information that is personal to you in connection with the Unilever UK Pension Fund. They can pass it on to third parties involved in running the plans, such as their professional advisers and the Unilever Pensions Team.

They also have the right to pass this information to others if necessary for Unilever's business purposes (for example, preparing accounts or working out pay and benefits packages). These may include:

- Unilever;
- advisers to Unilever;
- companies working with Unilever;
- companies to which Unilever may be considering selling a subsidiary or business; and
- anyone involved with other schemes you have belonged to or may belong to in future (including past or future employers, trustees and advisers).

It may also be necessary to pass your details to third parties overseas, where laws about protecting information may differ.

As a plan member, you agree to this use of your personal details. If you want to know more about the information held by the Trustees or the purposes for which it is held, please contact the Unilever Pensions Team.

Benefits for former partners

If you get divorced or end a civil partnership, your former partner will lose any automatic right to a pension if you die. However, the courts may allocate some of your pension benefits to them as part of the settlement.

Some of your benefits may be transferred to a policy for your former partner at the time the relationship ends ('pension sharing'). Or, they may receive a pre-arranged proportion of your pension when it comes into payment ('pension earmarking'). A third option is to 'offset' their rights to your pension by reflecting it in some other part of the settlement – such as their share in the value of the house.

If you are going through a divorce or ending a civil partnership, please contact Unilever Peoplelink for more information about the possible effects on your benefits.

If you have been separated from your husband or wife for more than two years, you can be treated as unmarried, as long as the Trustees agree. You can then apply for a dependant's pension for your new partner. If you were to die in this situation, your husband or wife may still receive a reduced pension.

Passing on benefits

By law, you may not pass your benefits on to anyone else or use them as security for a loan. If you try to do this, your membership will end and you will not receive your plan benefits.

The future of the plans

Unilever currently intends to keep the plans in place. However, it has the right to change or end the plans in future, as long as it is acting in line with pension law in force at the time, and the plan rules. It also needs agreement from the Trustees before making certain changes to the Final salary plan (this does not apply to the Career average plan). Where required by law, it must also consult the members in advance about any proposed changes to their benefits.

Your employer may also stop taking part in the plans – for example, if it was no longer part of the Unilever Group.

If you have a problem or complaint

If you have an issue with the plans or your benefits, these can normally be resolved informally with the Unilever Pensions Team. If this is not possible, you can ask the Team to start the official dispute procedure.

This will normally begin with you sending in a written complaint. The head of pensions will consider it first – then, if they cannot resolve it, you can forward your complaint to:

Secretary of the Trustees
Unilever UK Pension Fund
Walton Court
Station Avenue
Walton on Thames
Surrey KT12 1NT

If you feel that no-one involved with the plans has addressed your problem, you can approach the Pensions Advisory Service (see page 8).

Unilever and Trustee agreement

The plan guides describe benefits that may depend on the agreement or consent of Unilever, the Trustees or sometimes both. Please note that if and when Unilever or the Trustees give their agreement, it does not mean that they must do so automatically in a similar situation – even if the facts are the same, and agreement has generally been given in the past. They have the right to give or withhold this consent in each individual case.

Helpful organisations

The Pensions Advisory Service (TPAS)

www.pensionsadvisoryservice.org.uk

TPAS is available at any time to help members (and other beneficiaries) of company pension schemes like the Unilever UK Pension Fund with questions or problems to do with their pension benefits.

11 Belgrave Road
London
SW1V 1RB

Phone: 0845 6012923

E-mail:
enquiries@pensionsadvisoryservice.org.uk

Pensions Ombudsman

www.pensions-ombudsman.org.uk

The Ombudsman has the power to investigate and determine any complaints and disputes of fact or law relating to company pension schemes like the Unilever UK Pension Fund. Please note that the Ombudsman will expect you to have gone through the internal dispute procedure and approached TPAS before forwarding your complaint.

The Ombudsman is based at the TPAS address.

Phone: 0207 834 9144

E-mail:
enquiries@pensions-ombudsman.org.uk

The Pensions Regulator

www.thepensionsregulator.gov.uk

The Regulator oversees the running of pension schemes in the UK and can step in where trustees, employers or professional advisers have failed in their duties.

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Phone: 0870 6063636

E-mail:
customersupport@thepensionsregulator.gov.uk

Pension Tracing Service

If you think you might have benefits in an old scheme but you have lost touch with the employer, the Tracing Service may be able to help.

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Phone: 0845 6002 537

Or, visit the Pension Service website (www.thepensionservice.gov.uk) and follow the link on the left-hand menu to 'Pension Tracing Service'.

The Pension Service

www.thepensionservice.gov.uk

This Government website contains useful information about planning for retirement and the benefits you can expect to receive from the State. It is also the on-line home of the Pension Tracing Service (follow the link on the left-hand menu).

IFA Promotion

www.unbiased.co.uk

Phone: 0800 085 3250

IFA Promotion can help you find an independent financial adviser in your area. You can either call their helpline or use the search facility on their website. Remember to check that any adviser you contact is properly qualified and authorised – and that they are likely to charge for their advice.

Please note that Unilever does not accept any responsibility or liability for any advice given by an independent financial adviser.

Stay in touch

Please get in touch if you have any questions about the plans or your benefits, or if:

Your personal details change

If you move house, get married or divorced (or change your name for any other reason), register or dissolve a civil partnership, please let us know as soon as possible. It may affect how we work out or pay your benefits.

You need to update your nomination form

If any of your circumstances change – but particularly if you start or end a relationship – you should check whether you also want to change the names on your nomination form. The Pensions Team can send you a new form if you need one.

You want to see any official Fund documents

You can ask to see:

- the trust deed and rules for the Unilever UK Pension Fund;
- the Unilever Contribution Arrangement rules;
- the rules for the 'Unilever 12.5% contribution' for Career average plan members;
- official Fund reports and accounts;
- the latest report on the plans' funding; and
- the Trustees' statement of investment principles.

Contact details

If you are still working at Unilever, you should contact Unilever Peoplelink:

Phone: 0800 028 4390

E-mail: peoplelinkuk@accenture.com

If you have left Unilever, you should contact:

Unilever Pensions Team
Hewitt Associates Outsourcing Limited
6 More London Place
London
SE1 2DA

Phone: 0800 028 0051

E-mail: unileverpensionsteam@hewitt.com

Please note the following:

- Anything in these guides about legal or tax issues is based on Unilever's understanding of these issues at the date of printing. Any changes in the law or HM Revenue & Customs may affect this information.
- When the guides refer to Unilever giving consent to a benefit or option, they do not mean that Unilever will necessarily give its consent as a general rule. Unilever has the right to give consent in some cases and not others.
- In the same way, Unilever can discontinue in future any 'discretionary practice' it currently applies.
- In these guides, Unilever can mean the Unilever company which employs you, or Unilever PLC overall.

