

Your Unilever pension

# *Investing plan*



Unilever

Unilever UK Pension Fund

# Welcome to your Investing plan guide

*This guide outlines how you can use the Investing plan (part of the Unilever UK Pension Fund) to 'top up' the benefits you are building up in your main Unilever pension plan.*

You can use an Investing plan account for:

- Extra contributions on top of your normal contribution rate (whether you belong to the Final salary plan or the Career average plan);
- Unilever contributions above the higher level of pensionable earnings for Career average plan members.

You should read this guide 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 **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 Investing 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 any difference comes to light 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 Investing plan, or end your employer's participation in the Investing plan.

## Contents

Special terms	Inside front cover	Leaving the Plan	12
At a glance	1	Protection for you and your family	13
Paying into the plan	2	Practical information	14
Investing	4	More information about investing	15
Fund choices	7	Some legal notes	18
Taking benefits	10		

# Special terms

## **Account**

This is your personal account in the Investing plan, which is used to provide benefits when you retire. Its value is made up of contributions paid to the account, adjusted up or down depending on how it is invested, and to take account of expenses.

## **Annuity**

This is a regular income paid for with a cash sum – so, if you buy a pension with the money in your account, that is a type of annuity. An ‘annuity price’ is the amount it costs to buy a particular level of income.

## **Asset class**

A type of investment – for example, shares, bonds or property.

## **Fixed-term voluntary contributions**

This is a type of extra contribution made to your account through the Unilever Contribution Arrangement – so you save on National Insurance as well as tax. To benefit from this additional saving, you must commit to a reduction in your salary equal to these contributions for a minimum of at least a year. Unilever currently also passes on some or all of its National Insurance saving into your account. See page 2 for more details.

## **Fund**

This is an investing option in the Investing plan which you can choose for some or all of your account. (But in the General information guide, you will also see the word ‘Fund’ used to mean the Unilever UK Pension Fund.)

## **Index**

This is a figure which is used to measure asset class performance. So, particular indexes are used as ‘benchmarks’ (or target returns) for measuring how well investments perform.

## **Investment provider**

This is the insurance company (or other investment provider) which provides the investments that make up the fund choices. The current provider is Fidelity Investments Life Insurance Limited (‘Fidelity’). The investment provider may be changed from time to time.

## **Main plan**

This is the Unilever plan in which you build up your pension benefits, that is the Final salary plan or the Career average plan.

## **Plan Viewer**

This website is Fidelity’s online investing service. It contains your account details, and you can use it to make changes to your fund choices. You can also find more general information about the fund choices available.

## **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.

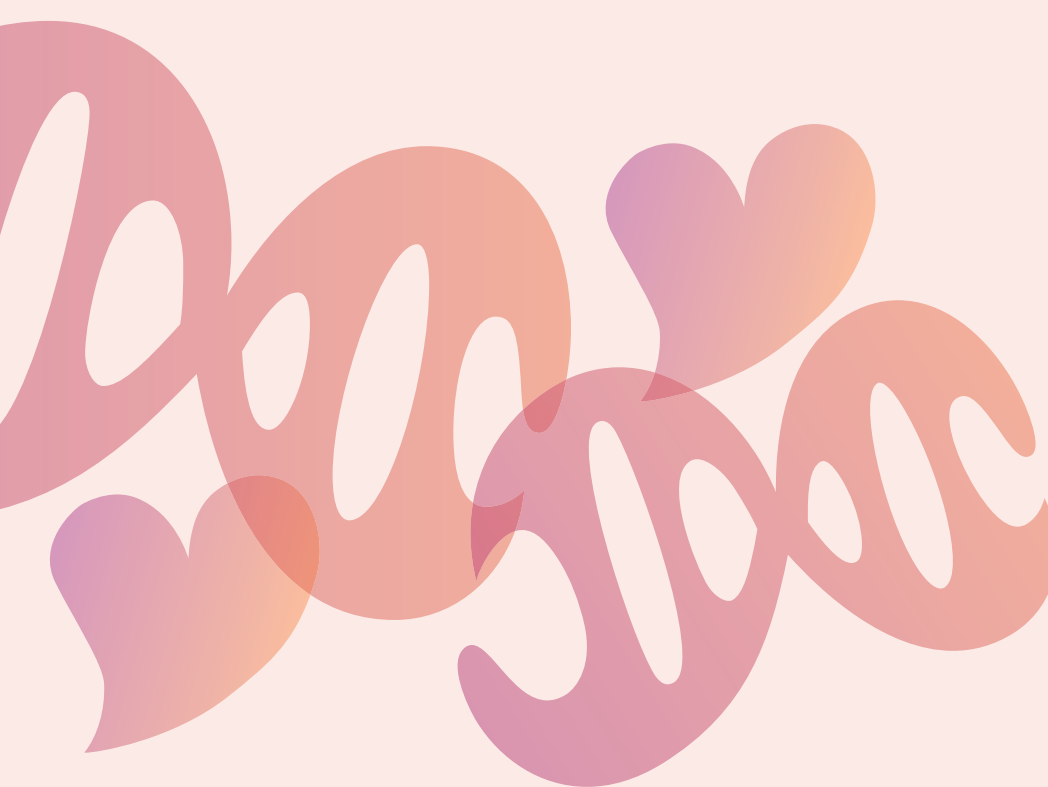


### **Unilever Contribution Arrangement**

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 you would have to pay if you made the contributions yourself. Further details are in the General information guide.

### **Variable additional voluntary contributions**

This is a type of extra contribution made outside the Unilever Contribution Arrangement – so you save on tax, but not National Insurance. They are more flexible than fixed-term voluntary contributions. See page 2 for more details.



# At a glance

## *Here are the main features of the Investing plan.*

- Your extra contributions are credited to an account in the Unilever UK Pension Fund in your name. (Career average plan members earning above the higher level may also receive an additional contribution from Unilever.)
- You decide how you want the Trustees to invest your account from a range of investment fund choices. Your personal situation – and how you feel about the risks involved with investing – will have an influence on which funds you choose.
- You can change your fund choices as your needs and priorities change over time. You can also choose to have your account ‘switched’ into different funds automatically as you approach retirement.
- When you retire, you can choose how your account is used to provide extra benefits on top of those from your main plan. The level of benefits will depend, among other things, on how much is paid into your account and how well your chosen funds perform.

# Paying into the plan

## Your account

If you take part in the Investing plan, you have an account in the Unilever UK Pension Fund in your name. You decide how you want to invest the account. You then choose when you retire how the value of your account is used to provide benefits. In any situation where you make no choice, a default option will apply.

Any extra contributions you or Unilever make will be credited to your account. There are three kinds of extra contribution to the Investing plan.

## Fixed-term voluntary contributions

You make this type of extra contribution through the Unilever Contribution Arrangement (see page 2 in the General information guide) – so you save on tax and National Insurance. Also, Unilever passes some or all of its National Insurance saving into your account.

Government rules for this type of arrangement, however, mean you must pay a regular amount and commit to it for at least 12 months. This period may actually be closer to two years – for example, if you start paying in November. In our plan, you will be able to change the amount you pay in fixed-term voluntary contributions every 1 October (provided you have paid them for at least 12 months).

## Variable additional voluntary contributions

These contributions are outside the Unilever Contribution Arrangement. So, while there are still tax advantages, you do not save any National Insurance – or benefit from any National Insurance savings being passed on by Unilever. However, these contributions are more flexible – you can pay them regularly or as ‘stand-alone’ payments from time to time, and within limits you can vary what you pay more or less as often as you want.

So, your tax and National Insurance savings depend on:

- whether you pay fixed-term voluntary contributions or variable additional voluntary contributions; and
- the rate of tax you pay.

These tables show how this applies to a contribution of £100 (based on the tax and National Insurance rates expected at date of printing to apply for the 2008/2009 tax year).

If you pay fixed-term voluntary contributions:

If you pay ...	Actual cost to you	Amount invested in your account
Basic rate tax	£70.60	£109.10
Higher rate tax	£59.00	£109.10

If you pay variable additional voluntary contributions:

If you pay ...	Actual cost to you	Amount invested in your account
Basic rate tax	£80.00	£100.00
Higher rate tax	£60.00	£100.00

Note for Final salary plan members: no part of the ‘8.5% contribution rate’ (see page 3 of your guide) is an ‘extra contribution’ to the Investing plan – it is simply an alternative rate you can currently pay towards potentially higher pension increases.

### **Unilever contribution for Career average plan members**

If you are in the Career average plan, Unilever will pay a contribution into the Investing plan for you of 12.5% of any pensionable earnings you receive above the higher level. You have the alternative of taking this as cash with your salary. If you do this, the amount you receive will be less than 12.5% to take account of:

- Unilever's higher National Insurance costs; and
- your tax and National Insurance deductions.

Or, you can combine the two options.

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 future, there may be times when you have to take the contribution as cash, even if you previously received it as a pension contribution.



# Investing

The Investing plan is a way of saving for retirement. When people save, they normally need to keep in mind:

## What they are aiming for

Do they just want to buy a new car next year or do they have special plans for the longer term – like meeting their financial needs in retirement?

## How they feel about risk and reward

For example, some asset classes are expected – though not guaranteed – to perform better than others over longer periods, but may go up and down a lot in the short-term.

Some people are more comfortable than others with this type of risk, because:

- they believe their investments will show this better performance when measured over the whole time they are saving – meaning they will pay less money to achieve the same investment aim; and
- they understand, accept and can afford the potential consequences if this better performance does not happen.

And over time, their attitudes are likely to change, as the level of risk – and their ability to manage it – also changes.

Saving for retirement is no different. You need to decide what your aims are and balance them with the types of risk that apply to you, and that you feel comfortable taking and that you can afford.

The Investing plan arrangements are designed to try to make investing your account fairly simple. There are five funds to choose from, set up to cover a range of likely investing aims and attitudes to risk.

You can also arrange to have your account move gradually between certain funds over time. This is called 'automatic switching', and it is designed to reflect the fact that people's aims and attitude to risk generally change as they get older.

If you have read the available information and feel generally uncomfortable making decisions about investing, you should consider taking independent financial advice (see page 8 of the General information guide).

There is a 'default' option (explained on page 9) – but please bear in mind that allowing your account to go into the default arrangements is a decision in itself, and this may well not be the most suitable option for your investing aims.

## Investing aims

Because Investing plan members are using the plan to save for retirement, there are generally three main investing aims they may have:

### Building up the account

Pensions are a long-term investment, and from April 2010 the minimum age for retirement will be 55. It will be some time before many Investing plan members have a clear understanding of what their needs might be in retirement and how they want to use their account to provide benefits. So, their main aim may be to grow the account as much as possible in the early part of their career.

And as life expectancy continues to rise, members must plan for a retirement which may last for many years – which makes it even more important to build up an account large enough to provide an income that will meet their needs for that length of time.

Funds like the three Investing plan growth funds are expected to perform better than others over long periods – but there is no guarantee that they will and in extreme circumstances they could perform significantly worse.

If you are investing for the long term, you may not worry too much about these short-term 'ups and downs', if you believe the long term return will be better. But remember this is not guaranteed. So, you should keep track of your savings as you go through your career. You may need to adjust what you save to take account of:

- any changes in your investing aims; and
- how well your investments are performing.

#### [Saving for cash](#)

Members who want to take most or all of their account as cash may decide as they get closer to retirement that their most important aim is to protect the value of their account (as opposed to focusing on growth).

Funds like the Investing plan Cash Fund may be suitable for these members. This type of fund is unlikely to fall in value, and should still give a stable return on the money invested, if lower than other types of investment.

#### [Saving for an income](#)

Members who want to use most or all of their account to buy a pension may decide (especially in the run-up to retirement) that their most important aim is to protect the 'buying power' of their account. This is not the same as simply protecting the account value – this kind of planning involves investing the account so that its value moves up and down reflecting the changing cost of buying a pension.

Pension prices are broadly linked to the value of funds like the Investing plan Income/Bond Fund. So, this type of fund may be a suitable investment choice for members in this situation (but please also see 'Working out the cost of a pension' on page 10).

#### **Risk**

When you invest, it is important to think of a 'risk' as something that could mean that you fail to meet your investing aims. Put another way, risk is simply 'uncertainty' – you may fail to meet your investing aims, but there is also the chance you will exceed them. There are a number of risks for Investing plan members to consider.

#### [Risk in building and growing your account](#)

The risk here is the uncertainty about how well your account will grow. No one knows which type of investment will give the best return over the time you are saving, but generally the more an investment goes up and down in the shorter term, the higher it is expected to grow overall in the long term. However this growth is not guaranteed. So, when you choose how to invest, you need to balance this uncertainty with the expected returns from the options available to you - for example the different growth funds in the Investing plan. This choice will be influenced by your attitude to risk.

Remember that in extreme cases, even over longer periods, the growth funds could perform significantly worse than other funds.

#### [Risk in saving for cash](#)

People differ in how they feel about the risk that their account may fall in value. Those who are particularly uncomfortable with this type of risk may prefer asset classes designed to avoid falls in value – like cash funds – although they are normally expected to give lower returns than others over longer periods. Because of this cash funds are generally unlikely to be viewed as a long term investment. Remember that over longer periods, the increase in value may be lower than inflation, so the 'buying power' of an investment in the Cash Fund may fall.

# Investing

However, in the run-up to retirement – when members may be planning to take a cash sum from their account – a sudden fall in their account value could be especially damaging.

## Risk in saving for an income

Some Investing plan members may aim for a 'target income' when they retire – for example, a percentage of their salary.

The risk here is that the 'pension buying power' of your account goes up and down. This risk may be particularly important in the run-up to retirement.

## Your attitude to risk

It is likely that the way you feel about risk will change during your Investing plan membership. For example, early in your career you may be more comfortable with the risks that go with some investing aims because you will be able to adapt your plans and future contributions to allow for what is happening with your savings – in the belief that you will be better off in the long term.

Many people later in their career will focus more on the cash and income they will need in retirement, and investing their account to protect what they have already built up.

Your attitude to risk may also be affected by your other retirement benefits, and your other savings in general. If your Investing plan account makes up a relatively small part of your overall savings, it may mean you are happy for it to carry more 'risk'.

You should bear in mind, then, that your attitude to risk may vary over time, and be affected by, among other things, changes in your personal circumstances.

## Making the most of this guide

This guide goes on to set out the fund choices available (with their investing aims) and your options for what to do with your account when you retire.

The final part of the guide gives you background information about individual asset classes (the investments that make up the funds) and the risks they carry. You should have this to hand when you look at the information the investment provider supplies about the fund choices.

No-one can predict whether your fund choices or investment decisions will produce the results you hope for. You choose how you would like to invest your account from the range of funds available, and the decision you make (which includes making no decision) will directly affect the value of your account. If you make no choice, the default option will apply (see page 9) – but this may well not be suitable for you, so please consider your choices carefully.

No-one involved with running the Investing plan can give you advice about your personal finances. If you are uncertain about making investment decisions, please consider taking independent financial advice first – see page 8 of the General information guide.

# Fund choices

There are five funds on offer through the Investing plan. The range has been carefully chosen to try to keep investing fairly simple for members while seeking to cover most of their likely investing aims and attitudes to risk.

You can spread the investment of your account across the funds in any proportion you want to. These are the fund choices.

## Cash Fund

This fund aims to give investment returns while protecting the amount you originally invested. The returns are expected to be broadly in line with the returns that bank, building society or similar accounts might achieve.

## Income / Bond Fund

This fund aims to give returns broadly in line with the returns investing in Government and corporate bonds might achieve. The price of a pension is broadly linked to the value of bond funds – so, the value of the Income / Bond Fund is expected to rise and fall broadly reflecting changes in the cost of buying a pension (but please see 'Working out the cost of a pension' on page 10).

## Cautious Growth Fund

This fund is made up of a range of investments. It aims to achieve (but does not guarantee) higher returns over the long term (five years or more) than the Cash Fund – with a moderate chance of going down in value over the same period. A significant part of this fund is likely to be invested in asset classes that do not aim primarily for growth.

## Moderate Growth Fund

This fund is made up of a range of investments. It aims to achieve (but does not guarantee) higher returns over the long term (five years or more) than the Cautious Growth Fund – with a higher chance of going down in value over the same period (compared to the Cautious Growth Fund). At least part of this fund is likely to be invested in asset classes that do not aim primarily for growth.

## High Growth Fund

This fund is made up of a range of investments. It aims to achieve (but does not guarantee) higher returns over the long term (five years or more) than the Moderate Growth Fund – with a higher chance than the Moderate Growth Fund of going down in value over the same period. Most or all of this fund is likely to be invested in asset classes that aim for growth.

### How the funds are made up

In setting up the Investing plan, Unilever has taken investment advice, and has decided on the investments to make up the fund choices to satisfy these aims. From 1 January 2009, the Trustees will take over the responsibility for deciding these investments.

After deciding on the asset classes and investment styles for each fund choice (see the

'More information about investing' section for further details), Unilever appointed the plan's first investment provider, Fidelity. Further details of the investments making up the funds are available on 'fund fact sheets', which you can find on Plan Viewer, Fidelity's online investing service. See 'Practical information' for more about investing your account.

## Fund choices

It is your responsibility to check Plan Viewer from time to time and keep track of how the funds are doing. Although the Trustees will try to tell you about any changes to how the funds are made up and any changes to the automatic switching option, they cannot guarantee to do so – which means, they cannot accept any liability for you being unaware of any changes.

### Automatic switching

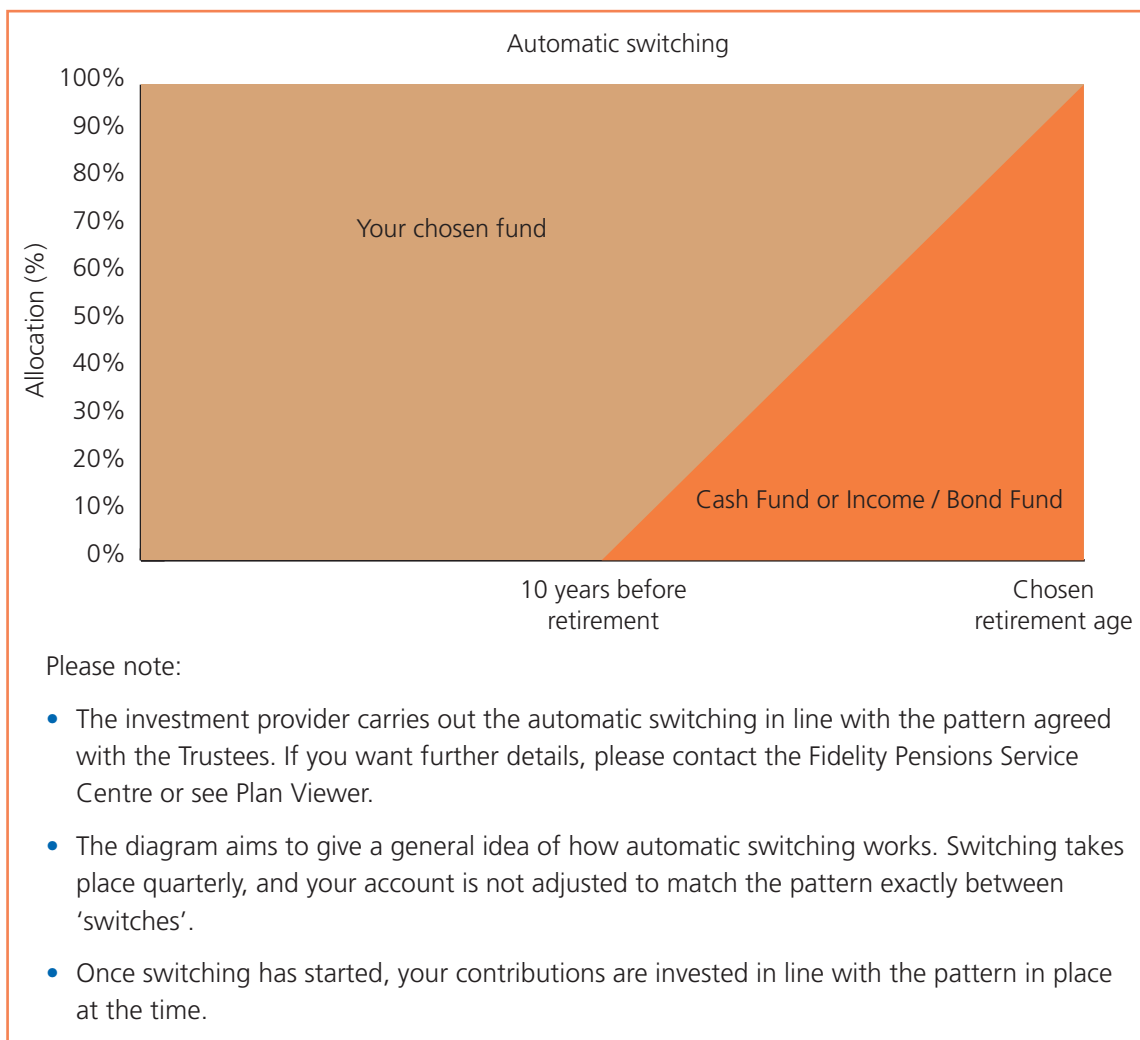
As long as your whole account is in the High, Moderate or Cautious Growth Fund at the time, you can choose to have it moved automatically into either the Cash Fund or the Income / Bond Fund, depending on your aims when you retire:

- If you want to use most or all of your account for pension, you would switch to the Income / Bond Fund (see page 10 for more details about how pension costs are worked out).
- If you want to take most or all of your account as cash, you would switch to the Cash Fund.

The switch will happen gradually over the 10 years before you retire – so you need to tell us your 'target age' for retiring so the switch starts at the right time. You can change your target age once switching has started if you want to – the switch will either speed up or slow down accordingly.

If you decide, after starting automatic switching, that you want to switch between growth funds, you can do so. For example, if you are two years into switching and you have 80% of your account in the High Growth Fund and 20% in the Cash Fund, you can move the 80% part into, say, the Cautious Growth Fund. The automatic switching will then continue as before, gradually moving your account from the Cautious Growth Fund into the Cash Fund so that you have your whole account in the Cash Fund at your target age.





### **If you do nothing (the default option)**

If you have an Investing plan account but make no decision about investing it, it will go into a 'default' option. At the date of printing, the default option is as follows.

To start with, your whole account will be invested in the Moderate Growth Fund, until 10 years before your retirement date, when it will start to switch automatically into the Cash Fund. (If you have not chosen a target retirement date, the switch will start at age 55 on the assumption that you will retire at 65.)

Please note that while this is the default option, you can choose to switch in this way whatever fund you start with. Equally, the default option

may well not be suitable for you – so, please consider your investment choice carefully.

### **Charges**

Taking part in the Investing plan means that you will have to pay some of the provider's charges. Each fund carries a management charge – this will vary depending on the fund or funds you choose.

If you are no longer in pensionable service but you have left your account in the Investing plan, you will also have to pay some administration costs. You can ask to see further details of these costs.

The fund factsheets and Plan Viewer (see page 14) both contain details of the investment charges.

# Taking benefits

## Retiring

If Unilever agrees, you can currently retire and use your account to buy additional benefits at any age from 50 onwards. From 6 April 2010, however, this goes up to age 55 onwards.

You must take your benefits from the Investing plan at the same time as you take those in your main plan.

When you retire, you choose a provider (normally an insurance company) and use your account to 'draw' your retirement benefits.

## Working out the cost of a pension

Insurance companies consider two key issues when working out how much pension your account will buy.

The first one is life expectancy. People are, in general, living longer than they used to – which means they are likely to receive their pension for longer. When they work out how much pension your account will buy, insurance companies take into account how long they might have to pay the pension for.

The insurance company also needs to consider how to invest the money from your account, bearing in mind the amount and type of pension they must pay out to you. This means that they currently tend to invest in bonds or gilts appropriate to the type of pension you have chosen (see page 15).

Different companies may offer you different rates for benefits depending on your personal situation, so you may want to take independent financial advice before you make your decision (see page 8 of the General information guide).

## Choosing your benefits

You can use your account in a number of ways.

- You can take some or all of it as tax-free cash (bearing in mind the HM Revenue & Customs restriction on this – see page 3 in the General information guide).
- You can use it for pension by buying an annuity from one of a 'panel' of insurance companies selected by the Trustees.
- You can buy an annuity on the 'open market' (this will involve stating in writing that you have decided against using the Trustees' panel).
- If it is less than a certain amount (currently £10,000), you can use it to buy extra pension through the Unilever UK Pension Fund.
- You can mix pension and cash.

## Transferring your account

With Unilever's agreement you can also transfer your account at any time to another tax-approved pension arrangement – for example, a personal pension or stakeholder plan – even while you are still in pensionable service. Remember that you and the new arrangement must complete any necessary paperwork before the transfer can go through.

This may give you other options as well as those described above, such as 'income drawdown' – the new arrangement may allow you to draw part of your benefits each year (within certain limits) instead of using the account outright to buy a pension.

Please consider taking independent financial advice before transferring your account (see page 8 of the General information guide).

### **Weighing up your options**

Any benefits you have in the Investing plan are 'on top' of benefits you will receive from your main plan – so when you look at your finances, try to consider your overall benefits rather than the individual plans in isolation.

For example, your main plan is there first and foremost to give you a pension. So, you might consider using your Investing plan account for cash as far as possible, and exchange as little pension for cash as possible from your main plan.

Further details of the options available will be sent to you in the run-up to your retirement. Please let us know of your intentions, where possible, at least 6 months before your retirement so we can provide you with details of your options in good time.

It is also important that you keep us informed of your address so we can contact you at this time. If you have not heard from us when you get close to retirement, please contact the Unilever Pensions Team.

### **Default benefits**

If you do not make a clear choice about how to use your account when you come to retire, the current rules require the Trustees to make a 'default' choice for you.

The current default is to buy you a 'level pension' (that is, one that does not increase) for life, with a five-year guaranteed term and no further benefits for a partner or other dependants.

This default pension may cost more than one you choose for yourself because the insurance company will have less information about you to hand when working out how much to pay.



# Leaving the plan

If you leave your main plan before normal retirement age (65), what happens to your Investing plan account depends on what you decide to do with your benefits from your main plan.

## **If you have two or more years' pensionable service**

If you choose to 'defer' your main plan pension, your Investing plan account will continue to be invested in line with your fund choices. Your account will also pay some of the Investing plan's administration charges which may change from time to time. You can ask for further details of these charges.

You then use your account to provide further benefits when you retire and draw your pension.

No further contributions can be made to your account in the meantime. However, you can still make changes to your fund choices, and choose automatic switching if you want to.

You can transfer your account out of the Investing plan into a new arrangement at any time. However, please note that if you transfer your main plan benefits into a new arrangement, you must transfer your Investing plan account at the same time (unless Unilever agrees otherwise).

## **If you have less than two years' pensionable service**

You may still be able to defer your main plan pension or transfer your benefits, in which case your Investing plan account will be treated in the same way as if you had two or more years' pensionable service (see above).

You also have the option of receiving a payment equal to the contributions made for you into your main plan through the Unilever Contribution Arrangement (plus, any normal contributions you might have made to the Unilever UK Pension Fund as a Final salary plan member), with interest.

If you choose this option, 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 the value of the part of your account relating to any fixed-term voluntary contributions, less tax (under current rules, normally 20%). The Unilever UK Pension Fund will refund the value of the part of your account relating to any variable additional voluntary contributions at the date you leave, less tax.

Career average plan members will not receive a refund of Unilever contributions made to the Investing plan on any earnings above the higher level – these will be forfeited if the refund option is chosen.

## **If you opt out**

If you leave pensionable service but carry on working for Unilever, the treatment of your Investing plan account will depend on your pensionable service and your decision about your main plan benefits in the same way as described above.

# Protection for you and your family

## **If you retire due to ill health**

If you have to stop work due to ill health, your Investing plan account will be used to provide additional benefits to those from your main plan. You will have the same options as if you were retiring normally (see page 10).

Special terms apply to you if you are in the Career average plan and your pensionable earnings are above the higher level when you stop work. Please see page 7 of the Career average plan guide for more details.

## **If you die in pensionable service**

If you die while working at Unilever and in pensionable service, the value of your Investing plan account will normally be payable as a cash sum, in addition to the benefits payable from your main plan.

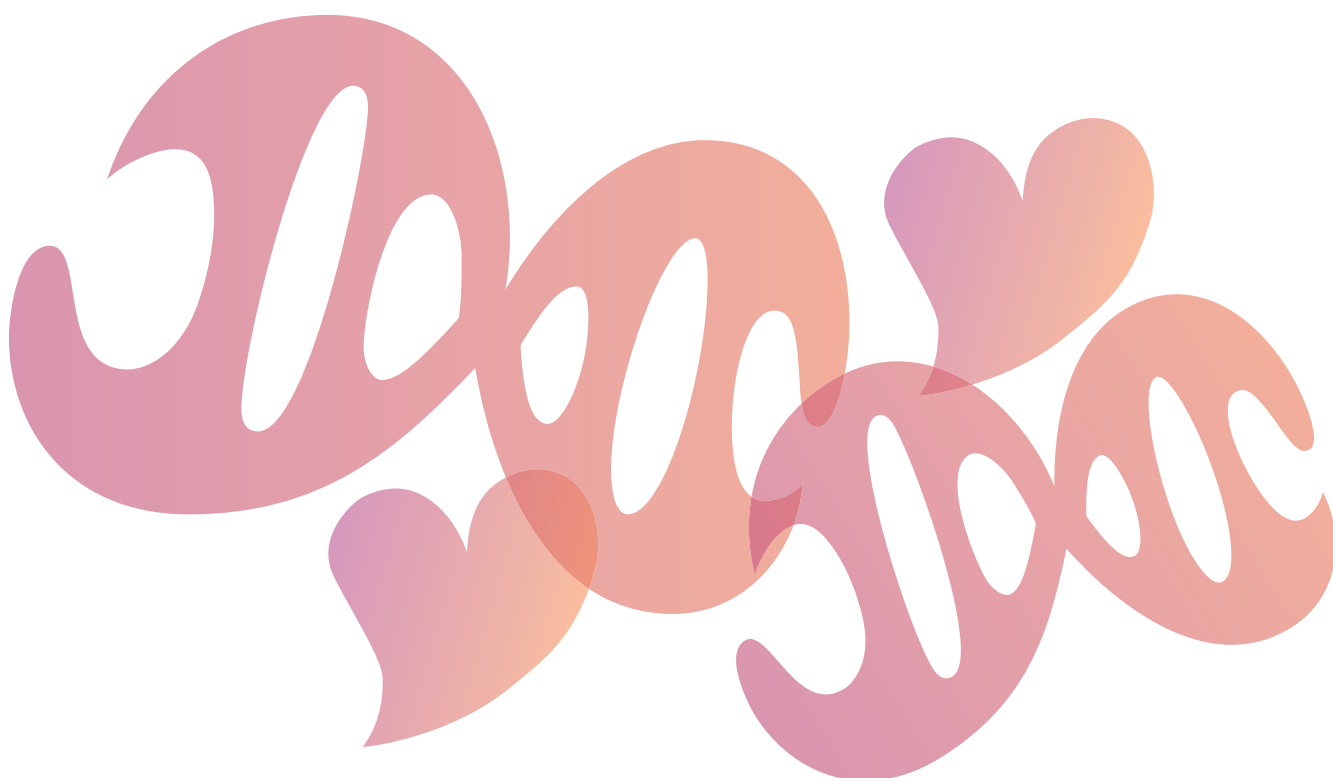
## **If you die in retirement**

When you retire, you can decide to use part of your account to buy benefits for your partner or dependants after you die (and start with a smaller pension yourself). So, after your death, the provider you have chosen will start to pay out these benefits.

If you do not choose to use your account in this way, or take it as a cash sum when you retire, no further benefits will be payable from the Investing plan after you die.

## **If you die between leaving the plan and retiring**

If you die after leaving the plan but before drawing your main plan benefits, the value of your Investing plan account will normally be payable as a cash sum, in addition to the benefits payable from your main plan.



# Practical information

## Investing with Fidelity

If you join the Investing plan, Fidelity will contact you directly.

They will send you a letter confirming your membership and the 'default' fund your contributions first go into (see page 9).

The letter will also contain:

- a PIN number you must use if you call their helpline at the Fidelity Pensions Service Centre; and
- a web PIN, you need to use when you access Plan Viewer.

Plan Viewer is Fidelity's online investing service – which means it contains details about your contributions and investments. So, for extra security, Fidelity will send you a second letter containing your Plan Viewer user name. You need both this user name and the web PIN from the first letter to access Plan Viewer.

**Please remember that until you take action to instruct Fidelity to invest your account in a different option to the default option, you will remain in the default option – which may well not be suitable for your particular circumstances.**

## Making changes

You begin investing as soon as you join the plan through the default fund. However, you should consider – not just when you start but regularly, over time – whether you want to:

- change your chosen level of contributions;
- move your account into different funds;
- change your automatic switching option; or
- choose a different target age for retiring.

You can make many of these changes online, using Plan Viewer, or by phone to the Fidelity Pensions Service Centre.

## Timing

There are several 'stages' to investing your account, with different parties responsible for carrying out instructions within a certain timescale. The overall effect of these is that, under current rules, your Investing plan contribution must reach your account within three months after the end of the month when it is paid. In practice, the Trustees aim to arrange for your contributions to be invested promptly, but no liability is accepted for any failure to meet this aim.

For more details, please see the legal notes at the end of this guide.

## Taking advice

No-one involved in the Investing plan (including anyone you speak to at Fidelity) can give you personal advice about investing. If you are uncertain about making investment decisions, please consider taking independent financial advice. You can read more about finding an adviser on page 8 of the General information guide.

# More information about investing

## Asset classes

Each fund invests in an 'asset class' – or a mix of different asset classes. Different asset classes carry individual risks and behave in particular ways, so the choice of asset classes and how they are combined gives each fund its own distinct 'profile'.

The information supplied by Fidelity on Plan Viewer about each fund will tell you which asset classes that fund invests in. This section of the guide gives you an overview of these asset classes so please keep it to hand when you read through the fund information.

## Shares

Company shares are also called 'equities'. The return you get is the change in the value of the shares, plus any dividends paid out on them. Share values are affected by, among other things, the company performance, changes in stock market conditions and (for overseas shares) exchange rates.

The risk most commonly associated with shares is a sudden fall in value. Sometimes, these falls can be significant. For this reason, it is less common for people to invest their savings in shares on the point of retiring, in case this happens just as they are about to buy their pension.

Although shares can rise and fall sharply in the short term, they may offer more potential for growth over time than other types of asset. So, people often choose to invest in shares earlier rather than later in their career. They aim for the growth they might achieve over the years until they near retirement, with enough time to 'weather' any ups and downs along the way.

However, if a company becomes insolvent, its shares can become worthless.

## Bonds and gilts

A bond is a loan to a company, normally for a set term. The company issues the bond to raise money, and the return you get over the term of the bond is a combination of any change in the value of the bond itself, plus the interest on the loan. This interest can be fixed, or linked to an index (such as the Retail Prices Index, which measures inflation). So, if inflation goes up, the price of an index-linked bond is likely to go up, whereas the price of a fixed-interest bond may fall.

Bonds are expected to give more 'stable' returns than shares – that is, they should not rise and fall as suddenly – but their overall rate of return is likely to be lower than that from shares.

Gilts are a type of bond where the loan is to the Government rather than a company. This means they are generally regarded as the most secure type of bond because the Government is unlikely to default on the loan – whereas there is a risk of a company becoming insolvent. However, the fund chosen by the Trustees holds a wide range of bonds to reduce the impact of losses if a particular company does become insolvent.

## More information about investing

Because bonds and gilts are not expected to give as high returns as shares, investing in them long-term may restrict the amount the savings may grow.

However, annuity prices move broadly in line with bond values – this is because they both depend mainly on interest rates, expected inflation, or both. Currently, insurance companies set pension prices allowing for the returns they expect from bonds with a long term.

So, people approaching retirement often consider investing some of their money in bonds to protect it against changes to the likely cost of their pension. This helps to manage the risk of annuity prices going up, making their pension more expensive just as they are about to retire and buy it.

### Cash

Cash investments are normally savings products that work in a similar way to a normal bank account – the ‘return’ on the investment is the interest on the account.

Cash is expected to be the most stable asset type you can choose – the original amount put in should be secure. However, because the money can be withdrawn on demand or at very short notice, the interest on cash accounts is low.

The possible risk, then, is that the returns on cash may be lower than inflation – meaning that the ‘real’ value of the money goes down. For this reason, it is unusual to invest in cash over long periods. People who are close to retirement are more likely to consider moving some of their savings into cash if they are planning to include a cash sum in their benefits – it will give the amount they want to take as cash the highest security available.

### Property

Property investments for pension arrangements are normally office, industrial or retail premises. The return on the investment is a combination of the rents paid for the property and any change in the value of the property itself.

### Spreading your investments

There may be times when certain asset types just ‘do badly’ – a slump in the stock markets, say, or in property values. This is why some savers spread their money across a number of different asset types – so if one performs poorly, it need not affect their entire savings.

### The two investment 'styles'

How funds perform can be measured against an 'index' – a figure reflecting how assets have performed across a particular market. So, for example, share fund managers might compare their fund returns with the FTSE All-Share Index.

Investment managers normally offer two types of fund: 'passive' and 'active'. The key difference between passive and active investing lies in how the managers use this index.

#### Passive (or 'index-tracking')

In passive investing, broadly speaking, the manager buys the same investments as those making up the index. The aim is for the fund to closely match the returns in the market – but remember that fees and expenses are normally deducted from these returns.

This is why passive investing is often called 'index-tracking', and you may see passive funds described as 'tracker funds' if you read more about investing.

#### Active

In active investing, the manager uses their expertise to place the fund in investments they think will beat the market. So, the returns could well be higher than those from the passive approach, but accordingly there is a risk they will be lower, too.

Please note – it is not the case that active investing is 'risky' in a way that passive investing is not. The markets themselves rise and fall, and both the passive and active approaches follow the markets to some extent. With active investing, however, the 'ups and downs' can be bigger.



# Some legal notes

**These points contain some additional 'small print' not in the General information guide, because they deal specifically with the Investing plan.**

- Please remember that:
  - all statements about future investment performance or the aims or objectives of any particular investment fund are not guarantees that that performance or aim or objective will be achieved, and
  - where statements about future performance are based on past experience or performance, there is no guarantee that that past experience or performance will be repeated in the future.
- In terms of legal structure, the Trustees of the Unilever UK Pension Fund hold a unit-linked insurance policy issued by the first investment provider. The first investment provider is an insurance company.
- The first investment provider also maintains, on behalf of the Trustees, for each member who has joined the Investing plan, an Investing plan account.
- Contributions which are paid into your Investing plan account are paid on by the Trustees as premiums under the unit-linked insurance policy to the first investment provider.
- The first investment provider credits 'policy units' (see below) to the policy in respect of those premiums received from the Trustees (which policy units are, in turn, are allocated your Investing plan account).
- So every time the Trustees pay a premium to the first investment provider, the premium purchases policy units linked to the particular investment fund or funds into which the Trustees have instructed the first investment provider to pay the premium. Those instructions reflect the instructions you have given to the Trustees (or the first investment provider on behalf of the Trustees) as to how you wish your Investing plan account to be invested.
- The investment funds referred to in the section on 'Fund choices' are not unit trusts. They are, instead, separate internal sub-funds of the first investment provider.
- The economic interest of the Trustees in the investment fund, is calculated from the number of 'policy units' (linked to that investment fund) allocated to the policy.
- In contrast to a unit trust, the Trustees have no ownership interest in the assets of the investment fund (those assets are owned by the insurance company). Instead the rights of the Trustees are rights conferred by the policy (in other words they are contractual rights).
- If an insurance company becomes insolvent, the value of the policies issued by it will be reduced. If the issuer of any equities or bonds or the deposit taker of any deposit becomes insolvent, the value of those equities, bonds or deposits held in the insurance company's fund or sub-fund will be reduced (as will be the value of the associated policy units).

- Where the investment provider has sub-funds which invest in reinsurance policies issued by one or more other insurance companies (as is in the case for all of the Investing plan funds), if that reinsurance company becomes insolvent, the value of the reinsurance contract between the investment provider and that reinsurer will be reduced. That reduction in value will, in turn, be reflected in the value of the sub-fund to which that reinsurance contract or any part of it is allocated and, in turn, the value of the policy units linked to that sub-fund will be reduced. Any description of any charges relating to switching the way in which amounts credited to your Investing plan account are invested or to any charges levied on your Investing plan account or on any investment fund in which any such amounts are invested is subject to change in accordance with the provisions of the trust deed and rules of the Unilever UK Pension Fund and the terms of the investment agreement or insurance contract or policy between the Trustees and the investment provider in question.
- No liability is accepted by the Trustees, Unilever or the Trustees' or Unilever's investment advisers for any error or omission in any information provided by or on behalf of any investment provider whether about its policy or investment products or otherwise and whether in this guide, via any website or otherwise.
- No liability is accepted by the Trustees or by Unilever for any delay in investing or disinvesting any amounts contributed or credited to your account, where such delay is caused by circumstances outside the control of, as the case may be, the Trustees or of Unilever.
- No liability is accepted for any loss arising from any delay or failure by the Trustees to achieve their target for giving effect any instructions for investing or disinvesting all or any part of your account. But, where the Trustees have failed to arrange for an investment or disinvestment instruction to be given effect to by the time provided for in the trust deed and rules (normally the end of the month after the month in which the instruction was received) no liability is accepted for any loss sustained by your account to the extent that the amount of the loss is less than £10 (or the equivalent amount as increased in line with the increase in the Retail Prices Index from time to time). For further information, please consult the trust deed and rules.
- This guide summarises, in broad terms, certain provisions of the policy documents issued by the investment provider to the Trustees. This guide confers no rights to benefits under the policy documentation. If there are differences between the summary of the policy documentation set out in this guide and the terms of the policy documentation, the terms of the policy documentation will prevail over the summary. A copy of the policy documentation is available on request from Unilever Peoplelink.
- Parts of this guide summarise the provisions of the trust deed and rules of the Unilever UK Pension Fund. Rights under the Plan are solely conferred by the trust deed and rules of the Unilever UK Pension Fund. If there is any difference between the summary and the provisions of the trust deed and rules of the Unilever UK Pension Fund,

## *Some legal notes*

the provisions of the trust deed and rules will prevail. A copy of the trust deed and rules is available on request from Unilever Peoplelink. Under the trust deed and rules Unilever may amend the provisions relating to the Investing plan. References in these notes to the trust deed and rules of the Unilever UK Pension Fund include any amendments to the trust deed and rules from time to time.

- References in these notes to 'this guide' include all other documents enclosed with or attached to it and to the information on any website.
- References to contributions to your Investing plan account include credits made at a time when the Unilever UK Pension Fund is in surplus and no Unilever contributions are required. Credits, in such a case, are financed out of surplus.
- References to the Trustees include the trustee company as well as the board of directors of that company, as applicable.



