

your fund

your **future**

www.myupfension.co.uk

winter 2003-2004



feel secure

while you shop for pension 'extras'

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This edition of **your fund** has been printed on environmentally friendly paper.

We have explained in previous issues that the uncertainty in the pensions sector has been caused by tumbling share prices and the fact that people are living longer and will be making increasing demands on funds in the future.

At the same time we have reassured you, as members of the UPF, that Unilever is committed to the UPF and stands behind the fund. We also reported to you in the summer that in order to maintain the health of the fund, it would be necessary to increase the contributions to the fund from 1 January 2004. The combination of these contributions, the fund's assets and Unilever's commitment to the fund, provides a high degree of protection for your pension benefits. It's the peace of mind that every employee deserves and fortunately all those with Unilever get.

To enhance your pension still further we can now offer you a new AVC (Additional Voluntary Contribution) option based on an 'added years' scheme (see 'AVCs soon to be available on an added years basis').



It's our mission to provide you with a good pensions service and as winners of the 'Pension Scheme of the Year Award 2003', we hope we are on the right track. We've got lots of important news to report on pensions in this winter edition of **your fund**. Read on to find out more about your pension and how to make the most of it.

If you have any questions or views relating to this issue of **your fund** please contact Hannah Clarke on her email - Hannah.Clarke@Unilever.com - or any other member of the team using the contact details printed on the back page.



Unilever pensions

the fund's finances

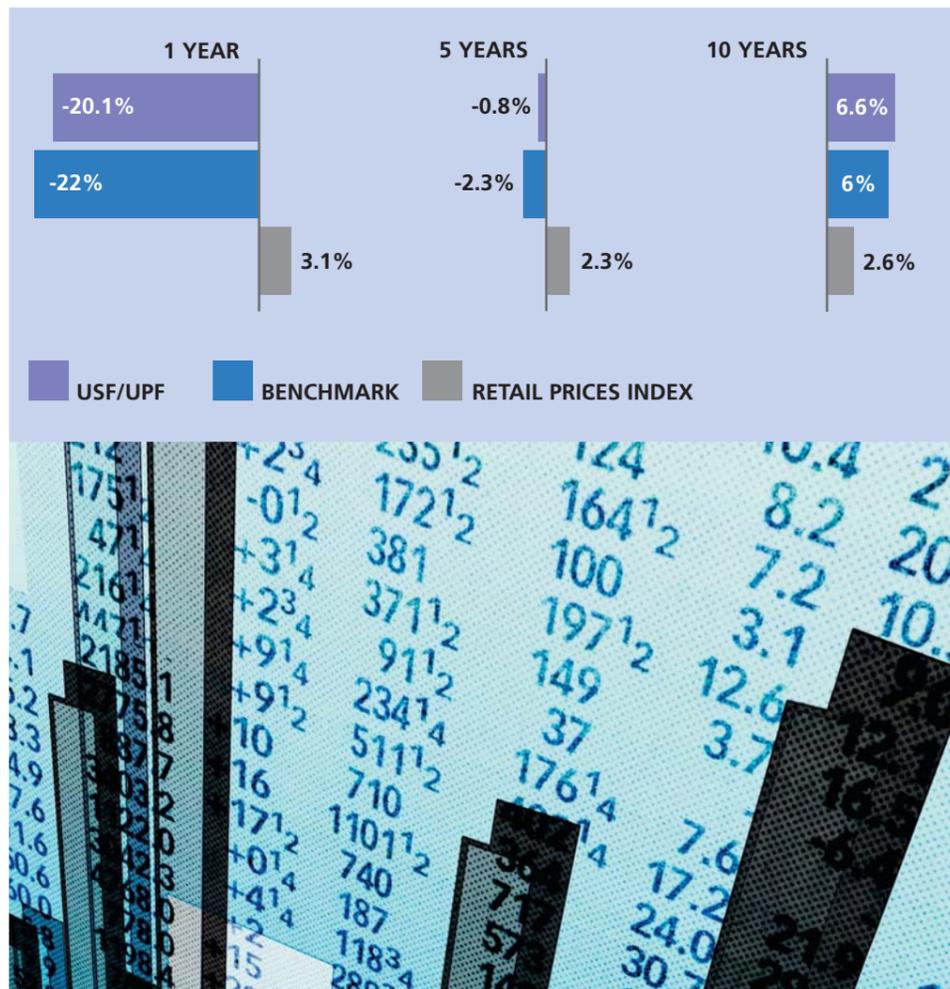
The fund's Report & Accounts for the year ending 31 March 2003 are now available. If you want a copy, please contact the Fund Secretary, c/o UKPD (see address on back page). Please remember to quote your member record number.

The Report & Accounts reveal that, due to the continued sharp falls in the world stock markets, the fund has continued to show a negative return, since two-third's of the fund is invested in equities. Over the one-year period, the fund's return was minus 20.1% against the benchmark return of minus 22%.

The performance of the fund over the last one, five and ten years is shown in the chart at the top of the page.

This means that, at the end of March 2003, the fund size was £3.1 billion. However, since then there has been a slight recovery to the end of September, boosting the fund to more than £3.4 billion.

The size of the fund and the split between investments over the past 10 years is shown in the chart at the bottom of the page.



Results of the interim review – Unilever increases its contributions

In previous issues of your fund, we have talked about the company's commitment to the UPF. Indeed, in the summer 2003 issue we talked about financial security under the UPF and how the company would stand behind the fund when necessary.

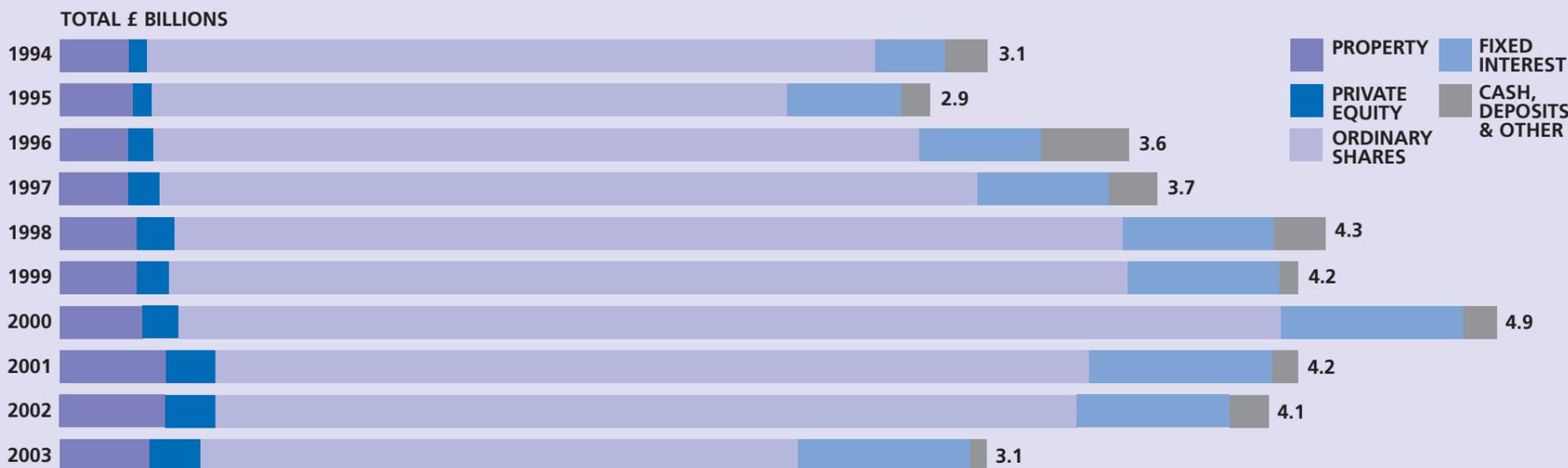
As we noted in the summer, an interim review of the finances of the UPF was due to take place at 30 September 2003. Given that stock markets had continued to fall after the last formal valuation, it was recognised that this review could reveal a deficit. As it turned out, there was a deficit of about £400 million at that point of time. As a result, and in accordance with the advice of the actuary, starting from 1 January 2004 Unilever is paying to the UPF additional contributions of £62 million per annum. These are over and above the normal level of contributions.

As we've seen, the financial position of the fund depends on the development of investment markets and so the level of contributions will be reconsidered at the next formal actuarial valuation, due March 2005. The results will be available later in 2005.

UPF = value for money + peace of mind



With the extra focus on pensions at the moment everyone is watching their own fund for news of forthcoming changes.



As you know, from 1 January 2004 contributions to the UPF reverted to the normal rates for both the company and you, the employees, and, as you have just read, the company is now making further contributions to the fund, over and above the normal rate.

Your contributions to the UPF also receive full tax relief as they are deducted from your salary before tax is applied.

and why does the UPF still provide such good value for money?

so what do these contributions provide?

- early retirement options
- ill health pensions
- death in service - lump sum and pensions
- spouse and dependent pensions
- a pension for life
- a tax free lump sum option on retirement

Perhaps the most important point to remember is that Unilever also contributes substantially to your pension and so this should provide you with a better pension than you could afford on your own. However, it is also worth remembering that as the UPF absorbs the risk of falling stock markets and poor investment returns, your pension is in safe hands.



AVCs soon to be available on an added years basis

A new AVC option is on its way AVCs (Additional Voluntary Contributions) can be a very handy way to boost your income at retirement. You can choose to pay an AVC to increase your future pension. This is often a popular choice for those who are planning to take a career break or who joined the pension fund later in life, or indeed for anyone planning on retiring early.

A new AVC option for members will be rolled out by the UPF in the coming months and this time you will be able to purchase AVCs on an added years basis. This means you will be able to purchase extra years and months of pensionable service in the UPF.

Sounds confusing? Let us explain.

The AVC option as it is now

At the moment, you have the option of contributing to AVCs with external insurance companies. The main ones are Eagle Star and Standard Life, although some of you may have investments with other AVC providers. Your contributions to these are invested in a personal fund and at retirement the money that has built up in this personal fund is used to buy an extra pension for you for life. Consequently the amount you receive depends on the investment performance and the financial conversion rates close to retirement, as well as the amount you have paid in.

The new AVC option

The new 'added years' option will provide you with extra UPF pensionable service, the amount of which will depend on the terms offered by the fund which will vary every 3 years. This extra amount of service will be added to your normal pensionable service and the total will be used to calculate your pension. Therefore the amount of this extra added years pension will be linked to your salary,

in the same way as your main Unilever pension. So in contrast to the AVC options with the external providers, the new added years option removes the investment risk and the risk of low financial conversion rates at the time of your retirement.

This new AVC arrangement could therefore provide you with more or less pension than the alternative offered by insurance companies such as Eagle Star and Standard Life, depending on changes to your salary and what happens to the investment performance of the external providers and the terms which they offer.

How will the new option work?

You will decide how much AVC you wish to pay per month for the next

three years and then a calculation will be made, which will inform you of the added pensionable service this would buy. At the end of the three year period, another calculation will be carried out to inform you of the amount of pensionable service that your current rate of contributions will provide, if you decide to continue paying. You can then decide whether to pay contributions at the same rate or whether to change your level of contributions or cease contributions altogether.

There will also be the option to pay a one-off lump sum contribution at any time. However the maximum level of contributions that can be paid in any tax year is currently restricted

to the Inland Revenue limit of 15% of eligible pay. This includes your regular pension contributions.

Existing AVC contributors

If you already have existing AVC funds, you will be given a one-off chance to decide whether or not you want to switch your existing AVC funds into this new arrangement.

Only you can decide which arrangement will be best for you, perhaps with the help and advice of an independent financial adviser.

For further information on AVCs, contact UK Pensions Department.
Details are also available from www.myupfpension.co.uk



What happens if... I die before I retire?

It's a sensible question that many people ask us at UKPD, although most of us don't like to think about death while we are still in employment. However, without any planning you could end up leaving a realm of confusion behind.

As a member of the UPF, if you die before Normal Retirement Age while still employed by Unilever, a tax free lump sum becomes payable. This lump sum is equal to three times your pensionable salary plus a refund of the pension contributions, you have paid, with interest.

In addition to the lump sum, your spouse or dependant would receive an immediate pension equal to half the pension you would have received if you had continued in the fund until Normal Retirement Age. Your children would also be entitled to a pension until they reached aged 18 (or 23 if they continued in full time education). In the case of a severely disabled child the pension will be payable for life.

We need you to tell the trustees where you would like the money to go. This is why we ask you to fill in a nomination form. The lump sum can be split

between more than one person and they do not have to be related to you. The pension, however, can only be paid to a legal spouse or someone you have advised us is financially dependent on you.

If you choose not to fill out a nomination form, in the event of your death the trustees would effectively have to guess who you wanted to receive the benefits, which could cause a lot of confusion and grief.

It is also important that you keep your nomination form up to date. If your personal circumstances change you should complete a new form. Otherwise there could be a scenario where your ex-partner from 10 years ago receives the money as he or she was the person nominated on the form when you joined and your current partner receives nothing. Although trustees use their discretion in cases such as these, it is often difficult in the light of differing opinions and views from friends and relatives.

It is very easy to get hold of a nomination form. They are available online at www.myupfpension.co.uk, or alternatively you can request a hard copy from UKPD.

Examples of extra pensionable service		
If you pay £100 a month for three years		
Age now	Salary (£25,000)	Salary (£40,000)
35	0.56 yrs	0.34 yrs
45	0.53 yrs	0.32 yrs
55	0.51 yrs	0.31 yrs
If you pay £100 a month until age 60 (with increases in line with your salary)		
Age now	Salary (£25,000)	Salary (£40,000)
35	4.44 yrs	2.68 yrs
45	2.60 yrs	1.56 yrs
55	0.86 yrs	0.51 yrs
Please note: these examples are for illustrative purposes only		

part timers: backdated membership

You may be aware that in 1995 the European Court of Justice ruled that it was potentially unlawful to have excluded part time workers from membership of pension schemes, as was common practice during the 1970s, 1980s and 1990s.

This led to over 50,000 claims being lodged with the Employment Tribunals. A handful of these cases were then brought to 'test the water'. Unilever, like many other employers, had excluded part time workers from membership of the fund up until April 1988. As we reported in **your fund** (summer 2001), following the outcome of the test cases the Unilever group of companies was then considering what action it should take in relation to cases lodged against it and, along with other

companies, awaiting guidance from the government, which came in 2003.

Later in 2003, Unilever agreed a method of reinstating into the fund those part time workers affected by this judgement and, by the end of December, had written to all those known to be affected. Unilever is intending to settle the majority of these cases and to reinstate these people in the fund. However, Unilever will not be settling where the individuals affected did not join the fund at their first opportunity, or where they were not able to join the fund for another reason, for example because of age restrictions. If you were a part time worker for Unilever during the period 8 April 1976 to 6 April 1988, and were not in the pension scheme during that time, you should have received



a letter from Unilever about the possibility of putting you in the fund for this period. If you have not, then it is possible that you may be entitled to pensionable service for this period and you should contact peoplelink for further information.

UK pensions department wins again...



The 'Pension Scheme of the Year Awards 2003', sponsored by Professional Pensions, has been staged for those in the industry and we are delighted to announce that the UK pensions department (UKPD) scooped not one but three highly prestigious awards.

The UPF was shortlisted in five categories and won:

- Large Scheme of the Year Award (2003)

- Scheme of the Year Award (2003)

Chris Lewin (Head of UK Pensions) was chosen as:

- Pensions Manager of the Year (2003)

The awards were in recognition of the continued hard work, innovation and excellent standards of service provided by UKPD. As well as continuing to improve customer turnaround times the

department has also further developed the website and pensions department helpline. Professional Pensions is one of the UK's leading pensions industry publications and the awards are highly regarded for recognising excellence and outstanding contributions to the UK pensions industry. While we acknowledge that the department is continuing its award winning tradition, we are aware that we still have quite a lot of work to do in some areas and we will continue to make improvements to the service we offer.

so how did we do?



Once again we have completed our two-yearly customer survey and we're encouraged by the news.

900 members were contacted by an external consultant to ask their opinions on a variety of issues regarding the services and information they receive. Just over a third of the members we contacted were active members of the UPF. When we asked you to rate the service you receive from UKPD out of 10 (with 10 being the highest and 1 being the lowest) you gave us a score of 7.4. This is an improvement on the score of 6.7 recorded in the 2001 survey.

We received many positive comments about **your fund**

and the results were better than those measured in 2001. Overall we seem to be covering more of the pension issues that you are interested in. Use of the UPF website remains constant and for the first time this year we carried out some of the surveys online, to try to communicate with you via a method you prefer.

Although we recognise that there are still some areas for improvement, it is apparent that the changes made in the light of the previous survey findings have been a success and we will endeavour to keep improving the level of service we offer.

Thank you to everyone who contributed their opinions.

UKPD takes time out with the members

UKPD hit the road during 2003 with a series of presentations at various sites across the country. Between May and August, representatives from the team visited no less than 20 business units and talked to over 900 of you face-to-face.

The visits were arranged to reassure you about the financial security of the UPF; give a presentation of the benefits that the UPF can provide, now that we are all paying contributions to the fund

again; and to discuss the ever-changing pensions climate and answer any questions you may have had on planning for the future. If you missed us, general information about the UPF can be found on our website www.myupfpension.co.uk. The roadshows were well attended and, on the whole, very well received. We encouraged those of you who attended our presentations to give feedback, via a short questionnaire. On average we were rated 8 out of 10 for clarity, relevance, usefulness and interest.

We are continually aiming to improve the service we deliver, so we will be taking all your comments on board.

While we did not manage to get to visit all the business units during 2003, we are looking at ways to improve our coverage so that as many members as possible will have the opportunity to attend a pension presentation or counselling session soon.

Watch out for further details at your site.

now we're here ...



In line with the rest of **Unilever UK**, we will be moving to Walton Court, Surrey.

As from 9 February 2004 our new address and contact details will be:

UK Pensions Department
Walton Court
Station Avenue
Walton-on-Thames
Surrey KT12 1UP

Helpline: 01932 261888

Email:
london.ukpensions@unilever.com

Also on 1 December 2003 the administration service linked to pensioner and deferred members moved to external consultants Hewitt Bacon & Woodrow at their London office.

it's all change at UKPD; new Head of UK Pensions

As you may already be aware, Chris Lewin retired on 31 December 2003 after five and a half years as Head of UK Pensions. During his time with the department, Chris worked tirelessly, championing the various rights of members of the fund. I'm sure you will all join us in wishing him well in the future.

He has been succeeded by Nigel Biggs from Unilever's Corporate Pensions Division.

things you need to know about ... divorce and pensions



If you are currently going through a divorce you will probably have many questions about your personal financial situation and how this is going to be altered by the change in your marital status.

For information on how divorce will affect your pension, you can look on the www.myupfpension.co.uk website

under frequently asked questions (FAQ). Listed in the employee members section is the question 'What happens if I get divorced?'. Click here to find out general information on divorce and the way it can affect your pension. If you have any additional questions, contact us at UKPD.

We're here to help.

any questions? then just ask ...

UK Pensions Department
Unilever House, Blackfriars
London EC4P 4BQ

Or telephone: 0207 822 6050

Or e-mail:
london.ukpensions@unilever.com

This address is only valid until 9 February 2004 – after that you should write to the address shown at the top of the page.
(Quoting your reference number)