Fund Focus

Your Unilever pension newsletter

From the Chair of Trustees

Welcome to the new edition of 'Fund Focus' – issued at the end of a year when pensions and finance dominated the headlines yet again.

The pace of change – both in the wider pensions world, and potentially, for our Fund, depending on the outcome of Unilever's proposals – has meant another year of constant activity for the Trustee board.

You can read more inside about the change (notified to you in April) about how Unilever intends to use its discretionary powers to pay certain benefits – in particular, you may be affected if you are thinking of drawing your Unilever pension early.

I am pleased to report that we completed the 31 March 2010 Fund valuation in March 2011 – you will have already received a funding statement showing the results, and there are more details inside.

In agreeing the valuation and in its resulting actions following the 2010 valuation, Unilever has continued to show its strong financial commitment to the Fund by agreeing further contributions towards making up the shortfall.

On the investment side, the Fund achieved an overall return of 9.7% over the year to 31 March 2011. We were pleased that a positive performance like this was possible against such an uncertain economic background and that the value of the Fund's assets increased.

However, since 31 March 2011, market conditions have been volatile and challenging, and the funding level will have fallen. We continue to monitor the investments and funding level closely, and will update you on the position at 31 March 2012 in next year's 'Fund Focus'.

We believe that our investment strategy is currently right for the Fund – you can read more inside – but we will continue to review it regularly to make sure this is still the case.

Our update over the page also covers the changes that have taken place to the Trustee board and committees behind the scenes – and while we are talking about the hard work that goes on unseen, I would, as ever, like to thank my fellow Trustees and the Unilever pension staff for their commitment and support throughout the year.

Liz Airey

Trustee update

Board changes

Pensioner Trustee elections
In December 2010, we invited pensioners to stand for the two vacancies that would arise on the board in April 2011, when Richard Clark and David Jones reached the end of their terms of office.

There was a lot of interest in the roles and 12 candidates put themselves forward. We asked all of them to attend a training day to make sure they understood the time and commitment an important role like this would involve.

The Electoral Reform Society ran the election for us, and received 10,700 voting papers from the 27,000 pensioners eligible to vote. The two successful candidates were Richard Clark – reappointed, of course, as he was previously serving on the board – and David Bloomfield. They have now begun a four-year term of office starting from 1 May 2011.

Our thanks to the other candidates for standing – and, in particular, we would like to thank David Jones for his valuable contribution to the board during his three years as a pensioner Trustee (and as an Alternate Director before that).

The full election results are available to download from the website (www.uukpf.co.uk).

Deferred Trustee selection
You may recall from our update in last year's issue that we made some changes to the structure of the board, as follows:

- 1 independent chair of Trustees;
- 5 Trustees appointed by the Company;
- 2 active member-nominated Trustees;
- 2 pensioner member-nominated Trustees; and
- 1 deferred member-nominated Trustee.

With this new structure in place, we carried out a selection process to fill the vacancy for the deferred member-nominated Trustee (this position was previously occupied by an additional active member).

There is no legal requirement for a pension scheme trustee board to have a deferred member-nominated trustee, but we felt it was the best way of ensuring that all types of Fund member are represented. (Please note though that the deferred Trustee – like all the Trustees on the board – is jointly responsible for looking after the best interests of all the members.)

The process began in June 2011, when we invited around 22,500 deferred members either to put themselves forward or to nominate a fellow deferred member (for example, if they were not eligible to stand themselves). We were pleased to see the level of interest among the deferred members, and by the 25 August deadline, we had received 26 firm applications. The standard was very high, and it was clear that the varied careers and activities of many candidates would make them strong contenders for the role. As for the pensioner Trustee vacancies, we asked all applicants to attend a training day to ensure they understood the time and commitment involved.

We had prepared a list of key attributes for the role, to ensure that whoever we selected would be a 'good' fit for the current board. With these as their guidelines, a Selection Panel consisting of Liz Airey, Roger Reed and David Saunders considered all 26 applications and chose to interview nine of the candidates in mid-September. They were impressed by them all, making the final decision very difficult – but Philip Ratcliffe proved the successful candidate. We would like to welcome Philip officially to the board here – his term of office began on 1 October 2011, and will run until 30 April 2014.

Pam Dickson moved to a new role in the Company, which would have created a conflict of interest between her position in Unilever and the role we carry out as Trustees. As a result, Pam stepped down from the board in March 2011. We would like to wish her all the best in her new role, and thank her for her services to the Fund. We would like to welcome her successor, Martin Grieve, to the board.

It has been all change among some of our other Trustee roles as well.

You may also remember from our last 'Fund Focus' that we have three Trustee Committees with a remit to focus on particular areas of running the Fund: Governance and Funding, Operations and Benefits, and Investment.

The Investment Committee (unlike the other Committees) included two members who do not sit on the Trustee board: an independent investment expert, Catherine Claydon, and the Fund's Chief Investment Officer ('CIO'). Wendy Mayall, after holding this office for 15 years, has now left Unilever to take up a consulting role – returning, in fact, to the field in which she began her career. We would like to thank Wendy for her valuable contribution to our work, and welcome her successor, Mark Walker. Mark was previously an investment consultant with Mercer, so we have already benefited from his expertise through the investment advice he gave us while in that role. We are looking forward to working with him closer at hand. We have, however, decided that going forward our CIO will not be an actual member of our Investment Committee. This is to improve our investment governance so that there is a clear separation between our executive support and the actual Trustee board. (See the 'Other news' section on page 4 for more about Fund investment.)

Finally, we can report on one role where there is no change. Following the end of her first term of office and a review by a working party, we received its recommendation that Liz Airey should be reappointed for a second three-year term, and we are pleased that Liz decided to take up our offer.

Valuation

Last year, 'Fund Focus' did not feature a summary funding statement. This is simply because of timing – in years when full valuations take place, schemes do not have to issue funding statements on the usual timescale because the valuation itself takes so long to complete.

Pension scheme trustees and their advisers are actually given a full 15 months to carry out a valuation. This is largely because of two complex tasks:

- **Agreeing the assumptions.** A valuation estimates how scheme finances will change into the future. To do this, assumptions are used to put a value on 'unknown' elements such as the rate of inflation, pay rises, and member life expectancies. Scheme trustees, employers and their advisers must work together to decide and agree the assumption used for the valuation.
- **Carrying out the calculations.** To show how close a scheme is to the funding level it needs to pay out benefits, the valuation uses information about every aspect of the scheme: its individual members and how their benefits may change; the likely performance of the scheme's investments; and the effect of outside influences (like those above that we have to make assumptions about). The sheer number and complexity of the resulting calculations make the valuation extremely time-consuming.

As you will be aware, work on the valuation was completed earlier this year, and in the summer you received a separate funding statement with the results. For easy reference, here is a brief summary of its key figures:

- At 31 March 2009, the actuary's update measured the funding level at 69%.
- At 31 March 2010, the valuation showed that the funding level had gone up to 89%.

The actuary has also completed an update looking at the Fund's position at 31 March 2011, which shows that the funding shortfall has gone down from £680 million to £580 million, which means the funding level at that date was 91%.

We are also satisfied that Unilever remains able and willing to meet the deficit funding commitments it has made to the Fund.

You can find more detail, along with the background to these figures in the latest funding statement – included this time, on pages 10 and 11.

Changes since 31 March 2011

The information on the funding statement is historic, in the sense that it deliberately looks at the Fund's financial position on certain fixed dates. There have been a number of changes since 31 March 2011 that may affect the funding level.

- Unilever has changed its 'discretionary practices' for early retirement and pension increases. You can find more details about those changes relevant to you on page 6 or 7.
- Market conditions have continued to be volatile and challenging in recent months.

The impact of Unilever's proposed benefit changes on funding will be provided in 2012, once the impact of the final outcome has been assessed. We will update you in next year's issue with the funding level at 31 March 2012.

Investment update

Investment strategy

As a mature Fund, with a relatively small number of active members compared to deferred members and pensioners, the Fund has adopted an investment approach that aims for self-sufficiency, and which reduces the level of investment risk as the financial position of the Fund improves.

The initial phase of the strategy, to target a return of gilts plus 3% a year, was set by the Trustees after giving full consideration to the funding objectives, the level of risk inherent in targeting this return, an assessment of the strength of the Unilever covenant to support the Fund, and also the views of the Company on the investment strategy.

The Trustees, assisted by their advisers, continually monitor the implementation of the investment strategy and review it on a regular basis.

Strategic asset allocation

The Fund's strategic asset allocation is approved by the Trustee board. The most important decision for the Trustee board is the split between 'return seeking' assets and 'liability matching' assets.

The one significant change in the year to 31 March 2011 was the implementation of the Fund's 'Liability Driven Investment Mandate' with BlackRock, which seeks to 'hedge', in whole or in part, the Fund's exposure to changes in interest rates and inflation, two of the main risks that impact a pension scheme's financial position.

The Trustees take care to ensure that the Fund's investments are diversified, being spread across a number of different asset classes, different regions, and managed by a number of investment managers, selected by a robust selection process and monitored by the Investment Committee and Trustees, supported by their advisers.

Minor changes were made to the structure of the Fund's equity investments since 31 March, reducing the number of managers from eight to six.

Investment market volatility

It would be wrong to talk about the Fund's investments without mentioning the sustained period of volatility in the investment markets that has been taking place since the last Scheme Report and Accounts was prepared. This volatility is largely a result of the deteriorating global economic picture; slowing growth, developed market debt issues, the Euro crisis, and political uncertainty.

Investment markets have been experiencing dramatic movements over the last nine months. However, it is important to remember that pension funds are managed for the long-term, although the Trustees do take account of short-term movements in these markets in the planning and execution of the Fund's investment strategy.

Despite the volatility over the year, the Fund grew by 9.7%, although there were differences in returns within the asset classes in which the Fund invests (see page 9).

Further information

Further information relating to the Fund's investment and investment strategy may be found in the Annual Report and Accounts, obtainable from the website or from the Fund Secretary.

Other news

In last year's issue, we mentioned a new Unilever initiative called the Univest Company. This company combines all of Unilever's investment resources into one central unit – and as a result, will provide services to the Fund as part of its remit. One of the key aims of the new Company is to give all areas of Unilever the same access to a range of specialist funds and managers, which will increase our access to investment expertise and improve efficiency at the same time.

We are pleased to say that the Univest Company started providing investment services to the Fund from 1 October 2011.

We have also put in place a Service Level Agreement – or 'SLA' – with the new Univest Company setting out our requirements. The SLA became effective from 1 October 2011.

Finding out more

Please contact the Unilever Pensions Team if you have a question about your plan or individual benefits or your personal details change.

Unilever Pensions Team, Aon Hewitt Limited, Parkside House, Ashley Road, Epsom, Surrey KT18 5BS.

Phone: 0800 028 0051

From overseas: +44 (0)20 7939 4909

E-mail: unileverpensionsteam@aonhewitt.com

Fund information

The Fund's official documents include:

- the formal Fund annual report and accounts (containing full details of the Fund's financial development over the year);
- the latest report on the plans' funding (we base the information in the summary funding statement on this report from the actuary);
- the recovery plan (which sets out the steps the Trustees and the Company have agreed to make up the deficit identified in the latest valuation);
- the statement of funding principles (which explains the arrangements that are in place to make sure the Fund has sufficient assets to cover its funding target);
- the schedule of contributions (which shows how much money members and the Company are paying into the Fund);
- the statement of investment principles (where the Trustees outline their approach for investing the Fund's assets); and
- the trust deed and rules, the document governing how the Fund is run.

If you would like copies of any of these documents, please contact:

The Fund Secretary, Unilever UK Pensions, Unilever House, Springfield Drive, Leatherhead, KT22 7GR.

And don't forget to check the website – details are below.

Help at hand

The plan website: **www.uukpf.co.uk**

There is a wealth of information on the website on the Final salary, Career average and Investing plans, as well as all the forms and other documents you may need to download. We will post news on the site from time to time, so please take time to visit it every now and then.

Please use the on-line feedback form to let us know what you think.

Send us your thoughts

Do you have any feedback to give us on 'Fund Focus'? Any particular likes or dislikes – or anything you would like to see covered that we do not include already?

If you have any comments, please send them to the Communications Manager at the Leatherhead address above.

Pensions in the news

Tax for high earners

Measures in the new Finance Act, which took effect from 6 April 2011, increased the restrictions on the level of pension benefits you can build up free of tax.

Please bear in mind when you read through the following changes that it is your responsibility to keep track of how close your pension benefits are to the allowances. (Because the allowances apply to your pension benefits from all sources, there would be no way for an employer to tell for sure if an individual was affected, or not.) If you need help with any decisions about your pension benefits, please consider taking financial advice (see the back page).

The **annual allowance** – the yearly amount of pension savings you can build up in registered pension schemes before a tax charge arises – has been reduced from £255,000 to £50,000. While this will still affect relatively few people, the annual allowance will have an impact on more individuals than it did before.

> You can compare your Unilever benefits against the annual allowance by multiplying the Final salary or Career average plan pension you build up over the Fund year by 16; then adding the contributions that have gone into your Investing plan account (if you have one) over the Fund year. (The Fund year runs from 1 April to 31 March.) The total is the figure you should compare with the allowance.
>
> A £50,000 allowance means that members of defined benefit pension plans can build up their pension by up to £3,125 (£50,000/16) tax efficiently over the Fund year (assuming they have no defined contribution benefits in addition).

It is possible to 'carry forward' unused annual allowance from up to the previous three tax years (at the £50,000 level). Any unused annual allowance can be carried forward from the previous three tax years to offset any excess.

The **lifetime allowance** – which applies to the total value of the benefits you build up from all sources over your working life – will go down from £1.8 million to £1.5 million from April 2012. Again, this will still only impact relatively high earners.

> You can compare your Unilever benefits against the lifetime allowance by multiplying the Final salary or Career average plan pension you have built up so far by 20; then adding the value of your Investing plan account (if you have one). The total is the figure you should compare with the allowance.
>
> A lifetime allowance of £1.5 million is the equivalent of a total defined benefit pension of £75,000 a year (assuming they have no defined contribution benefits in addition).

However, if you think this change may affect you (for example – if your benefits are close to £1.5 million or above, the allowance may affect you 'overnight' from 6 April 2012) you can apply for 'fixed protection' before 6 April 2012. This is a facility offered by HM Revenue & Customs (HMRC), allowing individuals to keep a personal lifetime allowance of £1.8 million, provided they build up no further pension benefits. (Some of you may have other protections in place – primary or enhanced protection – that were introduced when the allowances first took effect in April 2006. If so, you cannot apply for fixed protection but your current protection will still apply, based on a standard lifetime allowance of £1.8 million, so long as you continue to meet the conditions for the protections.)

We will provide more information on this subject to individuals on a targeted basis, most likely to Work Level 4+ employees, in the first quarter of 2012.

Please contact your tax office, or visit the HMRC website at www.hmrc.gov.uk to find out more about fixed protection.

Starting pension after age 75

It is no longer compulsory for everyone to start drawing their pension by age 75. (The change took effect from 6 April 2011.) HMRC has brought in new rules setting out what individuals can do with their benefits if they have not started receiving pension by age 75.

However, there are specific Fund rules in place for when members of the Fund must put their pension into payment and the new HMRC measures do not affect these.

If you would like more information, please get in touch using the usual contact details (see page 5).

Default retirement age

The law has now changed so that employers can no longer require employees to retire simply because they have reached age 65 (unless they can objectively justify doing so). Employers may still be able to ask employees to retire at that age on other grounds – and some measures are in place to cover employees who received notice before 6 April 2011, when the new rule took effect.

Please note that this change in the law only applies to when employees can be asked to stop work; it does not affect the normal retirement ages that apply under pension schemes' rules.

Focus on … 'discretionary' benefits

As you may recall, under the Fund rules, Unilever has certain 'discretionary powers' relating to some Fund benefits. For these purposes, the term 'discretionary' means that it is entirely Unilever's decision whether or not to pay these benefits.

Unilever has announced changes to how it is likely to use its discretion future, and as a deferred member, you may be affected.

Early retirement

Unilever has discretion over how Fund benefits may be calculated for certain – not all – deferred members wanting to draw their Final salary plan pensions before age 65.

In the past, Unilever has used this discretion so that, in the same way as for members retiring directly from Unilever service, the Final salary plan pension for these deferred members was only reduced for the years it was taken before age 60.

In April, Unilever announced it was changing its discretionary practice from 1 May 2011 for these deferred members (except for certain deferred members who are still working for Birds Eye Limited, and those who are over age 58 at 1 May 2011 or who have already asked to draw their pensions early and meet certain conditions).

This means that if you were under age 58 at 1 May 2011, your Final salary plan pension will be reduced for early payment if you draw it at any age before 65.

While this is the general situation that applies to deferred members, it is possible different terms may apply to you, for a number of reasons. If you are considering drawing your pension early and you are not sure how your benefit will be treated, please contact the Unilever Pensions Team for an individual estimate.

Change to discretionary practice for increasing pensions in payment

As you may be aware, pensions built up in the Fund before 1 January 2008 increase each year in payment by the annual rise in inflation (as measured by the RPI) up to a maximum of 5% and any increases awarded above this 5% limit are entirely at Unilever's discretion. Unilever has, in the past, used its discretion to grant annual pension increases to such pensions above the 5% limit at times when it considered it sensible and affordable to do so.

In April this year (when inflation was above 5% for the first time in 20 years) Unilever notified members that it would not be using its discretion to grant increases on these pensions above the 5% limit.

Please note: Unilever retains the power to grant discretionary increases to these pensions in payment and while it will continue to consider carefully each year whether it is appropriate to do this, you should not expect annual discretionary increases above the 5% limit to be granted on these pensions in the future.

No discretionary practice applies to pensions built up since 1 January 2008, which will continue to increase according to your rate of pension contributions in that period.

So, for pension built up on the 7% contribution rate, the yearly increase on that pension will be linked to inflation (as measured by the RPI) up to a maximum of 3%. For pension built up on the 8.5% contribution rate, the yearly increase will be linked to inflation up to a maximum of 5%.

Legal notes

Any discretionary practice described in this document, and any change to any such discretionary practice, in each case remains a discretionary practice which the company retains the right to amend in the future.

Where any right to draw any pension early is subject to Trustee and/or Company consent, then nothing in this document shall be treated as giving Trustee and/or Company consent to the drawing of that benefit.

Trustee and/or Company consent may only be given at the time when the benefit is proposed to come into payment.

If you were part of an acquisition, or have transferred-in benefits, different rules may apply to your benefits, including your early retirement terms.

Pension increases

Your deferred pension increases on 1 April each year to protect it against rising prices. Normally, the increase is based on the rate of inflation (as measured by the Retail Prices Index) up to 5% a year. Here are the increases for the last five years:

2011	2010	2009	2008	2007
5.0%	3.7%	0.1%	4.1%	4.2%

The plan is 'contracted out' – which means that you and Unilever paid lower National Insurance while you were an active member building up benefits. This means that the plan must provide a certain level of benefit, linked to the second level of State pension (S2P – previously known as SERPS). Between 6 April 1978 and 5 April 1997, the plan needed to provide a replacement benefit called the Guaranteed Minimum Pension, or GMP. If you were building up benefits in the plan between those dates, your pension will include some GMP. The GMP receives increases each year in line with current pension law, while any pension you have on top of your GMP receives the plan increases shown above.

Facts and figures

This is our regular feature which gives you an overview of the Fund's progress during the year covered by this issue. It aims to sum up the key points, but if you are interested in knowing more of the detail, you can find it in the Fund's formal Annual Report and Accounts. This document contains the audited accounts in full, a record of membership movements and more information about the Fund's investments (including a look at their performance against the current economic background).

You can find the Annual Report and Accounts on the Fund website (look in the 'Downloadable documents' section), or request a copy from the Fund Secretary (write to the address on page 5).

Accounts summary

This table shows the change in the value of the Fund's assets over the year to 31 March 2011. As you can see from the membership figures below, the active members are significantly outnumbered by pensioners and deferred members – that is, far more people are receiving (or waiting to receive) benefits from the Fund than there are paying into it.

Fund value at 1 April 2010	£5,493.8 million
Income	**£224.6 million**
• Contributions paid in by Unilever and Fund members • Transfers in from other schemes • Income from investments	
Outgoings	**£316.1 million**
• Benefits payable to members (pensions and lump sums) • Payments to leavers • Fees and expenses (advisers, administration, fund managers)	
Increase in market value of Fund investments	**£382.7 million**
Fund value at 31 March 2011	**£5,785.0 million**

With this in mind, the Trustees plan their investment approach with the aim that the returns achieved by the Fund's assets – along with the major financial support provided by the Company – keep the Fund in a strong position to pay member benefits.

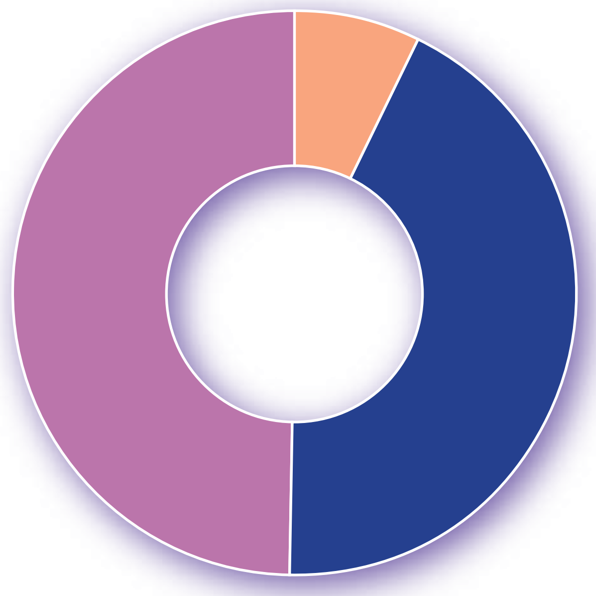
Please remember that this table only shows the Fund's assets. To get an overall picture of the Fund's financial health, the assets must be compared with the liabilities.

This is what happens during a valuation (you can read more about this on pages 3 and 4). The results of the latest funding update at 31 March 2011 can be found in the summary funding statement on pages 10 to 11.

Fund membership

The total membership of the Fund was 87,858 at 31 March 2011. This chart shows how that figure is spread across the different types of member.

Active members (currently building up plan benefits)	
Final salary plan	5,085
Final salary Unilever Protection Benefit plan (UPB)*	25
Career average plan	1,867
Deferred members (no longer contributing but with benefits left in the plan to draw at a later date)	
Final salary plan	37,186
Final salary Unilever Protection Benefit plan (UPB)*	11
Career average plan	52
Pensioners and dependants of members who have died (receiving plan benefits)	43,632
Total	**87,858**

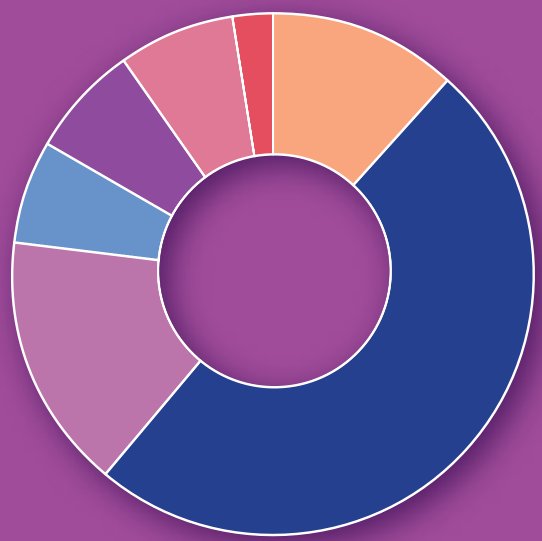


* UPB members are members who stopped building up benefits in the Final Salary plan as they reached the 'Lifetime Allowance' for tax-efficient pension savings.

Investment update

Here is our snapshot of the Fund's investments.

This chart shows how the Fund was invested across a range of different asset classes at 31 March 2011…



UK shares	10.6%
Global shares (outside the UK)	43.8%
Bonds and gilts	20.0%
Private equity	7.2%
Hedge funds	6.5%
UK property	9.4%
Cash and other	2.5%

…and this table shows how each asset class performed over the year to 31 March 2011:

Shares	10.5%
Private Equity	15.5%
Bonds	5.6%
Hedge funds	1.6%
Property	14.4%

The Fund's overall return for the year was 9.7%.

Summary funding statement

To help you read your statement

Your summary funding statement explains the funding that underpins your Unilever UK Pension Fund ('the Fund') benefits. As Trustees, we are required by law to send you a summary funding statement each year, either to report the results of the formal valuation (which takes place every three years), or to report the results of the annual funding update (which takes place in years when a formal valuation is not carried out). This summary funding statement reports the results of the annual funding update at 31 March 2011.

Funding target

The Fund is set up as a common pool of money into which current employee members and Unilever pay contributions and which we invest to help it grow. Benefits are paid out of this pool of money.

We work with Unilever to agree a 'funding target' which we aim to meet. The target, known as the 'technical provisions', is tailored to our Fund's circumstances and needs. It is based on assumptions about future events, the investment strategy adopted by the Trustees and the expected financial strength of Unilever. It also assumes that the Fund will continue in the future and that Unilever plc and the other employers will continue in business and support the Fund.

The assumptions satisfy the regulations in the Pensions Act 2004. Our actuary helps us look at how the outcome can change if any of the assumptions turn out to be too low, or too high. We then use our judgement to consider how confident or cautious we want to be when deciding on a safety margin to build into our funding target.

When carrying out valuations and funding updates, the actuary works out the amount of assets the Fund needs to cover its funding target. Then he takes the value of the Fund's assets from the accounts and compares the assets with the funding target. This gives the funding level. The table opposite shows the funding level according to this 'ongoing' valuation.

Providing for future benefits and a plan for recovery

The actuary estimates the level of contributions the Fund should receive to cover the cost of the benefits which are building up for the future and deal with any deficit.

Generally, the Fund relies on Unilever and its financial support to:

- pay regular contributions to cover its share of the cost of the benefits members are building up for the future;
- make extra contributions when there is a funding deficit;
- put in more money if the funding target turns out to be too low; and
- pay the future expenses of running the Fund each year.

Following the results of the 2010 valuation, we agreed with Unilever the level of contributions needed to maintain and improve the funding level.

The solvency position

The Pensions Act 2004 says we must also tell you what the funding position would be if the Fund wound up (came to an end) at the valuation date. This is known as the 'full solvency' position. It looks at whether the Fund has enough money in it to buy insurance policies to provide all the benefits promised to members.

Even if a pension scheme is fully funded under the ongoing valuation, the full solvency position is likely to be less than 100%. Reasons for this include:

- insurance companies have to invest in 'low risk' assets, which generally tend to give lower returns than the level of returns the Fund is targeting; and
- insurance companies' policy prices will include administration charges and a profit margin.

At 31 March 2011 the Fund had a deficit of £580 million, which corresponds to a funding level of 91% (below left).

In the last statement (sent to you in July 2011), we gave you information based on the results of the formal valuation at 31 March 2010. The formal valuation showed that the Fund had a deficit of £680 million (below right).

At 31 March 2011		**At 31 March 2010**	
Value of assets	£5,740 million	Value of assets	£5,410 million
Estimated amount needed to cover funding target (technical provisions)	£6,320 million	Estimated amount needed to cover funding target (technical provisions)	£6,090 million
Deficit	£580 million	Deficit	£680 million
Funding level	91%	Funding level	89%

Future benefits and a plan for recovery

At the 2010 valuation it was agreed that, for active Final salary plan members, Unilever would continue to pay regular contributions equal to 24.1% of pensionable pay, less members' normal level of contributions, until 31 December 2011. Unilever's contributions for Career average plan members until 31 December 2011 were agreed to continue at 20.5% of pensionable earnings (between the two levels), less members' contributions.

From 1 January 2012 Unilever will, for active Final salary plan members, pay regular contributions of 23.5% of pensionable pay, less members' normal level of contributions. Unilever's contributions for Career average plan members will be 13.4% of pensionable earnings (between the two levels), less members' contributions. These are the main contribution rates, full details are in the schedule of contributions.

Following the 2010 valuation, Unilever made a £50 million deficit payment in March 2011 and has agreed to make further annual deficit payments of £50 million between 1 April 2011 and 31 March 2018. Allowing for a less cautious investment return assumption on the assets than that used for technical provisions, we currently expect that this will remove the deficit by 31 March 2018 (eight years after the most recent valuation).

We have agreed with Unilever that we will review the situation each year and that Unilever will vary its contributions depending on the financial position of the Fund in the future. The first review at 31 December 2010 resulted in no change to the contributions to be paid.

The Fund's solvency position

If the Fund had started winding up at 31 March 2011, our actuary estimates that the amount the Fund would have needed to ensure that benefits were secured in full was £7,240 million. On this basis the Fund's deficit was £1,480 million, equal to a funding level of 80%. (At 31 March 2010, the date of the latest valuation, the funding level on this basis was 72%.)

The solvency funding level is based on a value of assets of £5,760 million, which is higher than the value used to assess the funding level on the funding target above. This is because when assessing the funding level against the funding target we have excluded approximately £20 million of assets which relate to advance payment of future contributions by Unilever. This amount is included in the value of assets in the solvency estimate as it would become available to the Fund were it to begin winding up at 31 March 2011.

Pensions law says we must give you this information, and we need to work out this figure to get a complete picture of the Fund's financial health. But it does not mean that Unilever is thinking of closing the Fund.

Changes since the previous statement

The last statement provided the results of the formal valuation at 31 March 2010 and showed a funding level of 89% at that date. Since that statement, the funding level has improved. This is mainly as a result of the increase in the value of the assets of the Fund from 31 March 2010 to 31 March 2011. Over the same period the estimated amount needed to cover the funding target increased due to changes in market conditions.

Other things we must tell you

As part of this statement, we must tell you if there have been any payments to Unilever out of the Fund since the last summary funding statement. There have not.

The Pensions Regulator can change the Fund benefits, give directions about working out its technical provisions or impose a schedule of contributions. We are pleased to say that it has not needed to use its powers in this way for our Fund.

Other pension arrangements

This statement explains the funding that supports your pension in the Unilever UK Pension Fund. If you have any benefits in other Unilever schemes or the schemes of former employers, you may receive summary funding statements from them. (As a general rule, you will only receive funding statements if your other schemes are 'defined benefit', which normally means that benefits are based on a formula including your salary and years of service.)

Useful information

In our 'Finding out more' section on page 5, we feature the Fund website, where you can find information and documents you may need to do with the Unilever plans. While you are online, you may want to visit some of the websites we tell you about on this page, which all offer help and guidance about general pensions and financial matters.

Directgov – information about State benefits

www.direct.gov.uk

Directgov is the Government website which draws together all the information available about public services and State benefits into one place.

When you first visit Directgov, you'll see the middle section of the homepage has the heading 'Straight to…' You will see that one of the links goes to the 'Pensions and retirement planning' section. Here you will find a section explaining State pensions, along with a wealth of information to help support your financial planning. The Tracing Service – which may be able to help you find a scheme you have lost touch with since leaving it – is also in this section of Directgov.

The Money Advice Service – impartial help with your financial planning

www.moneyadviceservice.org.uk

The Money Advice Service is the new name for the Consumer Financial Education Body (the website used to be called 'Money Made Clear').

The website aims to give you impartial facts and guidelines on all aspects of your financial planning. (Please note that the information on the site is general – it does not give 'advice' about your personal finances – for that, please see 'Unbiased'.)

The link to 'Pensions & retirement' on the homepage takes you to a series of guidance documents, alongside some calculators and tables to help you with your retirement planning.

'Unbiased' – how and where to get financial advice

www.unbiased.co.uk

Please remember that no-one involved in running the plans can give you individual financial advice. Please consider taking advice if you need help with any financial decision.

This website is the home of IFA Promotion, the organisation that helps put people in touch with an independent financial adviser. It has a 'find-an-adviser' service which will locate qualified advisers within the user's area.

Please note that the website acts as a portal for finding a much wider range of professional and financial advisers (including mortgage, legal and accountancy experts).

So, if you are looking for independent financial advice, just make sure you click on the 'Find an IFA' box when you first arrive at the site – this will take you straight to the search facility.

Unilever Personal Insurances

Our specially-negotiated Home, Motor and Travel Insurances continue to be available to employees, former employees, pensioners and members of their households.

Why not ask for a quotation? If you have used our service previously you may notice that quotations are now provided by our insurance suppliers directly rather than by members of our Insurance Department.

Should you experience any difficulties or problems, help is still available from Insurance Department.

Our phone number is all you need for a quotation: 0207 522 5557. This number will connect you with the service you require and will also help you to contact us if necessary. On-line contact points are provided on our enclosed card which also highlights key benefits of the different insurances.

As with all financial products, it is important to shop around to find the right product to suit your needs.

SB3082 Deferreds