Fund Focus

TONY ASHFORD →→

FROM THE CHAIR OF THE TRUSTEES

Welcome to your latest issue of 'Fund Focus' – and my first, as new Trustee Chairman from 1 June 2014. I am very pleased to take on the role, following Liz Airey's successful terms of office.

In the UK, pension matters have continued to make the headlines over the year. The Government is pressing on with further reforms to State pension ages and the tax allowance rules (mainly affecting high earners). A particular spotlight fell on 'defined contribution' arrangements. The 2014 Budget introduced more flexible benefit options for members of these arrangements, and the Pensions Regulator is now more involved with monitoring how they are run.

The year was once again a busy one for the Trustee board. In particular, we agreed the valuation (at 31 March 2013) with Unilever – an exercise to assess the financial health of the Fund and to set the level of contributions needed to make up the funding shortfall and provide for the new benefits members are building up.

Since the valuation date, while economic conditions have remained uncertain, there were some signs of recovery. Due to positive investment performance from our assets, and an increase in yields on government bonds (which we use to value our liabilities) our funding level has improved – so we are already ahead of our deficit recovery plan. You can read more inside.

Over the year we also took an important decision to re-think our investment approach. We now focus more closely than before on the reasons for choosing types of assets rather than starting with particular allocations to different asset classes Again, we outline more about how this works later in the issue.

Looking ahead, our Trustee agenda remains busy. We are likely to continue refining our investment strategy, including further work on environmental, social and governance (ESG) issues. 2014 has been a very important year for our administration arrangements: Unilever has introduced a new payroll supplier and AonHewitt, our administrator, has started upgrading our benefits administration system.

Finally, I would like to thank my fellow Trustees for their hard work in overseeing the Fund, and Liz Airey in particular, for her past leadership. I would also like to thank Unilever's in-house pension teams, both those in Unilever UK Pensions and the Univest Company (Unilever's in-house investment services department) who provided invaluable support over the year.

Unilever

Trustee update

As you may be aware from last year's 'Fund Focus', our previous Chairman, Liz Airey's second (and final) term of office came to an end in May 2014. Tony Ashford has now taken over the role of Chair.

Like Liz, Tony is an independent Trustee with no previous attachment to Unilever or the Fund, so he will have a fresh perspective on many of our activities and decisions.

Tony was not the only new arrival to the board since our last edition. We have also seen the appointment of three new Trustees, Glenn Quadros, Daniel Jones and Ian Morgan.

Glenn replaces James Barnes, who stepped down after receiving a promotion within Unilever to a position where he may have had a conflict of interest with his role as a Trustee. Daniel joins us following Martin Grieve's departure from Unilever to pastures new. Ian is our new deferred member Trustee, selected after Philip Ratcliffe reached the end of his term of office in the Spring.

We would like to thank James, Martin and Philip for their service to the Fund, and wish them well for the future.

The next changes to the Trustee board will follow the forthcoming pensioner-nominated Trustee elections, due to take place in 2015.

BUDGET 2014

Although the Government has now been steadily introducing pension reforms in the UK for over a decade, the changes announced in this year's Budget are arguably some of the most significant yet.

The new measures are designed mainly to give certain individuals far more flexibility over how they take their retirement benefits. From April 2015, members of particular types of defined contribution plans may be able to take all of those pension savings as a cash sum (without having to use some of it towards buying a pension) or draw part of their benefit while still investing the rest ('drawdown'). We are still awaiting exact details of how the new regime will work and how it will apply to the Fund.

Please note: if you are a pensioner the Budget changes will not affect you.

If you are an active or deferred Fund member, you can find more details about the new measures further on in this issue of 'Fund Focus'.

FUNDING UPDATE

The latest summary funding statement as at 31 March 2014 shows that since the valuation at 31 March 2013 the funding level has improved from 85% to 95%. The reasons for the reduction in deficit are a decrease in the value of the liabilities (which has been caused by an increase in the yields on UK government bonds, which are used to estimate the cost of providing the benefits promised from the Fund), and stronger asset returns than anticipated.

NEW INVESTMENT FRAMEWORK

As mentioned in the Chairman's introduction, we have taken a different approach to our investment strategy this year. We have grouped the asset classes into particular categories in line with our aims for those particular investments.

This shift in our thinking allows us to continue working towards our overall aim – reducing the level of risk the Fund carries as the funding level rises.

Here are the five categories of asset class:

- 'LDI and collateral' – cash and other assets to support the Fund's liability driven investments (that is, investments that we expect to change value in line with our liabilities).
- 'Growth' – for long-term returns higher than the rate we expect the Fund's liabilities to increase.
- 'Income' – for 'cash flow' – that is, to bring money into the Fund at a similar rate to its outgoings in benefits and costs.
- 'Inflation' – for returns linked to inflation, so that these investments keep pace with the rising cost of living, and, to a large extent, with how our pensions increase during payment.
- 'Other diversifying' – other growth funds, chosen to help manage risk by investing in a range of asset classes that are expected to perform differently to each other in different financial conditions.

Here is the Fund's 'strategic asset allocation' – that is, the asset spread we aim for in line with our approach. So, for the first time below, we show in the table how the funds are grouped into their categories.

		2014 (%)
Growth	Equities	48.5
	Private Equity	6.0
	Total	**54.5**
Other diversifying	Hedge Funds	7.5
	Total	**7.5**
Inflation	Property	7.5
	HLV Property	2.5
	Total	**10.0**
Income	High Yield Debt	3.7
	Emerging Markets Debt	3.8
	Private Debt	1.5
	Corporate Bonds	14.0
	Total	**23.0**
LDI and collateral	LDI	5.0
	Other	0.0
	Total	**5.0**
TOTAL		**100.0**

As you can see, we have a relatively high proportion of Growth assets in the Fund. As the funding level improves, we intend to decrease the amount of Growth assets in favour of more Income and LDI funds (which will change value more in line with the Fund's liabilities).

Responsible investment

This is the term we use to describe the procedures we have in place to keep the Fund's investing approach in line with our thinking on environmental, social and governance issues (ESG).

We believe that good management of environmental and social risks/opportunities and sound business governance can contribute to long-term business success.

We have currently split responsible investment into three key areas:

ESG IN INVESTMENT DECISIONS

We require the Fund's investment managers to take ESG issues into account when choosing assets.

In addition, we appointed two new global equity managers in April 2014, who are particularly strong in this area. These two managers invest in a similar way to the Fund's other global equity managers but have a bias towards ESG considerations in their choice of companies to invest in.

VOTING

Hermes Equity Ownership Services (Hermes EOS) continue to vote on our behalf at the Annual General Meetings, and other meetings, of companies where the Fund directly holds shares. Hermes EOS has a standard policy setting out how they will vote in certain circumstances, and we have agreed to adopt this policy as it is in line with our investment beliefs.

Hermes EOS provides a report on how they have voted every quarter. This is then reviewed by Univest, Unilever's in-house investment services company.

ENGAGEMENT

To support the theory that well governed companies perform better over the long term, Hermes EOS engages with certain companies on our behalf to encourage them to improve in the ESG area. They provide a quarterly report on their engagements which is also reviewed by Univest.

We use Sustainalytics B.V. to analyse the sustainability of the companies we have invested in. This kind of analysis gives us a guide to how well these companies manage ESG issues, as well as highlighting any that are carrying a high ESG risk. The outcome of these services allows Univest (overseen by the Fund's Investment and Funding Committee) to challenge our investment managers.

We continue to develop the Fund's position as a responsible shareholder, and we will keep you updated on further developments in future issues of 'Fund Focus'.

Focus on governance

Your main plan pension (from the Career average plan, Final salary plan, or both) is 'defined benefit' – that is, your pension is based on your pensionable salary and length of pensionable service. Defined contribution arrangements are becoming more and more common as a standard pension scheme offered by UK employers.

In defined contribution schemes, members (and often their employers) pay contributions into an account. They then choose from a range of options how they would like their account to be invested during their working life and use it to provide retirement benefits. Our Investing plan is defined contribution.

The Pensions Regulator, which oversees the running of pension schemes in the UK, is increasing its focus on defined contribution schemes.

Trustee responsibilities for defined contribution schemes vary from those for defined benefit schemes. In a defined contribution scheme, the member has more flexibility and control over how much they contribute and how they invest. Accordingly, the trustee duties are different for investment and also include making sure members receive clear and concise information to help with the further options available to them.

Starting with the 2014/15 tax year, the Regulator expects trustees of defined contribution schemes to produce a statement for members each year about how well their plan is run. To give all schemes a way of working this out consistently, it has published a set of standards – essentially a definitive list of 31 'quality features' – for schemes to assess themselves against.

We have carried out the quality features check on the Investing plan, and we are pleased to note that we are at 'best practice' or 'good practice' level on them all. We will publish the statement on the Fund website (see opposite) early in 2015, for those of you who are interested in more details.

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
PO Box 1480
Hemel Hempstead
HP1 9PB

Freephone: 0800 028 0051 (UK only)

Tel: +44 (0) 1473 622307 (Overseas)

Email: unileverpensionsteam@aonhewitt.com

Fax: +44 (0) 1372 757953

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 our summary funding statements 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.

NEW-LOOK WEBSITE

We are pleased to announce that the Fund's website has been re-launched – and refreshed. Take a look at:

www.uukpf.co.uk

When you visit, you now just need to answer a couple of questions on the home page, and the site will take you to the section that is relevant to you.

We will continue to post news items on the home page, and add more information over the coming months. Please use the feedback facility to let us know what you think and any suggestions you have to help us keep improving the site.

Budget 2014: a look at the changes

You may already be aware of the new measures announced in the March 2014 Budget, increasing the flexibility certain pension plan members have for taking their retirement benefits.

THE NEW DEFINED CONTRIBUTION OPTIONS

Members of defined contribution plans pay pension contributions into an account, and can choose how the account is invested from a range of options during their membership. At the moment, when they retire, they can usually take 25% of their account as tax free cash. They must then normally buy a pension by choosing an annuity (any regular income bought with an upfront payment). However, as well as being able to buy an annuity, members will have new choices from April 2015 (if their plan rules are amended):

- **Cash:** Defined contribution members will be able to take all of their benefits as cash. 25% of the overall benefit value will still be available tax-free, as it is now, then they will pay tax at their highest rate on any amount above that.
- **Drawdown:** This facility will allow members to leave their account invested and draw as much or as little as they wish as income over time. They will still be able to receive 25% of their account as tax free cash, but they will pay tax at their highest rate on withdrawals above this amount.

(Drawdown is not completely new – some pension schemes already offer it – but these changes will relax the current, complex rules.)

HOW THE NEW MEASURES MAY AFFECT THE FUND

At Unilever, you belonged to a defined benefit scheme, so the changes do not directly affect the main Unilever pension you are due.

It is not yet entirely clear whether the changes will have an impact on the Investing plan (which does work along 'defined contribution' lines, but is not a separate arrangement in its own right). If they do, we would need to review the Fund rules accordingly to reflect the new options.

For now, if you are approaching retirement and think the additional flexibility will be of use to you when it is available in April 2015, you may want to investigate the option of transferring your Fund benefits, or your Investing plan account alone, to a defined contribution arrangement outside Unilever. Please note, however, that you need Company consent to transfer your Investing plan account separately from your main plan benefits.

This is an important financial decision and as well as the Company consent there are other time limits and restrictions that apply. If you are interested in this option therefore we would strongly encourage you to seek independent financial advice before taking any firm decisions and start planning at an early stage. In some cases, we can only allow a transfer when we have proof that you have taken financial advice.

THE INVESTING PLAN IN BRIEF

The Investing plan is the defined contribution section of the Fund. You belonged to the Investing plan if:

- you made extra voluntary contributions, or
- you chose to take part or all of the '12.5% contribution' from Unilever (on your earnings above the Career average plan higher level) into an Investing plan account.

You can still choose how to invest your account from a range of fund choices. You should check these choices regularly to make sure they are still in line with your situation. You can change them if you need to on PlanViewer, Fidelity's online investing service – where you can also find fact sheets on all the funds.

Retirement planning

By headlining more flexibility in retirement, the 2014 Budget has sparked for many people a greater interest in the retirement savings they are building up and what they might use them for when they stop work. Now might be a good time to think about your own situation.

Here are some hints to help you think about your needs in retirement.

THE INCOME YOU WILL NEED IN RETIREMENT...

Start by listing the things you currently pay for that you won't need to pay for after you retire (for example, you may have paid off your mortgage). Then make a corresponding list of extra things you may need to pay for after you retire (for example, if you plan to travel).

Typically, most people aim for an income of between 50% and 75% of their salary before retirement, but this is a large range and you should think carefully what is right for you.

You should also think about how you would like to divide your benefits between pension and tax-free cash. If you are thinking of taking a significant amount of cash, what are you planning to use it for?

It will be difficult to pinpoint exact figures, but you do not need to. The main thing is to get an idea of what you will need so you can think about whether your Unilever benefits – plus your State pension (if any) and other pension plans or savings you may have – are likely to be enough.

There are some useful tools available online that can help with this sort of budgeting. Try the Money Advice Service (**www.moneyadviceservice.org.uk**, Fidelity website (**www.fidelity.co.uk**) or search online for 'retirement budgeting tools'.

...AND THE INCOME YOU ARE BUILDING UP NOW.

Your retirement income may come from a number of different sources:

- Your Unilever pension;
- Your current employer pension scheme (and any you may have been a member of in the past);
- Any private (or personal) pension you may have paid into;
- The State pension;
- Any other savings or income you will be able to receive in retirement.

Together, your recent statements from each of these sources can give you an approximate idea of your retirement income.

It is important to remember, however, that your various statements and quotations are likely to show amounts at different dates, or be worked out to different retirement ages. Please bear this in mind when you compare figures from a range of sources.

You can normally draw your pensions from age 55 (apart from the State pension, which you cannot take until your State Pension Age). Remember that if you start your pension early, it will usually be smaller to allow for its being paid for longer.

You should also bear in mind that pensions are just one way of saving for retirement. You may have some other long-term savings, such as:

- Unilever share schemes.
- Individual Saving Accounts (ISAs).
- Cash.
- Other savings (such as stocks and shares held personally).

It's hard to judge how much of your savings you can spend every year if you want them to provide an income for the rest of your life. But, as a rule of thumb, you could divide the amount of your savings by 20 to get an approximate income. For example, if you have savings of £50,000, this could provide an income of £2,500 a year (50,000/20). However this is a very rough estimate and does not take account of many possible different outcomes – like how long you will live in retirement, or increases to the costs of living.

WHAT TO DO NEXT

You can now compare the two estimates: the income you think you will need and the income you are building up. If you are not currently on course to reach your target amount, there are lots of things you can do while you're still working to close the gap.

For example, you could think about paying into various savings products (if you do not already) outside your current employer's pension scheme, such as an Individual Savings Account (ISA). Remember that special tax advantages apply to pensions that would not necessarily be available in the same way for other types of saving.

If you need any help with your savings options, you should take independent financial advice (see page 15).

Considering retiring?

If you do not intend to take your benefits early and would like to wait until your retirement age to receive your benefits, you do not need to take any action as we will contact you around 6 months before your normal retirement age with details of your options and how the process will work. Please ensure that you keep us up to date with address changes.

If you would like to take your benefits earlier than your normal retirement age (but not before age 55), please can you contact us around 3 months before you would like to receive your benefits. We will then send you your options and once we receive all the forms and any other requirements (birth/marriage certificates and so on), we will put your benefits into payment.

Annual allowance: 2014 update

In last year's issue we gave you advance notice of the reduction to HM Revenue & Customs' annual allowance, taking effect from April 2014.

The allowance is still designed to affect relatively high earners. However, the new level, £40,000, is now a fraction of what it once was. (At its highest, during the 2010/11 tax year, the annual allowance was £255,000 – so the current level is little more than 15% of that.)

The lower it falls, the more people it will affect. As you are no longer building up further pension benefits at Unilever, neither your deferred pension nor your Investing plan account (if you have one) count towards the annual allowance. However, you will still need to keep track of the growth in your other pension savings.

2014 pension increase

Different increases apply to your pension, depending on:

- **whether you were a member of the Final salary or Career average plan; and**
- **when you joined and left the Fund.**

The broad rules are below:

Career average plan

To help protect it against inflation, your Career average pension is increased over the period between your date of leaving and date of drawing the pension (or age 65 if earlier):

- Pension built up before 1 July 2012 is increased in line with inflation, up to 5%, each year; and
- Pension built up from 1 July 2012 is increased at the date of retirement by broadly the lower of:
  - the amount of inflation over the whole period; and
  - 2.5% for each complete year for the whole period.

As a result, different parts of your deferred pension may receive different increases.

If you leave due to redundancy, sale of a company or outsourcing, Unilever has the discretion to increase all of your deferred pension in the same way as if you were still in pensionable service: that is, broadly increased in line with inflation up to 5% a year.

You will have been told when you left Unilever if this discretion will apply to you.

Please be aware that Unilever's discretionary practice may change in the future.

Final salary plan

Your Final salary plan deferred pension increases on 1 April each year to protect it against rising prices. Broadly, the increase is based on the rate of inflation (as measured by the Retail Prices Index) up to 5%. The full increase in April 2014 was 2.8%.

If you joined the Fund after 1 October 1987, your Final salary plan deferred pension increases each April until you draw it at age 65 in line with inflation up to 5% a year. The first year's increase may be a part year increase to reflect the period from the date you leave to the following 1 April.

If you joined the Fund on or before 1 October 1987, your Final salary plan deferred pension increases each April up to age 60 in line with inflation up to 5% a year. The first year's increase may be a part year increase to reflect the period from the date you leave to the following 1 April. If you draw your pension after age 60 different increases will apply from age 60 to the date you draw your pension. Please contact the Unilever Pensions Team for further information – their contact details are on page 5.

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

For your information, here are the increases that have applied to Final salary plan pension for the last few years:

Year	Increase
2010	3.7%
2011	5.0%
2012	3.9%
2013	3.3%
2014	2.8%

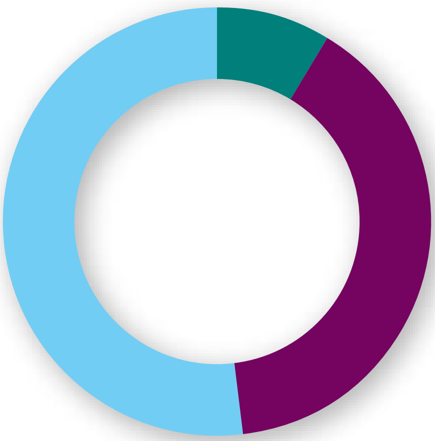
Facts and figures

THE ACCOUNTS IN BRIEF

	£million
Fund value at 1 April 2013	**6,558.4**
Income	
Contributions paid in by Unilever and Fund members	147.9
Transfers in from other schemes	72.0
Income from investments	145.8
Outgoings	
Benefits payable to members (pensions and lump sums)	(303.5)
Payments to leavers	(7.9)
Fees and expenses (advisers, administration, direct fund managers)	(25.1)
Change in market value of Fund investments	347.4
Fund value at 31 March 2014	**6,935.0**

MEMBERSHIP PROFILE

This shows headline figures for the Fund membership at 31 March 2014.



7,265	Active members (currently building up plan benefits)
32,443	Deferred members (no longer contributing but with benefits left in the plan to draw at a later date)
42,541	Pensioners and dependants of members who have died (receiving plan benefits)

Investment overview

DEFINED BENEFIT FUNDS (CAREER AVERAGE AND FINAL SALARY PLANS)

Performance

Overall, the investment return for the Fund over the year to 31 March 2014 was 7.7%.

We measure the performance of the investment funds in two ways:

Against benchmarks – the benchmarks help us gauge how the returns on the individual funds compare to the market average. These in turn allow us to assess the fund manager's performance.

Asset class	Fund return	Benchmark return	The difference
Equity	8.2%	6.0%	2.2%
Bonds	-2.8%	-2.0%	-0.8%
Property	11.7%	8.7%	3.0%
Hedge Funds	-3.6%	-4.7%	1.1%

Against liabilities – because our investment strategy is liability-driven' (that is, we aim for investment returns that will allow the value of the Fund to rise and fall in line with its expected outgoings) we track how the overall Fund return measures against the change in liabilities.

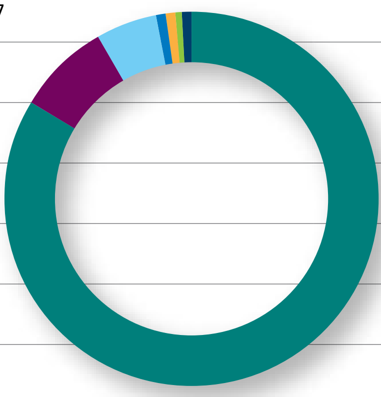
	Asset return	Total change in liabilities	The difference
Year ended 31 March 2014	7.7%	-7.6%	15.3%
Since introducing this approach (1 July 2008)	8.1% a year	4.8% a year	3.3% a year

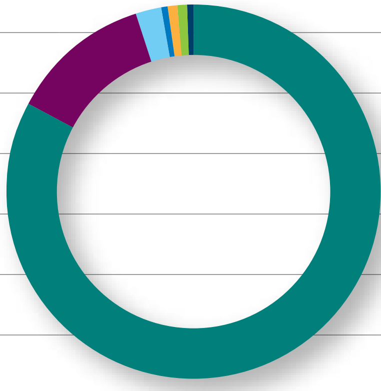
INVESTING PLAN FUNDS

Member fund choices

These charts show how members with Investing plan accounts have decided to invest them, at 31 March 2014. On the left we have split the overall amount of money invested in the plan across the funds. On the right you can see how this translates to the number of members choosing each fund. As we are responsible for deciding which funds to include in the Investing plan range, it helps us to see which options are popular and which may have less appeal.

Fund value at 31/03/14 (£000)	Fund name	Number of members
£41,007	Moderate Growth Fund	6,155
£4,005	Cash Fund	902
£2,478	Aggressive Growth Fund	160
£419	Income/Bond Fund	48
£395	Global Equity Fund	55
£366	Emerging Markets Fund	60
£303	Cautious Growth Fund	34





Performance table

Here are the returns for the funds on the Investing plan range for the year to 31 March 2014 (these figures are net of fees):

	Actual return %
Cash Fund	0.2
Income/Bond Fund	-2.2
Cautious Growth Fund	4.5
Moderate Growth Fund	7.6
Aggressive Growth Fund	9.4
Global Equity Fund	13.0
Emerging Markets Fund	-11.4

Your summary funding statement

Your summary funding statement explains the funding that underpins your Unilever UK Pension Fund. (Please note that in this section, 'the Fund' means the Final salary and Career average plans only – the Investing plan is a separate defined contribution arrangement.) 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 2014.

At 31 March 2014 the Fund had a deficit of £385 million, which corresponds to a funding level of 95% (below left).

In the last statement (sent to you in April 2014), we gave you information based on the results of the latest formal valuation of the Fund at 31 March 2013. The valuation showed that the Fund had a deficit of £1,190 million (below right).

At 31 March 2014	
Value of assets	£6,865 million
Estimated amount needed to cover funding target (technical provisions)	£7,250 million
Deficit	£385 million
Funding level	95%

At 31 March 2013	
Value of assets	£6,510 million
Estimated amount needed to cover funding target (technical provisions)	£7,700 million
Deficit	£1,190 million
Funding level	85%

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 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 above shows the funding level according to this 'ongoing' valuation.

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 2013 valuation, we agreed with Unilever the level of contributions needed to maintain and improve the funding level.

Contributions for future benefits

As part of the 2013 valuation, it was agreed that, from 1 January 2014, Unilever will pay regular contributions of 23.9% of pensionable earnings (between the two levels), less members' contributions, for all active members. From 1 April 2014, the lower level is £5,828 and the higher level is £53,900. The levels are reviewed each April. Full details are in the schedule of contributions (available on request from the Fund Secretary – see page 5).

The recovery plan

Following the 2013 valuation, Unilever has agreed to pay annual contributions of £90.6 million between 1 April 2013 and 31 March 2021. Allowing for a less cautious investment return assumption on the assets than that used for technical provisions, it is expected that this will remove the deficit by 31 March 2021 (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 review as at 31 December 2013 resulted in a Company contribution that was paid as part of the recovery plan contributions. Further reviews will take place at each 31 December until the next valuation date (31 March 2016), and these could result in additional contributions from the Company.

CHANGES SINCE THE PREVIOUS STATEMENT

The last statement provided the results of the formal valuation at 31 March 2013 and showed a funding level of 85% at that date. Since that statement, the funding level has improved. This is mainly as a result of changes to market conditions that have decreased the amount required to meet the funding target, together with higher investment returns than expected helping the value of the Fund's assets to increase from 31 March 2013 to 31 March 2014. The deficit reduction contributions from Unilever also helped to improve the position.

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 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.

If the Fund had started winding up at 31 March 2014, our actuary estimates that the amount the Fund would have needed to ensure that benefits were secured in full was £8,950 million. On this basis the Fund's deficit was £2,085 million, equal to a solvency ratio of 77%. Our actuary previously estimated that the cost of securing benefits would be £10,630 million at 31 March 2013 and that the deficit was £4,120 million, equal to a solvency ratio of 61%.

Pensions law says we must give you this information, and we need to have 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.

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.

GOV.UK –
information about State benefits

www.gov.uk

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

When you first visit GOV.UK, you'll see that one of the links goes to the 'Working, jobs and pensions' 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.

The Money Advice Service –
impartial help with your financial planning

www.moneyadviceservice.org.uk

This 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

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