



Unilever UK Pension Fund

Your summary funding statement

Your summary funding statement explains the funding that underpins your Unilever UK Pension Fund ('the Fund') Final salary and Career average plan benefits. As Trustees, we are required by law to provide you with 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 formal valuation at 31 March 2016.

At 31 March 2016 the Fund had an estimated deficit of £1,225 million, which corresponds to a funding level of 86% (below left).

In the last statement (sent to you last year), we gave you information based on the results of the annual funding update at 31 March 2015. That annual funding update showed that the Fund had an estimated deficit of £1,110 million (below right).

At 31 March 2016		At 31 March 2015	
Value of assets	£7,375 million	Value of assets	£7,585 million
Estimated amount needed to cover funding target (technical provisions)	£8,600 million	Estimated amount needed to cover funding target (technical provisions)	£8,695 million
Deficit	£1,225 million	Deficit	£1,110 million
Funding level	86%	Funding level	87%

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. Final salary and Career average plan 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 requirements of 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 estimates 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 formal valuation at 31 March 2016, we agreed with Unilever the level of contributions needed to maintain and improve the funding level.

Contributions for future benefits

As part of the 2016 valuation, it was agreed that, from 1 April 2017, Unilever would pay regular contributions of 32.2% of pensionable earnings (between the two Career average plan levels), less members' contributions, for all active members. Full details are in the schedule of contributions (available on request from the Fund Secretary – see page 3).



The recovery plan

Following the 2016 valuation, we are pleased to report that Unilever has agreed to pay a contribution of £600 million by 30 June 2017. We believe this extra payment, along with expected investment returns, should close the funding gap by 31 March 2024 – that is, within eight years of the valuation date.

Changes since the previous statement

The last statement provided the results of the annual funding update at 31 March 2015 and showed a funding level of 87% at that date. Since that statement, the funding level has fallen slightly. This is primarily as a result of a decrease in the value of assets of the Fund from 31 March 2015 to 31 March 2016, partially offset by deficit reduction contributions paid by Unilever.

Long term funding target

As well as the 'ongoing' funding target that the Trustees agree with the Company as part of the valuation every three years, the Trustees have a 'long term' funding target.

If the funding level reached this higher target, the Trustees would be able to place the assets in lower-risk investments, and there would be less chance of the Company needing to make extra deficit contributions in the future.

As a result of the recovery plan agreed as part of the 31 March 2016 valuation, the funding level should reach the higher target by March 2025, if the Fund progresses in line with our best estimates.

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 2016, our actuary estimates that the amount the Fund would have needed to ensure that benefits were secured in full was £12,866 million. On this basis the Fund's deficit was £5,491 million, equal to a solvency ratio of 57%. Our actuary previously estimated that the cost of securing benefits would be £12,320 million at 31 March 2015 and that the deficit was £4,735 million, equal to a solvency ratio of 62%.

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.)

Finding out more

If you are uncertain about anything to do with your savings or pension, think about taking independent financial advice. IFA Promotion can help you find an adviser in your area – you can carry out a search on their website, www.unbiased.co.uk.

You can also take questions or problems to The Pensions Advisory Service (TPAS), which runs a query helpline **0300 123 1047**. Or use their online enquiry form at www.pensionsadvisoryservice.org.uk.

Pension wise is a government service that provides free and impartial guidance, to those aged 50 or over, on what can be done with a defined contribution pension (and so only applies to members of the Investing plan or to members who have paid Additional Voluntary Contributions). A phone or face to face appointment can be booked via their website, www.pensionwise.gov.uk.

The Pensions Regulator oversees the running of UK pension schemes. It has more information about valuations and funding statements on its website, www.thepensionsregulator.gov.uk.

The Government set up the Pension Protection Fund to compensate members of occupational schemes if their employer becomes insolvent and cannot cover the cost of providing the scheme benefits. You can find more information on its website, www.pensionprotectionfund.org.uk.

If you need information about the benefits you might expect to receive from the State, try GOV.UK, the Government website, (www.gov.uk), which also includes background information about financial planning. If you are not yet receiving your State pension, you can also get a forecast of the amount you are due to receive from the Future Pension Centre. Their helpline number is **0345 3000 168**.

Help at hand

The plan website: www.uukpf.co.uk

There is a wealth of information on the website on the Career average, Investing and Final salary plans, as well as 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.

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 report on the latest formal valuation of the Fund (we base the information in this 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





This document confers no rights to benefits. Rights to benefits are conferred solely on the terms and subject to the conditions of the Unilever UK Pension Fund Trust Deed and Rules as from time to time in force. This document also contains references to the Trustees. These are the Directors of the Unilever UK Pension Fund Trustees Limited.

Use of personal data

In providing actuarial services to the Trustees, including preparing this Summary Funding Statement, the Trustees, their adviser Aon Hewitt and the Scheme Actuary require access to personal data about members and their dependants. The Data Protection Act governs how the Trustees, Aon Hewitt and the Scheme Actuary use and store personal data. You can find out more information about how your personal information is used in the provision of actuarial services at www.aonhewitt.co.uk/privacy-statement. Should you have further questions regarding the processing of their personal information, you should contact the Fund Secretary in the first instance (see details on page 3). General guidance is also available from the Information Commissioner's website at www.ico.org.uk.