Unilever UK Pension Fund

Valuation complete – results available

Funding level now 86%

Unilever to pay £600 million towards making up deficit

Fund latest

Every three years, the Fund actuary carries out a valuation – that is, a formal 'healthcheck' – of the Career average and Final salary plan finances, based on assumptions agreed by the Trustees and Unilever.

The 31 March 2016 valuation of the Fund is complete and while there is still a deficit, the Trustees are pleased to report that Unilever will be making a substantial contribution of £600 million – approximately 50% of the deficit - by 30 June 2017. We expect the rest of the deficit will be made up by investment returns. This card gives you a snapshot – overleaf – of the results from the 2016 valuation.

If you'd like more detail, you can find the full funding statement online. Go to the Fund website – **www.uukpf.co.uk** – and click on the 'Summary funding statement' link under 'Latest news'.

If you are unable to use the website or do not want to view the statement online, please write to the Unilever Pensions Team, Aon Hewitt, PO Box 196, Huddersfield, HD8 1EG for a printed copy.

In the next issue of Fund Focus, later this year, we'll briefly recap the valuation results and bring you more up to date with the funding level at 31 March 2017.

Unilever

The results at 31 March 2016 in brief

Funding target (the plans' liabilities – that is, the amount we expect we need to pay out in benefits and costs – plus a safety margin)	**£8,600 million**
Value of assets (the amount of money in the plans)	**£7,375 million**
Deficit (the shortfall between the assets and the funding target)	**£1,225 million**
Funding level (the percentage of the funding target made up by the assets)	**86%**

Since the last funding update at 31 March 2015, the deficit has increased by £115 million, and the funding level has fallen slightly from 87% to 86%.

Unilever has made significant contributions towards making up the deficit since the last valuation in 2013, and we have seen good investment returns on the assets during those three years. However, falling interest rates – which drive up pension costs – and a decrease in the value of the assets over the year to 31 March 2016 have meant that the funding level has stayed staying broadly the same since the last valuation as well as over the last year.

Action plan

Following a valuation, Unilever and the Trustees agree the contributions to...

...make up any deficit.	...pay for members' future benefits.
Unilever has agreed to pay **£600 million** into the Fund by 30 June 2017. The Trustees 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.	Unilever's regular contribution to the plans will go up from 23.9% to **32.2%** of all active members' pensionable earnings between the two Career average plan levels (less the contributions from members). From April 2017, the Career average plan lower level is £6,288 and the higher level is £60,500.

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