

PUZZLED BY PENSIONS?

PROPOSED CHANGES TO THE UNILEVER PENSION FUND



What is happening to the Unilever Pension Fund?

Unilever has confirmed it proposes to close the Career Average Plan section to new entrants in 2020.

Can I continue to contribute?

Yes. The Career Average Plan section will remain open for existing members, but not for new hires. However, a number of changes are being proposed which will reduce the build-up of your pension going forward.

Will everyone be affected by the changes?

Yes. Whilst pension earned in the past is protected, going forward anyone participating in the Career Average Plan section will see their benefits building up on a reduced rate. Unilever is proposing to reduce the accrual, ie build up rate, from 1/60th to 1/80th. This will significantly impact on your benefits and your partner's in the future.

Will the Pensionable Earnings definition be the same?

No. Pension contributions are currently based on earnings between two levels. The Lower Level is £6,645 and the Higher Level is £60,500 (2019/2020).

Unilever is proposing to reduce the Higher Level to £45,000.

If you earn over £45,000 this part of your salary will no longer count towards your Career Average Pension.

Can I continue to pay Extra Voluntary Contributions (EVCs)?

Not in the same way.

Unilever is proposing the following:

- Withdrawal of option to pay 1% or 2% EVCs, currently matched by the employer.
- Withdrawal of employer 12.5% contribution for those earning in excess of £60,500.
- Withdrawal of passing on of the employer National Insurance savings, to employees in the form of additional contributions to the DC Investing Plan.

A DC Investing Plan will remain available but how much is contributed to this will depend on you.

What is Unilever's proposed Benefits Envelope?

You will continue to pay a 5% employee contribution to fund the Career Average Plan. This will be based on your earnings between £6,645 and the new 'Higher' level of £45,000.

In addition a new Benefits Envelope of 25% of your Pensionable Earnings (roughly your Basic Salary, plus any amounts Unilever deem pensionable) will be offered to you.

The Benefits Envelope will cover the balance of the cost of funding the Career Average Plan and any 'surplus' money left over will be available to you to spend in one of three ways.

Is the Benefits Envelope a fixed benefit?

Yes. The Benefits Envelope represents a fixed amount of 25% of your Basic Salary. However, the cost of funding your pension in the Career Average Plan section is not fixed and could change in the future, meaning you could have more or less 'surplus' money available in the future.

How much extra will I have in my Benefits Envelope and what can I do with it?

This will depend on how much you earn.

Unilever has **ESTIMATED** that for 2020 all full time employees remaining in the new 'DB Core' Section of the Fund will have £1,661 or more.

This money can be:

- Invested as a top-up contribution in the 'new' DC Investing Plan.
- Used to increase your existing life cover lump sum from 4 x salary up to 8 x salary.
- Taken as cash, however, it will be paid through your regular salary and so will be subject to tax and National Insurance deductions.

Continued overleaf ...



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I am a member of the Final Salary Section (Pre-2008 member), can I still retire at 60 with no reduction to my pension?

No. Unilever is proposing to withdraw this discretion and it will no longer be available after 31 December 2021.

You will still be in a position to retire from 1 January 2022, but your pension will be reduced for each year that you decide to take your pension early.

What else is changing?

- The option to pay an additional contribution on top of your employee 5% pension contribution to potentially receive a higher pension increase in retirement will be withdrawn.
- The additional ill-health benefit for those earning over £60,500 will be withdrawn.
- New hires and anyone opting out of the Career Average Plan will be enrolled in the 'new' DC Investing Plan.

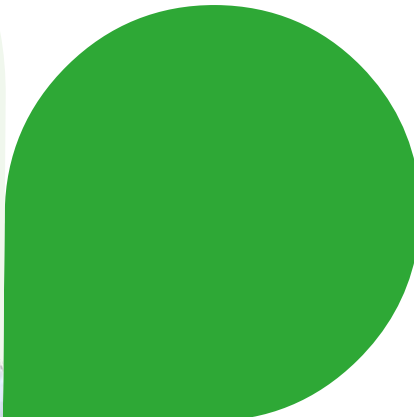
To find out more Unilever has a dedicated website: www.planningforthefuture.unileverservices.com
The password is Reward2020

What is the opinion of the joint Unions?

- The joint Unions believe the Company is under no immediate pressure to make such significant changes. The Company is in a strong position and their ability to pay current contributions is not in question.
- Once a company closes their Final Salary or Career Average scheme to new people, experience tells us that it is only a matter of time before the scheme will close completely.
- Introducing a DC Investing Plan for new people will create a future work force of have and have nots.
- We are concerned many individuals do not understand the full impact of the proposed changes. Some may make the wrong decisions which cannot be rectified- particularly if individuals choose to take cash instead of topping up their pension provision.
- Many of the risks associated with providing a Career Average pension will be passed from the employer on to the members with the introduction of the Benefits Envelope Package.
- We believe these proposals as they stand represent a race to the bottom, leaving everyone significantly worse off.

In summary, if these proposals go ahead a number of the hard fought changes influenced by the Unions in 2011, when the Company closed the Final Salary section, will be lost.

If you have any questions about the consultation or wish to have your say please contact your Union representative who will be supporting you throughout the consultation.



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