



Nestlé UK Pension Fund

# Pensions News 2021

*An update from the Trustees  
of the Nestlé UK Pension Fund*

*Who looks after your pension?*

*Updates on the Fund and how it works*

*Reminders from the Pensions Team*

# Chair's welcome

Welcome to this year's newsletter from the Trustees of the Nestlé UK Pension Fund (the Fund). In this newsletter we aim to explain how the Fund is run, who looks after it and what's been going on over the past year.

Clearly, the last year has presented challenges for everybody and managing the Fund has required changes to the way we work. I am confident, however, that the efforts of the Trustee Board and the Nestlé Pensions Team have ensured a continued high level of service for its members. As a result, we have delivered on some key projects that will have a positive impact for years to come.

Firstly, the Fund's 2018 valuation was completed and signed off this year, bringing with it a valuable package of measures to significantly transform the long-term security of the Fund. This included Nestlé paying a one-off contribution (in June 2021) to clear the Fund's deficit. This was a large and very complex piece of work including a great deal of time and effort from many people. Thank you to everyone who was involved in completing this project.

The valuation has shown that the cost of providing pensions that are being built up by current employees in DB Core and DB CorePlus has increased. This means that employee and employer contributions

to DB Core and DB CorePlus stepped up from 1 November 2021. We have also seen some changes to the Fund's governance. These changes formed part of the package of new measures agreed as part of the valuation. You can read more about the valuation at [nestlepensions.co.uk/valuation-2018](https://nestlepensions.co.uk/valuation-2018) and more about the changes to the Fund's governance on page 6.

Alongside this, the Trustees set up a Board Effectiveness Working Group. As a result of this group, we've introduced a number of changes to make sure we are working as efficiently as possible, and to reflect the fact that we continue to work remotely for the time being. The Trustee Board has operated very well in an online environment and I anticipate that we will continue to make the most of the flexibility that online meetings give us.

And looking into next year we plan to implement some changes to our defined contribution (DC) sections as a result of the review that we completed this year. Read more about this on page 9.



Finally, in a year in which we saw a record-breaking number of applications, we welcomed Belinda Eddington and Richard Rowden to the Trustee team in June, as well as welcoming back Marcus Barry, who was re-appointed. Sadly, this means we had to say goodbye to Barbara Firth and Steve Robinson, both of whom have been tremendous Trustee Directors. We'd like to thank them for their commitment and valuable contribution to their respective committees and to the Board during their time as Trustees.

As always, we hope you enjoy reading your newsletter and would be grateful for any feedback. Please get in touch with your comments using the contact details on the back page.

Steve Delo  
(Chair of the NUKPF Trustee Board)





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## Want to request a document?

You can find a range of useful documents on our website at [nestlepensions.co.uk/member-comms](https://nestlepensions.co.uk/member-comms)

You can also request copies of the following documents from Nestlé Pensions using the contact details on the back page:

- Annual Report and Accounts
- Statement of Investment Principles (SIP)
- The DB Implementation Statement
- The DC Implementation Statement
- DC Chair's Statement
- Schedule of Contributions
- Statement of Funding Principles
- The Trust Deed and Rules

## Reminder – the cost of defined benefit (DB) contributions has gone up

From 1 November 2021 the cost of contributions in DB Core and DB CorePlus went up, as we explained in the newsletter we sent you in August.



### The cost of contributions is now:

- DB Core - 7.3% of your pensionable earnings
- DB CorePlus - 10.8% of your pensionable earnings

Your pension will continue to build up in the same way in both DB Core and DB CorePlus but it will cost you more each month.

You can check your most recent payslip to see how this change will have affected your pay.

If you'd like to make a change to how your pension builds up, you will have another chance at the start of next year when we write to you with your Pension Choices Newsletter.

# Looking after your pension

The Fund is managed by a Trustee Company (Nestlé UK Pension Trust Ltd) which has an overall duty to run the Fund in line with its Trust Deed and Rules, as well as current pensions law. This Trustee Company acts through us, its Board of Directors (generally called the 'Trustees').

Our Trustee Board is made up of four Trustees appointed by Nestlé and four Trustees selected from member nominations. The Board is also supported by the wider Nestlé Pensions Team and a range of professional advisers.

## What do we do?

As Trustees, we're responsible for overseeing the running of the Fund and safeguarding it on behalf of you, its members. With the help of advisers, and the Nestlé Pensions Team, we make sure that contributions are made to the Fund, that its assets are invested appropriately and as securely as possible and that member benefits are paid correctly and on time.

## Changes to your Trustee Board

This year, Barbara Firth and Steve Robinson were replaced by Belinda Eddington and Richard Rowden. We'd like to thank Barbara and Steve for their commitment and valuable contribution to their respective committees and to the Board during their time as Trustees. We now look forward to working with Belinda and Richard, and to continuing to work with Marcus (who was re-appointed in June).

Read more about your Trustees at [nestlepensions.co.uk/your-trustees](https://nestlepensions.co.uk/your-trustees)



## Your current Trustees are:



(Left to right) Marcus Barry, David Baxter, Malcolm Burridge, John Chilman, Steve Delo, Irene Donaldson, Belinda Eddington, Richard Rowden

### Marcus Barry

Marcus is a Nestlé pensioner who retired from the business in May 2020 after nearly 30 years' service.

### David Baxter

David is a Member Nominated Trustee and a pensioner member of the Fund.

### Malcolm Burridge

Malcolm is a Nestlé Appointed Trustee and is currently building up pension in the Fund.

### John Chilman

John is a Nestlé Appointed Trustee and an Independent Trustee.

### Steve Delo

Steve is a Nestlé Appointed Trustee and an Independent Trustee. He's also the Chair of the Trustee Board.

### Irene Donaldson

Irene is a Nestlé Appointed Trustee and is currently building up pension in the Fund.

### Belinda Eddington

Belinda is a Member Nominated Trustee and is currently building up pension in the Fund.

### Richard Rowden

Richard is a Member Nominated Trustee and is currently building up pension in the Fund.

## Spotlight on: your new Trustees, Belinda and Richard

This year we welcomed Belinda and Richard to the Trustee team.

### Belinda



#### What do you do at Nestlé?

I've been at Nestlé since 2004 and currently work as a project manager in the Finance Excellence team. My job focuses on process improvement and how we can work more efficiently and I love how much of the business I get to see within my role.

#### What do you enjoy doing when you're not at work?

I love discovering new places to visit with my family in our home county of Sussex.

The opportunity the pandemic has given me to explore and find beautiful lakes, gardens, vineyards, picture postcard villages and forest paths on my doorstep has been fantastic!

#### What made you want to become a Trustee?

I knew that being a Trustee would be rewarding and challenging. I love learning new skills – especially in a world that changes as quickly as the world of pensions, and I wanted to use these new skills, as well as my existing ones, to help other members secure the best financial future. I also enjoy working with new people and getting to know what they bring to the role and am already learning so much.

### Richard



#### What do you do at Nestlé?

I am a third-party contract manager, which means I look after suppliers who make finished products on behalf of Nestlé. I work predominately with the Coffee and Nestlé Professional categories.

#### What do you enjoy doing when you're not at work?

Recently, I've been working in the garden and doing lots of DIY – very different to my day job where I mainly sit at the PC all day with a headset on. It's nice to do something physical for a change!

#### What made you want to become a Trustee?

I'd been a pension member representative for several years and wanted to be more involved in helping to deliver better outcomes for all members. I was very surprised at the number of people who actually applied for the role and feel lucky to have been selected. I'm really looking forward to getting to grips with the world of pensions and learning more about topics like responsible investment.





# Looking after your pension (continued)

## Changes to the Fund's governance

Earlier this year you should have received a newsletter telling you about the outcome of the 2018 Fund valuation.

You can find the newsletter in your online account, or read more at [nestlepensions.co.uk/valuation-2018](https://www.nestlepensions.co.uk/valuation-2018)

To help share the workload and to ensure that decision-making takes place as efficiently as possible, the Trustees sit on different sub-committees – each with a special focus. Before the valuation there were three sub-committees:

- The Governance and Compliance Committee (GCC)
- The Defined Benefit Financing Committee (DBFC)
- The Defined Contribution Committee (DCC)

As part of the outcome of the valuation, the Trustees and the Company created a new governance structure, which means that the DBFC will now split into two separate committees – the Defined Benefit Investment Committee (DBIC) and the Defined Benefit Financing Committee (DBFC).

### **The Defined Benefit Investment Committee (DBIC)**

The DBIC will look after any investment strategies and implementation (how the strategy is put into action) within our DB sections.

### **The Defined Benefit Financing Committee (DBFC)**

The DBFC will focus on funding and covenant matters (Nestlé's legal obligation and financial ability to support our DB scheme both now, and in the future).

Go to [nestlepensions.co.uk/how-the-fund-is-run](https://www.nestlepensions.co.uk/how-the-fund-is-run) to read more about the Trustees and sub-committees.



# How your pension works

You can find out more about how your pension works, how it builds up, and the changes that you can make at [nestlepensions.co.uk/pension-overview](https://nestlepensions.co.uk/pension-overview)

## The next valuation (2021)

As you know, we completed the 31 December 2018 Fund valuation earlier this year. Valuations take place every three years, so we will shortly be starting work on the next valuation which will be dated at 31 December 2021. Under pension fund law we have until 31 March 2023 to complete the valuation process, but we hope to complete it before then and write to you with the results in early 2023.

Read more about the most recent valuation results, and information on the measures we've put in place to improve the long-term security of the Fund, under 'valuation results' at [nestlepensions.co.uk/valuation-2018](https://nestlepensions.co.uk/valuation-2018)

## DC Chair's Statement 2020

Each year, trustees of DC pension schemes are required by law to produce a statement setting out how the scheme has met certain standards. This document is known as the DC Chair's Statement.

We publish the DC Chair's Statement on the website in July each year. You can read the Statement for the year ending 31 December 2020 on the website now.

One of the things it includes is a section on the assessment of value of DC arrangements. This year, the Trustees concluded that our DC arrangements continue to be good value to members, scoring 4 on a scale of 1 (poor) to 5 (excellent).

You can read the DC Chair's Statement at [nestlepensions.co.uk/how-the-fund-is-run](https://nestlepensions.co.uk/how-the-fund-is-run)

## What is a valuation?

A valuation is a financial 'health check' of the DB sections of the Fund. It compares the total value of the Fund's assets (the money the Fund has available now) with its liabilities (the estimated amount of money it will need in the future to pay the benefits that members have already earned).



*This year, the Trustees concluded that our DC arrangements continue to be good value to members, scoring 4 on a scale of 1 (poor) to 5 (excellent).*



# How your pension works (continued)

## Pensions and investment

How you choose to invest your pension savings is an important decision, particularly when it comes to your attitude towards risk. But what exactly does it mean when we talk about your pension savings being invested?

When you make savings to your DC account, the money that you save is invested in different things to help it grow in value. The types of things, or 'assets', that your account is invested in will depend on the investment decisions that you made or which section you are in.

*There are four main types of assets:*



Each type of asset comes with a different level of risk and reward. The higher the potential reward, the bigger the potential risks.

For example, cash is considered to be a low-risk asset (type of investment). But this also means that it doesn't usually grow much in value over the long term, so it's likely to give you a low reward (low investment returns).

An asset like equities (shares in companies) is generally considered to be higher risk. So while it can grow more over the long term (by providing investment returns), your pension savings may also experience investment losses at some point. Most people tend to invest in a range of assets to spread the risk.

Read more about investment risk and reward at [nestlepensions.co.uk/risk-and-reward](https://www.nestlepensions.co.uk/risk-and-reward)



## *How is my account invested?*

If you're in DC Start, your DC savings are automatically invested in the Lifetime Pathway. If you're in DC Core, your DC savings are invested as you asked us to – either in the self-select funds or in the Lifetime Pathway.

In the Lifetime Pathway your savings are automatically divided between investment funds and moved to more stable investments as you approach your target retirement age. Your target retirement age tells us when we should start moving your savings into more stable investments.

For DC Start members, your target retirement age is automatically set to your 'normal pension age', which is usually the same as your state pension age. Your target retirement age can only be changed if you switch to DC Core. DC Core members are asked to select a target retirement age if they invest in the Lifetime Pathway.

Read more about the Lifetime Pathway at [nestlepensions.co.uk/lifetime-pathway](https://www.nestlepensions.co.uk/lifetime-pathway)

If you're in DC Core and want to manage your investment choices yourself, you can choose from a range of nine self-select funds. If you choose this option, your savings will not automatically move into lower-risk investments as you approach retirement – but you can move your pension savings to new investments yourself.

You can read more about your current investment choices at [nestlepensions.co.uk/investment-choices](https://www.nestlepensions.co.uk/investment-choices)





## The DC investment review

In our 2020 edition of Pensions News, we mentioned that we had started a review of the current DC investment arrangements. We're pleased to say that we completed the review earlier this year and now plan to implement changes to the Lifetime Pathway and self-select funds as a result.

As a result of the investment review we hope to deliver better outcomes for our members, by providing:

- Lower investment fees – so that you pay less in costs and charges during the time that your pension savings are invested in the Fund.
- Investment returns that are the same or better but that have a lower risk profile.
- More investment options for you to choose from.

**As these changes involve work on both investments and our administration system, we have split implementation into two phases:**

### Phase one

Changes to the underlying investment funds in the Blended Assets Fund. These changes needed to be made as a matter of priority and were carried out in September. You can read more about these at [nestlepensions.co.uk/blended-assets-update](https://nestlepensions.co.uk/blended-assets-update)

### Phase two

Changes to the Lifetime Pathway and self-select funds that involve updates to our administration system. We will be implementing these changes in the first half of 2022 and will write to you with more details closer to the time.

Read more about these changes at [nestlepensions.co.uk/blended-assets-update](https://nestlepensions.co.uk/blended-assets-update)



## Responsible investing

We continue to make good progress on our responsible investing principles and practices, in the context of an evolving regulatory environment for pension schemes. The Trustees will continue to review the Fund's investments over the course of the next year to ensure these principles are reflected in practice.

Regulations that came into effect in October this year require pension scheme trustees to look at the management and governance of climate-related risks and opportunities and to report these to scheme members. These regulations are in line with recommendations from the Taskforce on Climate-Related Financial Disclosures (TCFD), which sets out how organisations around the world should disclose the climate-related risks and opportunities they face.

As Trustees, we have worked to ensure that we are compliant with the first phase of the requirements and we are now working towards the necessary reporting requirements set out in the new legislation. As a result, we will need to complete our first TCFD report by 31 July 2022 and include this within the Fund's annual Report and Accounts. We'll update you on the key points of this report in future newsletters.

*We continue to make good progress on our responsible investing principles and practices...*



# Pension news

## HAVE YOU READ OUR SCAMS PAGE?

To make sure you're keeping your retirement savings safe, it's important that you keep an eye out for scams and make sure you know the warning signs.

### Top tips for avoiding scams:

- 1 Reject unexpected offers
- 2 Check who you're dealing with
- 3 Don't be rushed into making a decision
- 4 Get impartial information or advice

You can read more about pension scams and how to protect yourself against them on our dedicated scams information page at [nestlepensions.co.uk/pension-scams](https://nestlepensions.co.uk/pension-scams)

## Did you know that Nestlé Pensions has signed up to The Pensions Regulator's Scam Pledge?

That means we're putting even more measures in place to help protect our members from scammers.

## The minimum retirement age is changing

As a result of government consultation, the normal minimum retirement age (the minimum age that you can access your retirement savings from) is changing from 55 to 57 from April 2028. Most people can't access their retirement savings before then.

To see what this means for you, please visit the government website at [www.gov.uk/government/publications/increasing-the-normal-minimum-pension-age-for-pensions-tax/increasing-the-normal-minimum-pension-age-for-pensions-tax](https://www.gov.uk/government/publications/increasing-the-normal-minimum-pension-age-for-pensions-tax/increasing-the-normal-minimum-pension-age-for-pensions-tax)



The normal minimum retirement age is changing to 57 from April 2028.

## Have you heard about MoneyHelper?

The MoneyHelper website is designed to help make your money and pension choices clearer and has brought together the support and services of three government-backed financial guidance providers (Money Advice Service, The Pensions Advisory Service and PensionWise).

So, if you want to access free guidance about finances – whether that's relating to money troubles, what kind of benefits you might be entitled to, or to get help understanding your different pensions and retirement options, MoneyHelper may be able to help.

You can access their services at [moneyhelper.org.uk](https://moneyhelper.org.uk) or by calling 0800 011 3797.

# Reminders from the Pensions Team

## Have you thought about making a change?

There are a number of changes you can make now to have an impact on the retirement income you'll get later on. It's important to review your decisions often and explore the different choices available to you to make sure you're on track for the retirement you want. We told you about these choices in your pension statement, which we sent you in September.

Remember, there are some changes you can make all year round and some you can only make at certain points in the year. Look out for your newsletter in February/March 2022 for a reminder about what choices you can make and when.

If you're not sure what kind of income you're aiming for in retirement, take a look at our information about the retirement living standards at [nestlepensions.co.uk/setting-your-target](https://nestlepensions.co.uk/setting-your-target)

This information will help you picture the kind of lifestyle you'd like in retirement. We even have a handy retirement savings tracker that can help you think about what pension you've built up, and whether you're on track.

Why not take some time before your newsletter arrives to think about making a change? Log in and use the modeller at [nestlepensions.co.uk/login](https://nestlepensions.co.uk/login) to see how making different changes can impact your income at retirement.

## Share your thoughts with us

The Pensions Team is always looking to hear from you, our members, and we'd love to know what you think of the information we send you.

To share your thoughts, take five minutes to complete our short online questionnaire at <https://forms.office.com/r/cA19i2XDdN>

Scan me



Log in and use the modeller at [nestlepensions.co.uk/login](https://nestlepensions.co.uk/login) to see how making different changes can impact your income at retirement.

*There are a number of changes you can make now to have an impact on the retirement income you'll get later on.*





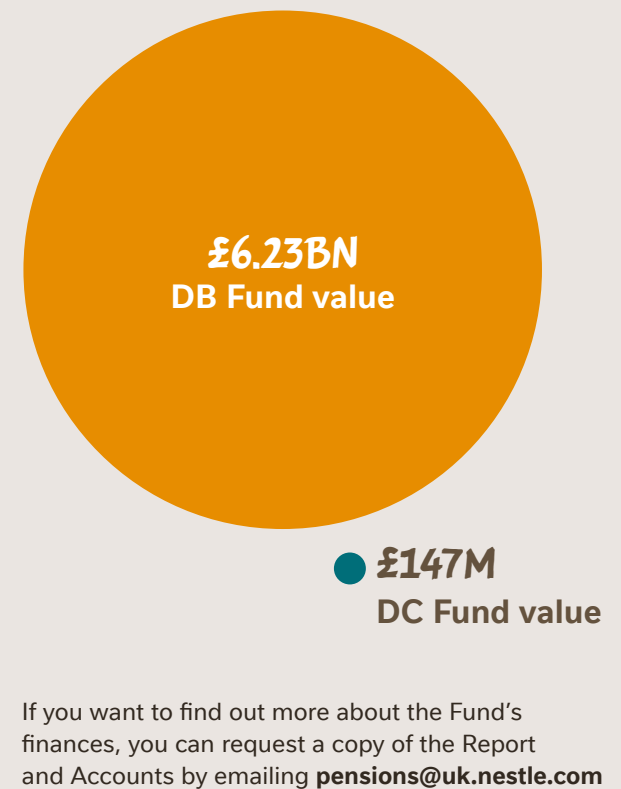
# About your Fund

Here you can see a breakdown of who else is in the Fund.  
You can also see the latest DB and DC Fund values.

## Who's in the Fund?



## What's in the Fund?



Note: these figures are all as at 30 September 2021, and include AVCs that are held on behalf of members.



## Other useful contacts

### The Pensions Regulator

The Pensions Regulator regulates how pension arrangements like the Fund are run, and can step in if trustees, employers or professional advisers have failed in their duties. Visit their website for help and information at [thepensionsregulator.gov.uk](https://www.thepensionsregulator.gov.uk)

### ScamSmart

FCA's ScamSmart website provides lots of useful information about how to spot a scam, how to check that what you are being offered is legitimate, and many other useful resources. Visit their website at [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart)

### Unbiased

If you're thinking about making a decision about your pension it's always a good idea to seek independent professional advice. You can find an independent financial adviser in your area at [unbiased.co.uk](https://www.unbiased.co.uk)







## For further information about the Nestlé UK Pension Fund you can:



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[nestlepensions.co.uk](http://nestlepensions.co.uk)

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