

# Pension News

Ballot edition • November 2011

## Employee Fact Sheet – Your Questions Answered

Our members on every site have been overwhelmed with the amount of company propaganda being circulated about the changes to the pension scheme, and our stewards on every site have had many requests for a simple summary of where we are. We have therefore tried to answer your questions in this straight-forward factsheet – let us know through your stewards if there are any other questions you want answered.

### Why are we in dispute with the company?

- Unilever wants to close the final salary (defined benefit or DB) pension scheme, resulting in huge losses of pension for most employees
- We believe Unilever wants to move towards a defined contribution (DC) scheme in the medium term, which will result in even further reductions
- Unilever's proposals give them the ability to make changes to the fund in the future, without reference to employees. Future changes are unlikely to be beneficial for employees.

### What did the Joint Trade Unions propose as an alternative?

The company provided no justification for any changes whatsoever, other than a change of global policy committing them to move towards DC schemes for all. Despite this, we were willing to talk about trying to reduce risk to the company into the future. This included a number of proposals including:

- a cap on the final salary scheme for those on higher incomes. This would have significantly reduced the liabilities to the company and given them greater certainty in the future.
- an increase in contribution rates, related to salary, which would reduce the burden on the company.
- the establishment of a working group on pensions, to monitor the situation on a regular basis and to

ensure that we were best prepared for any challenges to the fund in the future.

Our proposals were rejected out of hand, and it was clear that it didn't matter what we put forward, Unilever would never accept any form of final salary scheme moving forward. In fact over the course of the consultations it became clear that the company would far prefer only to offer a vastly inferior DC scheme.

### What do the proposals mean for us?

- Pension losses for the majority of up to 20%, for some individuals, up to 40%.
- This means if you were expecting to get a pension of £20,000, it could now be as low as £12,000, and on average will be £16,000
- If you were expecting £30,000, it could be as low as £18,000, and on average £24,000.
- Carte blanche for the company to make some changes in the future without reference to employees. This would include changes to the rate at which pension increases once in payment which could easily result in a further 1% loss per year to your pension.

### What about the future?

The joint Trade Unions have a number of concerns:

- the company preferred pension is DC, which could easily result in losses of 50% (in addition to the losses above)

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- Unilever wish to scale back increases once pension is in payment, and we believe they wish to move to the CPI measure of inflation, which can easily mean a further 1% loss of pension per year.
  - They wish to introduce a life expectancy factor that would allow them to make changes to you pension shortly before you retire, which could mean up to a further 10% loss.

## Why is DC worse than DB?

- Defined benefit schemes define what you get at the end. It is less risky to the individual, and enables you to plan your retirement. The ratio of contributions from employee to employer is approximately 1:2 (or higher).
- DB schemes provide a guaranteed benefit at the end.
- Defined Contribution schemes place all risk on the individual, and does not guarantee any income at all.
- Even when investments perform well, DC schemes will still give a lower pension than a DB scheme, typically 50% or less

## What do the joint Trade Unions want?

All we have ever wanted to do is to sit with the company and conduct a meaningful negotiation about how to minimise risk and liability to the company, whilst maintaining as high a pension as possible, particularly for the low and medium earners in the company. Unilever management refused to do this unless we accepted that the final salary scheme would close, something they knew we could not do as our members had overwhelmingly mandated us to fight back to retain the final salary scheme.

## Haven't Unilever moved significantly already?

It is true that there has been some movement, but we believe this is only due to the pressure that the joint trade unions along with the other employee representatives brought to bear on them. It is also important to remember that the moves were from a very low position to start with i.e. we have gone from bad to mediocre.

Additionally, the 'generous' offer of a 2% DC contribution if you contribute 2% of your own money is a clear indicator of where the company want to be in the future.

## What's Next?

The industrial action ballot closes soon with results announced on 28th November but we are (and have always been) willing to talk to the company at any stage of the process - this offer remains.

## What about management threats of sanctions?

The company has said no more holidays will be granted once notice of action has been received and also that anyone off sick after notice is given will not receive company sick pay. When considering this you should bear in mind a few basic facts.

- You have a contractual right to 25 days' annual holiday which must be taken before the end of the year. It is true that they have to be taken at mutually convenient times, but they have to be taken, and you cannot be forced to carry them over or to forfeit them
- If you have more than 7 days' holiday left and the company do not allow you to take some of them, the company may be in breach of the Working Time Directive. Unilever is proud of their Code of Business Principles and their commitment to doing everything in accordance with the law and this should be no exception
- We believe that the threat of withdrawal of sick pay is simply bullying tactics by the company. Withdrawal of sick pay has only ever been used in 2 situations previously:
  - If you have run out of acquired service related SIIBS, or
  - If you either fail to provide a doctors note, or there is direct evidence that you are not sick.

Essentially Unilever management are threatening to use what are normally disciplinary sanctions against people who haven't committed any disciplinary offence. They are also compromising health and safety, by trying to force sick employees into work to avoid losing pay, and there is also the potential to spread any illness if sick employees are in work. The joint trade unions therefore intend to issue collective grievances against the company regarding both of these sanctions.

**We hope this Fact Sheet has been helpful and we will ensure we continue to keep our members on all sites fully informed at all stages. We are currently consulting over what form industrial action will take if (as we fully expect) we get a positive ballot result so watch out for further bulletins and newsletters!**