2022 pension statement assumptions

The figures in your statement are based on the most up-to-date information that we know about you at the time of printing. This is shown towards the back of your statement. We also base the figures in your statement on some assumptions about the future. You should read these assumptions carefully to understand how your statement has been prepared and its limitations.

Your pension statement is only an illustration of your possible benefits from the Fund. It does not create any legal rights for you. Full details of rights to benefits are set out in the Trust Deed and Rules, which are the legal documents governing the running of the Fund. If you'd like to see a copy of the Trust Deed and Rules, please contact Nestlé Pensions using the contact details at **nestlepensions.co.uk/contact-us**

Your contributions

DC Start

In DC Start, you save 4% of your pensionable earnings and Nestlé pays 5% of your pensionable earnings into your DC account. If you want to increase how much you save to your DC account you can move to DC Core.

DC Core

In DC Core, you can save between 5% and 8% of your pensionable earnings and Nestlé pays 1.5 times what you save up to a maximum of 12%. Any savings you make above 8% are treated as additional voluntary contributions (AVCs).

DB Core

In DB Core you contribute 7.3% of your pensionable earnings up to the pensionable earnings cap.

DB Core Plus

In DB CorePlus you contribute 10.8% of your pensionable earnings up to the pensionable earnings cap.

If your pensionable earnings go over the pensionable earnings cap

To work out your estimated pension at your target retirement age, we make assumptions about the future. One of these assumptions is that your salary will increase at a certain rate each year (see the 'Inflation' section for more information about this).

Due to this, while your pensionable earnings might be below the pensionable earnings cap in DB Core/DB CorePlus at the moment, your future earnings could go over the pensionable earnings cap before you reach your target retirement age. Go to **nestlepensions.co.uk/pensionable-earnings-cap** for more information about how the pensionable earnings cap works.

When your earnings reach the pensionable earnings cap, you start to save to your DC account in DC Core. Nestlé also pays into your DC Core account.

If you are in DB Core, we have assumed that you will make contributions of 6% to DC Core on your pensionable earnings above the pensionable earnings cap (unless you've already told us that you'd like save a different amount).

If you are in DB CorePlus, we have assumed that you will make contributions of 8% to DC Core on your pensionable earnings above the pensionable earnings cap (unless you've already told us that you'd like to save a different amount).

We have also included the amount that Nestlé pays to DC Core on your pensionable earnings above the pensionable earnings cap in the calculation of your estimated future DC account values.

Nestlé will pay 1.5 times what you save to your DC Core account once your earnings go over the pensionable earnings cap up to a maximum of 12%.

Unless you have opted out of paying contributions by salary sacrifice, Nestlé pays your contributions on your behalf and your monthly pay is reduced by this amount (this is known as salary sacrifice). You can read more about salary sacrifice at **nestlepensions.co.uk/joining-the-fund/what-should-i-consider**

Inflation

In the statement, we have made the following assumptions about inflation:

- The future retail price index (RPI) inflation is 4% a year up until 2030, and then 3% a year from 2030, and
- The future consumer prices index (CPI) inflation is 3% a year.

Your DB Core/DB CorePlus pension

When working out your DB Core and/or DB CorePlus pension we have assumed the following:

- Your pensionable earnings will increase in the future at a rate of 3.25% a year up to your target retirement age (in line with CPI inflation plus 0.25% a year).
- The pensionable earnings cap will increase on 1 April each year in line with inflation, as measured by the CPI, subject to a maximum of 2% each year. This means that for the statement, the pensionable earnings cap is assumed to increase by 2% each April.
- If your target retirement age (TRA) is earlier than your normal pension age (NPA), your pension is reduced for early payment - except where special terms apply.
- The figures in this section are all shown in current money terms.

Tax-free cash sum

The maximum tax-free cash sum and reduced pension shown in this section have been calculated using the Fund's current rates for exchanging pension for a cash sum and current rules around the level of benefits that are available tax free. Because these could be reviewed by the Trustee, and/or the law could change in the future, they can't be guaranteed. This means that the maximum tax-free cash sum and reduced pension available to you when you take it could be different from the amounts shown in your statement.

For the purpose of this estimate, we have assumed that you will use any DC account to provide cash first, with any remaining cash taken from exchanging part of your DB pension. If the value of your DC account is more than the maximum tax-free cash sum you are allowed to take under current laws, we've converted the remaining value of your DC account into additional pension (which would be provided through an annuity) and included this in the pension figure shown.

Your DC account

Your estimated DC account value at your target retirement age

The figures in this section are all shown in current money terms. This means that your current and future account value are projected to your target retirement age using the assumptions described on page one and then put into current money terms by removing the effects of CPI inflation at 3% a year. You can see the effect of changing the inflation assumptions by using the modeller.

These benefits assume that you will:

- continue to be an active member of the Fund,
- remain in the section you were in at 31 March 2022, and
- continue to pay the same contribution rate (including AVCs) until you reach your target retirement age.

Your estimated DC account assumes your pensionable earnings will increase by 3.25% a year each April in the future (in line with CPI inflation plus 0.25% a year) and that the DB pensionable earnings cap, if relevant, will increase by 2% a year (in line with CPI inflation limited to 2% a year) until you reach your target retirement age. You can use the modeller to see the effect of changing those assumptions.

To calculate your future DC account value, we have considered your actual investments as at 31 March 2022. We have also made assumptions about the choices that you have made about your future contributions and made assumptions based on how each fund is made up and the possible future investment performance of each fund. These assumptions may change from year to year.

If you have changed your fund choices since 1 April 2022, the calculations may not reflect the changes made.
To calculate the future fund value of your external AVCs (except with-profits funds), we have assumed that the returns will be in line with the returns from the Lifetime Pathway. These assumptions may change from year to year.

Assumed investment returns above CPI inflation for each fund:

Fund	% a year
Lifetime Pathway - Growth phase - Consolidation phase - Pre-retirement phase	 3.0% 1.50% -1.25%
Equities	3.5%
Property	2.5%
Blended Assets	1.5%
Corporate Bonds	-0.5%
Pre-retirement to annuity	-0.75%
Pre-retirement to cash	-1.25%
Cash	-1.25%
Ethical Growth	2.0%
Ethical Consolidation	-0.5%
Standard Life Pension 'With-profits One Fund'	-1.25%

If you are invested in the Lifetime Pathway, the calculations allow for the gradual movement of your investments into the Blended Assets fund and Pre-retirement to cash fund.

The investment returns shown only apply when your pension savings are fully invested in the underlying funds of each phase - and not while your pension savings are moving between phases. For more information on how the Lifetime Pathway fund works go to **nestlepensions.co.uk/lifetime-pathway**

Nestlé Rowntree Closed Scheme (NCRS) AVC account

Your NRCS AVC account is assumed to grow by 3.25% above inflation (as measured by the RPI) a year. When you retire, your NRCS AVC account will be converted into pension in line with the special terms set out in the Fund Rules.

Your additional voluntary contributions (AVCs)

This is the value of the defined contribution AVCs and includes all of the AVCs from any former external AVC providers that have been transferred into the Fund (except for any with-profits AVCs held with Standard Life or NRCS AVCs).

For a more up-to-date view of your DC pension savings account, please log in to your online account at **nestlepensions.co.uk/login**

'With-profits' AVCs held with Standard Life

If you hold any 'with-profits' funds with Standard Life, these have remained with Standard Life and will be shown in a table after your DC Core investments in your pension statement. For more information about these AVCs, please contact Nestlé Pensions using the contact details at **nestlepensions.co.uk/contact-us**

NRCS AVCs

This is the value of your NRCS AVCs at 31 March 2022. No contributions have been added to your NRCS AVC balance since 1993, but we add interest.

The cost of buying an annuity at your target retirement age

When you retire, your DC benefits will not be paid to you directly from the Fund, except for any NRCS AVCs that you may have. For the purposes of your statement, we have assumed you will use the value of your defined contribution funds (excluding your NRCS AVCs) to buy a pension (known as an annuity) from an external provider that will:

- provide a spouse's pension of 50% (assuming that you are married when you retire),
- have a five-year guarantee, and
- be increased each year by 2.5%.

And we have assumed that you will retire on 'standard terms', which means that you will not receive any special or enhanced rates due to ill health or lifestyle factors such as smoking.

The annuity rates used to calculate your pension at your target retirement age are reviewed every year and could change from statement to statement.

About your statement

While every care has been taken to provide up-to-date and accurate information in your statement, we cannot guarantee that inaccuracies will not occur. Nestlé UK Limited and the Trustees will not be held responsible for any loss, damage or inconvenience caused as a result of any inaccuracy, error or omission. If there is any conflict between the information in this statement and the Trust Deed and Rules of the Nestlé UK Pension Fund, the Trust Deed and Rules (as amended from time to time) take precedence.

Although every effort is made to ensure information is up to date at the time of writing, further changes to the Fund's documentation and/or relevant legislation may affect whether your information is correct or complete.

This document is not intended to provide a definitive description of any benefits that you may be paid from the Fund or to provide a comprehensive statement of the law on any issue. Nothing in this document gives you the right to any legal entitlement to benefits.

Nothing in this document constitutes financial advice and you should not rely on information in this document in making any decisions about your benefits or Fund membership. We recommend that you consider taking independent financial advice before making any such decisions.

This document contains references to the Trustees. These are the Directors of the Nestlé UK Pension Trust Ltd.

For information about how we use your personal data, view our Personal Data Privacy Policy at **nestlepensions.co.uk/privacy-policy**