2024 pension statement assumptions

The figures in your statement are based on the most up-to-date information we had for you while we were compiling it, which you can find 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 an illustration of your possible benefits from the Fund and does not create any legal rights for you. You can find details of your rights to benefits in the Trust Deed and Rules, which are the legal documents governing the running of the Fund. If you'd like a copy of the Trust Deed and Rules, please get in touch with Nestlé Pensions using the contact details on the back page of your pension statement or at **nestlepensions.co.uk/contact-us**

Your contributions

DC Start

In DC Start, you save 4% of your pensionable earnings and Nestlé pays 5% into your DC account. If you'd like to increase how much you save into your DC account, you'll need to move to DC Core.

DC Core

In DC Core, you save between 5% and 8% of your pensionable earnings and Nestlé contributes 1.5 times that, up to a maximum of 12%. Any savings you make above 8% are treated as additional voluntary contributions (AVCs), so they aren't matched by Nestlé.

DB Core

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

DB CorePlus

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

* Nestlé meets the remaining costs of providing these benefits.

If your pensionable earnings go over the pensionable earnings cap

To estimate what your pension might be 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. You can find out more about this in the 'Inflation' section of these notes.

So while your pensionable earnings might be below the pensionable earnings cap in DB Core or DB CorePlus at the moment, your future earnings could go over it before you reach your target retirement age.

Go to **nestlepensions.co.uk/pensionable-earnings-cap** to find out more about how the pensionable earnings cap works.

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

If you're in DB Core, we've assumed that you'll contribute 6% of your pensionable earnings into DC Core once you reach the pensionable earnings cap, unless you've already told us that you'd like save a different amount.

If you're in DB CorePlus, we've assumed that you'll contribute 8% of your pensionable earnings into DC Core once you reach the pensionable earnings cap, unless you've already told us that you'd like to save a different amount. Any savings you make above 8% will be treated as AVCs, so they won't be matched by Nestlé.

We've also included the amount that Nestlé contributes to DC Core above the pensionable earnings cap when we calculated your estimated future DC account value.

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've opted out of making your contributions through salary sacrifice, Nestlé pays your contributions on your behalf and your monthly pay is reduced by this amount. Find out more about salary sacrifice at **nestlepensions.co.uk/joining-the-fund/what-should-i-consider**

Inflation

In your statement, we've made the following assumptions about inflation:

- Future retail prices index (RPI) inflation is 4.0% a year until 2030, and 3.0% a year from 2030.
- Future consumer prices index (CPI) inflation is 3.0% a year.

Your DB Core/DB CorePlus pension

When we worked out your DB Core and/or DB CorePlus pension, we 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 up to a maximum of 2.0%.
- If your target retirement age is earlier than your normal pension age, your pension is reduced for early payment unless special terms apply.
- The figures in this section are all shown in current-money terms – we explain what this means in the 'Your DC account' section to the right.

Tax-free cash

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

Find out more about the factors we use to calculate the amount of tax-free cash you could exchange your pension for at **nestlepensions.co.uk/commutation-factors**

In your statement we have assumed that you'll use any money in your DC account to provide cash first, then take any remaining cash by exchanging part of your DB pension. If the value of your DC account is more than the maximum tax-free cash you're allowed to take under current laws, we've converted the remaining value of your DC account into additional pension (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 values are projected to your target retirement age using the assumptions described on page one. We then convert that value into current-money terms by removing the effects of CPI inflation at 3.0% a year. You can see the effect of changing the inflation assumptions by using the modeller.

These benefits assume that, until you reach your target retirement age, you will:

- continue to be an active member of the Fund,
- remain in the section you were in at 31 March 2024, and
- continue to pay the same contribution rate, including AVCs.

The estimated value of your DC account assumes your pensionable earnings will increase by 3.25% a year each April, in line with CPI inflation plus 0.25% a year. We also assume that the DB pensionable earnings cap, if relevant, will increase by 2.0% a year in line with CPI inflation until you reach your target retirement age. You can use the modeller to see the effect of changing these assumptions.

To calculate your future DC account value, we've considered your actual investments as at 10 June 2024. We've also made assumptions about the choices you might make about your future contributions and assumptions based on how each fund is made up and their possible future investment performance. These assumptions may change from year to year.

If you have changed your investment choices since 10 June 2024, our calculations may not reflect this. To calculate the future fund value of your external AVCs – apart from any with-profits funds – we have assumed that the returns will be in line with those from the Lifetime Pathway. These assumptions may also change from year to year.

Assumed investment returns

The table below shows expected investment returns above CPI, which is 3% a year for realistic assumptions and 2.5% a year for statutory money purchase illustration (SMPI) assumptions.

Fund	% a year realistic	% a year SMPI
Lifetime Pathway - Growth - Consolidation - Pre-retirement phase	 4.0 3.25 1.0	 5.0 2.75 1.0
Equities	4.0	5.0
Property	2.5	5.0
Blended Assets	3.25	3.0
UK Corporate Bonds	2.0	3.0
Pre-retirement to annuity	1.5	5.0
Pre-retirement to cash	1.0	1.0
Cash	1.0	1.0
Ethical Growth	3.0	5.0
Ethical Consolidation	1.5	3.0
Shariah Fund	4.0	5.0
Standard Life Pension 'With-Profits One Fund'	1.0	5.0

If you are invested in the Lifetime Pathway, our calculations allow for your investments to move gradually into the *Blended Assets fund* and *Pre-retirement to cash fund* from 15 years before your target retirement age.

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.

Find out how the Lifetime Pathway fund works at **nestlepensions.co.uk/lifetime-pathway**

Nestlé Rowntree Closed Scheme (NRCS) AVC account

We have assumed that your NRCS AVC account will grow by 3.25% above RPI inflation a year. When you retire, we'll convert your NRCS AVC account into pension in line with the special terms set out in the Fund Rules.

Your additional voluntary contributions (AVCs)

This is the value of any defined contribution AVCs you might have, including all of the AVCs from any former external AVC providers that have been transferred into the Fund, except for any Standard Life with-profits AVCs or NRCS AVCs.

For a more up-to-date view of your DC account, log in to 'Your account' at **nestlepensions.co.uk/login**

Standard Life with-profits AVCs

Any Standard Life with-profits AVCs you may hold remain with Standard Life. In your statement, we have shown them in a table after your DC Core investments.

To find out more about these AVCs, get in touch with 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 2024. 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 you may have. In your statement, we have assumed that you'll use the value of your DC funds, excluding your NRCS AVCs, to buy a pension product called an annuity from an external provider that will:

- provide a spouse's pension of 50% of the value of your total pension, assuming that you're married when you retire,
- have a five-year guarantee*, and
- increase each year by 2.5% to keep pace with inflation.

We have also assumed that you won't receive any special or enhanced rates because of ill health or lifestyle factors such as smoking.

We use different assumptions to the ones listed above to produce your SMPI statement, which have been set out in law.

You can find your SMPI statement, and the key assumptions we use to produce it, in the 'Your documents' section of your online account at **nestlepensions.co.uk/login**

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

* If you die within five years of starting to take your pension, a five-year guarantee allows for your beneficiary to receive the remaining balance of the pension you would have been paid in that five-year period as a lump sum.

About your statement

While we've taken every care to provide up-to-date and accurate information in your statement, we can't guarantee that inaccuracies won't 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 in your statement. If there is any conflict between the information in your statement and the Trust Deed and Rules of the Nestlé UK Pension Fund, the Trust Deed and Rules, which may be amended from time to time, will take precedence.

Although we make every effort to ensure all the information in your statement is up to date at the time that we're preparing it, further changes to the Fund's documentation and/or relevant legislation may affect whether your information is correct or complete.

Your statement is not intended to provide a definitive description of any benefits you may be paid from the Fund, nor to provide a comprehensive statement of the law on any issue.

Nothing in your statement gives you the right to any legal entitlement to benefits.

Neither does anything in your statement constitute financial advice. You should not rely on information in it when making any decisions about your benefits or your membership of the Fund. We recommend you take independent financial advice before making any such decisions.

You can find an adviser at **moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser**

Your statement contains references to the Trustees. These are the Directors of the Nestlé UK Pension Trust Ltd.

To find out how we use your personal data, read our Personal data privacy policy at **nestlepensions.co.uk/privacy-policy**