



PENSION SCHEME

EXPLANATORY BOOKLET

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INTRODUCTION

This booklet describes broadly how the UNIFI Pension Scheme works and explains the valuable benefits it provides.

It offers security for your retirement - a pension for the rest of your life - perhaps a cash sum - and arrangements so your dependants can be looked after in the event of your death after retirement.

The scheme also offers security for your dependants in the event of your untimely death in service.

Benefits from our scheme are paid in addition to the basic benefits from the state pension scheme but you are contracted-out of the state earnings-related pension scheme. This means that, because our scheme's benefits are better, no benefits will be paid from the state earnings-related pension scheme for any period of contracted-out service. It also means that you pay lower national insurance contributions. It is important that you read the "Contracting-out" leaflet along with the booklet. (You will find the leaflet in the pocket at the end of the booklet).

The booklet explains our scheme benefits in general terms. More details are given in a Supplement, which you will also find in the pocket at the end of this booklet. The supplement also explains some special terms used in the booklet.

The expression of wish form should be completed by all members even if they have completed one in the past (you will find the expression of wish form in the supplement at the end of the booklet).

HOW THE SCHEME WORKS

Like most pension schemes, our scheme is set up under trust. This means that payments to the scheme are paid over to the Trustees and kept separate from the Union's funds. Payments to the scheme can be used only to provide benefits for its members and their dependants. No money can be returned to the Union unless there is more than enough to provide all the benefits. Scheme benefits are therefore safeguarded.

The Union has appointed the Trustees. (The current Trustees of our scheme are named in the Supplement.) The Trustees of our scheme invest the payments made with Britannia Life Limited for pension provision and Cigna Life Insurance Company for life cover.

The Trustees of the pension scheme have a legal obligation to make sure that it is properly run and they take that obligation seriously. It might also be useful for you to know that if, despite their best endeavour something does go wrong, and they cannot resolve matters themselves, there are further steps open to you.

First of all, you can contact the Occupational Pensions Advisory Service Limited (OPAS). The role of OPAS is to help scheme members and beneficiaries to resolve difficulties with the Trustees or administrators of their pension scheme. The address for OPAS is 11 Belgrave Road, London SW1V 1RB.

If all else fails it is possible to make a complaint to the Pensions Ombudsman who can be contacted at 11 Belgrave Road, London SW1V 1RB. The Ombudsman has power to investigate complaints about occupational pension schemes and to make a binding decision.

One further address which you might find useful to have for pension purposes is the address of the Registrar of Pension Schemes. The Registrar can be contacted at PO Box 1NN, Newcastle-upon-Tyne, NE99 1NN. The UNiFi Pension Scheme is registered with the Registrar and the Registrar will keep details up to date as advised by the Union. Should you therefore ever lose touch with the pension scheme the Registrar can help you to trace it.

HOW THE SCHEME WORKS (CONTINUED)

The scheme is designed to be approved by the Inland Revenue under the Income and Corporation Taxes Act 1988 so that the scheme and its members can benefit from all the tax advantages currently available. This means there are certain limits on the benefits the scheme can provide. It also means you cannot sign your right to benefit over to someone else.

The scheme terms may be changed from time to time. If any changes are made which might affect you, you will be told what is happening when the change takes place - or as soon as possible afterwards.

The Union hopes that the scheme will run indefinitely, but have the right to stop it at any time. Benefits already paid for would not be affected. Everyone entitled to a benefit from the scheme will be told as soon as possible if the Trustees start to take steps to wind up the scheme. They will be told later what benefits they will get.

If you want more details about the scheme than this booklet provides, you are entitled to look at the legal documents. It may be that you would like a copy to keep and study, in which case we may make a charge to cover the cost of the copy. In either case you should apply in writing to the Trustees.

Further information about the scheme is available from the General Secretary, UNiFi, Oathall House, 68-70 Oathall Road, Haywards Heath, West Sussex RH16 3DG.

CAN I JOIN?

You can join if you meet the requirements set out in the Supplement.

In certain circumstances, the scheme's Trustees may invite you to join - either for full benefits or just for the benefits paid on death - even if you don't meet those requirements. You will be told if this applies to you.

What must I do to join?

First fill in an Application Form. You will be given one when you are eligible to join. Pass the completed form with your birth and marriage certificates to the General Secretary as soon as possible.

Is any evidence of health required?

Not normally, unless the benefits to be paid on your death are more than a limit set by the scheme's insurer. If you are affected by this we will tell you what the requirements are. Death in service benefits may be restricted if any evidence which is required is not satisfactory.

NOTES

- (1) It is important that you complete the expression of wish form which tells the Trustees how you would like any cash sum death benefit to be apportioned or dependant's pension paid. Even if you have completed an expression of wish form previously you are still requested to pass a new expression of wish form to the General Secretary. If you ever want to change your expression of wish form just ask the General Secretary for a new form to replace the old one.
- (2) If you were a member of a pension scheme before you joined us, it may be possible to transfer your benefits into our scheme so that they can all be paid from one source. The acceptance of transfer benefits from another scheme is at the Trustees discretion. Please ask the General Secretary for details.
- (3) You should also tell the trustees when your circumstances change for example, if you marry, have children, are divorced, if a dependant dies, and so on.

WHO PAYS FOR THE BENEFITS?

From 1st January 1984 UNiFI has paid the whole cost. The payments are adjusted from time to time to take account of things like changes in membership, changes in earnings and the investment return on the scheme's assets.

You don't have to pay anything, but you can make voluntary payments if you want to increase any of your benefits, depending upon your circumstances.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

If you are interested in saving towards your retirement, voluntary contributions to your pension scheme is one of the most tax effective ways.

Voluntary contributions:

- qualify for full tax relief - they are taken from your earnings before tax is calculated.
- are invested to provide additional benefits only for you or your dependants.

You may be able to provide one or more of the following extra benefits:

- pension for yourself
- lump sum on death
- dependant's pensions
- pension increases.

As mentioned under "How the Scheme Works" the Inland Revenue imposes a limit on the amount of each type of benefit. The benefits you provide by voluntary contributions, when added to the scheme benefits described in this booklet must not exceed the Inland Revenue limits.

The Inland Revenue also imposes a limit on the amount you can pay. The maximum amount you can pay to the scheme (including any compulsory payments) is 15% of your earnings.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (CONTINUED)

You would normally be expected to pay a regular amount each month. However, you will be able to increase or reduce your contributions as and when your circumstances dictate.

If you want to begin voluntary contributions or would like an illustration of the benefits which might be provided please tell the General Secretary.

NOTE

If you began voluntary contributions before 8th April 1987, you may be able to exchange for tax-free cash part of any pension provided for yourself by voluntary contributions. However, where voluntary contributions begin on or after 8th April 1987, the Government does not allow such an exchange.

RETIREMENT

Normal

Your pension at Normal Retirement Date is worked out as shown in the Supplement. You will be told the actual amount shortly before Normal Retirement Date.

You can exchange part of your pension for a tax-free cash sum. You will be allowed a cash sum of at least 3/80ths of your Final Salary for each year of Pensionable Service, but with an overall limit of 1.5 times Final Salary. (There are certain limits related to your Final Salary which must be taken into account if you join the scheme on or after 17th March 1987, but if you are affected you will be advised in writing.) In general, three months before Normal Retirement Date you will be told the maximum cash sum you can take and the amount of pension you need to exchange to take it.

Early

If with UNIFI's consent you retire early, you may be able, if you wish, to take your pension and cash sum immediately. This is possible only after age 50 unless UNIFI and the Trustees allow you to retire early with an ill-health pension.

Your benefits will be based on Pensionable Service up to the date you retire. The amount of your pension then has to be reduced - because it is likely to be paid for longer.

RETIREMENT (CONTINUED)

Late

If with UNIFI's consent you stay in service after Normal Retirement Date you can choose to take your pension even though you have not retired; or you can defer your pension until you do retire. If you defer your pension it will be increased.

Additional Option

You can also exchange part of your pension to provide a pension to be paid to a chosen dependant after your death. The pension for the dependant must not be more than the pension you keep. You will not be able to choose this option if the dependant's pension would be very small.

Benefit Payments

Your pension will be paid by monthly instalments from the date you retire for the remainder of your lifetime. If your pension is a very small amount, it might be paid to you annually.

DEATH IN SERVICE

CASH

Before your Normal Retirement Date

If you die in service before your Normal Retirement Date the cash sum shown in the Supplement will be paid to a nominated dependant or nominated dependants or a wider range of beneficiaries, only at the Trustees' discretion.

Any payments you have made to the scheme towards providing retirement benefits will be refunded.

After your Normal Retirement Date

Your retirement pension is guaranteed for five years. If you die in UNIFI's service after your Normal Retirement Date a cash sum equal to the value of five years' payments (or the balance if you've been paid any pension) will be paid.

DEATH IN SERVICE (CONTINUED)

PENSION

Dependants

If you die in UNIFI's service the pension shown in the Supplement will be paid to your dependant or dependants for example qualifying children/co-habitees/same sex partner.

Benefit Payments

Cash sum death benefits will be paid, as the scheme's Trustees decide, to one or more of your relatives or dependants or perhaps to another beneficiary you have nominated. The Trustees will, of course, consider your wishes but are not legally obliged to follow them. Payment in this way avoids having to wait for your estate to be settled and also avoids having to pay inheritance tax on benefits.

Your dependant's pension will be paid by monthly instalments from the date you die for the rest of the dependant's life or in the case of a child until the child ceases to be a dependant. The pension in respect of a qualifying child will be paid by monthly instalments from the monthly due date after your death and ceasing on the monthly due date prior to the child ceasing to be a qualifying child. If a pension is small, it might be paid annually.

DEATH IN RETIREMENT

CASH

Your retirement pension is guaranteed for five years. If you have not received your pension payments for five years a cash sum equal to the value of the unpaid balance will be paid.

PENSION

Dependants

If you die after you retire the pensions shown in the Supplement will be paid to your dependant or dependants and qualifying children.

DEATH IN RETIREMENT (CONTINUED)

Benefit Payments

Cash sum death benefits will be paid, as the Scheme's Trustees decide, to one or more of your relatives and dependants or perhaps to another beneficiary you have nominated. The Trustees will, of course, consider your wishes but are not legally obliged to follow them. Payment in this way avoids having to wait for your estate to be settled and also avoids having to pay inheritance tax on benefits.

Your dependant's pension will be paid by monthly instalments from the date you die for the rest of the dependant's life or in the case of a child until the child ceases to be a dependant. The pension in respect of a qualifying child will be paid by monthly instalments from the monthly due date after your death and ceasing on the monthly due date prior to the child ceasing to be a qualifying child. If a pension is small, it might be paid annually.

LEAVING SERVICE

If you have been in the scheme for less than 2 years:-

You can take a refund of any money you have paid into the scheme (including voluntary contributions).

or

You can have the retirement benefits bought by any money you paid into the scheme (including voluntary contributions).

If you choose the retirement benefits, you will be entitled to any additional benefits purchased by the transfer into this scheme from a previous employer's scheme.

If you have paid any money to the scheme you will be entitled only to any benefits purchased by the transfer into this scheme from a previous employer's scheme.

If you have been in our scheme for 2 years or more you will be entitled to the benefits shown in the Supplement. You will also be entitled to any additional benefits purchased by the transfer into this scheme or bought by any voluntary contributions you have made.

LEAVING SERVICE (CONTINUED)

NOTES

- (1) The 2 year period above may in some circumstances include membership of a previous scheme or service with us before you joined the scheme.
- (2) If you choose or are entitled to retirement benefits they will be preserved in the scheme until Normal Retirement Date. However, you have certain other options described under that heading.
- (3) If you leave the scheme but do not leave service your benefits will automatically be preserved in the scheme until they are due to be paid. However, you will have the transfer value options described under that heading.
- (4) You will be told at the date of leaving the benefits and options available to you.
- (5) If you have benefits preserved in our scheme, please tell the General Secretary if you change your address - so that you can be contacted when your benefits are due to be paid.
- (6) If you die after leaving service before retiring and before Normal Retirement Date any payments you have made to the scheme will be refunded (if they have not already been repaid).

OPTIONS

The normal provisions on early and late retirement and exchanging part of your pension, etc. will still apply to your preserved benefits. Your preserved benefits will be adjusted if you exercise any of these options.

At any time after you leave you can ask the scheme's Trustees to transfer the value of your preserved benefits to buy benefits:

- in a new employer's pension scheme
- in an insurance policy in your name
- in a personal pension scheme

OPTIONS (CONTINUED)

To exercise any of these options, you should apply in writing to the General Secretary. If the new scheme or policy is suitable (and you are applying at least a year before Normal Retirement Date) the Trustees must normally follow your wishes unless the new scheme or insurance company does not accept the value of your benefits or if the value of your consolidated new benefits exceed Inland Revenue limits.

Benefit Payments

Any preserved pensions will be paid in the appropriate way explained earlier in the booklet.

Any refund of your contributions on death after leaving service will be paid to your estate.

INFLATION PROOFING

Preserved Benefits

Benefits which are preserved in the scheme because you are no longer a member will be increased each year up to your Normal Retirement Date.

Benefits which depend on your Final Salary are increased in line with prices (but not more than 5% compounded yearly).

Benefits which depend only on the amount paid to provide them (eg: benefits provided by additional voluntary contributions) will be increased by bonuses or interest added up to Normal Retirement Date.

NOTE

If your membership of the scheme ends in the 12 months before your Normal Retirement Date increases will not apply.

INFLATION PROOFING (CONTINUED)

Benefits in Payment

Pensions which are being paid to you or your dependants will be increased each year at the rate shown in the Supplement.

ARE THE BENEFITS TAXED?

Pensions in payment are taxed as earned income. Tax is deducted under the PAYE system before the pension is paid to you.

The cash sum which you can have instead of part of your pension is paid tax free within limits set by the Inland Revenue.

Cash sum death benefits are usually paid tax free.

If, on leaving our service, you get a refund of any payments which you have made to the scheme, it will be taxed at a special rate - currently 20%.

ABSENCE FROM WORK

What happens depends, initially, on whether you are being paid your salary during your absence.

- If you are being paid your full salary, membership of and payments to the scheme will continue as usual.
- If you are being paid a reduced salary, membership and payments will normally continue. For scheme purposes, your salary will be taken at the level in force immediately before your absence,
- If you are not being paid any salary, membership of the scheme will normally continue for a limited time. We will decide in the circumstances whether payments to the scheme are to continue.

NOTE

You will be told if membership or payments to the scheme are to stop. You will be told the effect on your benefits and any options you may have.

CONTRACTING-OUT

As a member of UNIFI's scheme you are contracted-out of the state earnings related pension scheme but will continue to accrue benefits under the basic state pension scheme. As a result: -

- Your scheme pension as from state pension age (as defined by the state) will not be less than your guaranteed minimum pension (GMP). Your GMP is, roughly, the amount of state earnings related pension you would have earned if you had not been contracted-out.
- If you are a married man and die leaving a widow her scheme pension will not be less than the widow's GMP (one-half of your GMP).
- Options in relation to your pension (e.g. to exchange part for cash) will be restricted, if necessary, to leave your GMP intact.
- If you leave contracted-out service before state pension age the amount of GMP already earned will be increased up to state pension age. The amount of increase is added to the benefits held for you in the scheme.

Notes: The increase to preserved benefits explained under Inflation Proofing does not apply to the part of your benefits equal to the GMP. However, the increase to GMP's explained in this leaflet will be at least as much.

If you choose to transfer your benefits to a new scheme/insurance policy, GMP's may in most cases be included in the transfer (but a new scheme would normally need to be contracted-out).

In some cases where contracted-out service ends before state pension age, GMP's may be transferred back to the state scheme. If so, you would be told the effect on your benefits from our scheme and the state scheme.

CONTRACTING-OUT (CONTINUED)

Further Improvements

Any GMP earned after 5th April 1988 must be increased after it comes into payment - normally by 3% each year. The first increase takes effect from 6th April 1990.

Entitlement to a widower's GMP also builds up for contracted-out employment after the 5th April 1988. However, a widower's GMP is provided only if a married female dies after 5th April 1989. It is also important to note that a widower under age 45 who has no dependent children does not qualify for a widower's GMP.

SUPPLEMENT

Joining the Scheme

Membership of the scheme is open to all employees whose contract of employment provides for participation in the Scheme, who have completed at least six months' satisfactory service and who are over age 16 but under age 55. New members join on the 1st of the month when they are first eligible. As from 6th April 1988, eligible employees may choose not to join.

Retirement

Your yearly pension from Normal Retirement Date is 1/720th of your Final Salary for each completed month of your Pensionable Service.

Death in Service

On death in service before Normal Retirement Date the cash sum payable is four times your Final Salary.

On death in service before Normal Retirement Date the dependant's pension is 50% of your own expected pension at Normal Retirement Date. Your expected pension will be based on your Final Salary at your date of death and Pensionable Service projected to Normal Retirement Date. The qualifying child's pension will be as shown in the table below.

On death in service after Normal Retirement Date the dependant's pension is 50% of the pension you would have received if you had retired on the day before your death. The qualifying child's pension will be as shown in the table below.

DEATH IN RETIREMENT

On death in retirement the dependant's pension is 50% of your own pension (including any pension you may have exchanged for cash).

The qualifying child's pension will be as shown in the table below.

Table in respect of a qualifying child

Number of Qualifying children	Total amount of pension
1	20% of the dependant's pension
2	30% of the dependant's pension
3	40% of the dependant's pension
4	50% of the dependant's pension

INFLATION PROOFING

Your pension and any pension paid to your dependants will be increased each year by 5% or in line with the Retail Price Index if this is lower.

Leaving Service

If you have completed 2 years' Qualifying Service the benefits are:

- a pension for you from Normal Retirement Date of 1/720th of Final Salary for each completed month of Pensionable Service (maximum of 480 months).
- a pension for your dependant on your death after Normal Retirement of 50% of your pension at the date of leaving service and for any qualifying children a pension as shown in the table in the Death in Retirement Section above.

ADDITIONAL INFORMATION

The current Trustees of the scheme are Mrs W Dennis, Miss E Newnham, Mr D Patterson, Mr J S P Snowball and Mr J R Truphet.

They can be contacted through the General Secretary of UNiFI, Oathall House, Oathall Road, Haywards Heath, West Sussex RH16 3DG.

The scheme has been formally approved by the Inland Revenue under the Income and Corporation Taxes Act 1988.

The benefits promised by the scheme are provided from the scheme's resources. The Trustees are provided with the necessary funds by the Union. Payments to the scheme are reviewed annually. The Union would seriously consider making extra payments to the scheme - though we are not legally obliged to do so - should actuarial advice show the funds of the Scheme to be insufficient to meet its obligations.

You should also note that the Trustees have power, if they think fit, to provide extra benefits subject to the approval of the Union. Any extra benefits will not necessarily be paid for in advance.

A member may opt to give up their membership of the scheme even though they remain in service. To exercise the option, the member must inform the Trustees of their wish, specifying the date, not less than four weeks hence, at which the option is to apply. The Trustees will provide the member with details of their entitlement under the scheme as at that date. As from the date notified as the date of cessation of membership, for a period of four weeks, the member has the right to rescind their decision.

DEFINITIONS

Your Normal Retirement Date is your 60th birthday.

Salary is your basic pay excluding bonuses, commission or any other fluctuating emoluments. It is fixed at 1st January.

Final Salary is your salary on 1st January immediately prior to the earlier of your date of retirement or leaving service.

If you joined the scheme on 1st January 1974 pensionable service is the period of your service with the Union up to your Normal Retirement Date. If you join the scheme subsequently it is the period of your service with the Union from the date of joining the scheme up to your Normal Retirement Date.

Qualifying Service is the length of time during which you have been a member of the scheme or any other pension scheme run by the Union.

Widow or Widower is the woman or man to whom you are married at the date of death.

Dependant is your spouse, child or any other individual who in the opinion of the Trustees is financially dependent on you at the date of your death or retirement for any or all of the necessities of life. A child may only be regarded as a Dependant until he or she reaches 18 years of age or ceases to receive full-time educational or vocational training but is less than 23 years of age.

Qualifying Child is a child who is aged under 18 years of age or who is in receipt of full-time educational or vocational training but is less than 23 years of age.

ADDITIONAL INFORMATION (CONTINUED)

An employee who gives up their membership will be allowed to rejoin later only if:

- (1) one year has passed since leaving
- (2) they are not within five years of Normal Retirement Date
- (3) the value of any personal pension purchased by transfer of UNIFI pension scheme funds is repaid to the Trustees; and
- (4) Satisfactory proof of good health is provided.

Full name of person or body

Address

Relationship (if any)

Proportion of benefit

Full name of person or body	Address	Relationship (if any)	Proportion of benefit