Summary Transition plan Unilever pension scheme

Unilever will have a new pension scheme on 1 January 2027. Trade unions CNV and FNV have agreed with Unilever on a so-called ‘solidarity contribution scheme’ that fits within the new pension law, called the Future Pensions Act (*Wet toekomst pensioenen*).

The new scheme will only apply to Circle Forward. The pension scheme in the closed Progress circle will continue under the current pension act. This is mainly because of Progress’s agreements with Unilever on additional payments and refunds, which offer a lot of certainty for the participants. Under the new law, such agreements are no longer possible.

Constituency consultation and hearing rights

In December 2024, the social partners (Unilever and the trade unions FNV and CNV) agreed to the transition plan detailing the changes to the pension scheme. The agreement was preceded by a constituency consultation by the trade unions and a hearing by the Association of Unilever Pensioners (VUG). The transition plan has been handed over to the Unilever Pension Fund for further elaboration.

What does the new scheme mean for Forward?

The social partners believe that solidarity is an important starting point for a good pension scheme. Therefore, a solidarity-based contribution scheme was chosen, in which members can also make limited individual choices.

A solidarity-based premium scheme entails the following.
A fixed contribution is paid for the pension. This contribution ends up in a personal pension capital. The contributions are collectively (for all members together) invested and the returns achieved are then allocated – according to predetermined rules – to age cohorts and then to personal pension assets. In this way, assets are accrued for later pension benefits. This pension benefit therefore depends on, in particular, investment results and interest rates and is therefore not fixed.

Once the benefit has taken effect, the returns are allocated on a staggered basis and - in times of financial difficulties - a collective buffer can be used: the solidarity reserve. This reserve is maintained to promote the stability of pension benefits in payment and to reduce risks for pensioners.

The social partners have made choices regarding the details of the new pension scheme. The Unilever Pension Fund will further develop and administer it.

The new Forward scheme in outline

Pension accrual and benefit (old-age and partner pension on retirement date)
During active employment, pension accrual takes place with monthly contributions to the personal pension capital. The personal pension capital is used during the payout phase to finance a life-long benefit as of the retirement date. In principle, this is an old-age pension with a partner pension of 70%.

Pension accrual takes place over the pension base. This is the pensionable salary minus a threshold amount (€18,745 in 2025). This threshold amount, also called franchise, is related to the AOW (Dutch State Pension). Pension accrual is possible up to the taxable maximum pensionable salary (€137,800 in 2025).

Upon leaving employment, the personal pension capital is retained but there is no further contribution. However, a member can, in most cases, have the pension assets to be transferred to any new pension administrator.

The pension benefit is determined annually on 1 January. There is a collective pay-out phase in which all pensions are increased or reduced annually by an equal percentage. Within the collective pay-out phase, returns and risks are shared.

Survivors pension before retirement date

The survivors pension in the event of death before retirement date will be insured on a risk basis as from the transition to the new scheme; a member therefore does not save for this in his personal pension assets. The survivors pension consists of a partner pension and an orphan pension. A person is defined as a partner in case of marriage or a registered partnership, or in case one has submitted a cohabitation declaration.

The life-long partner pension in case of death during employment before retirement date amounts to 30% of the (legally capped) pensionable salary and is independent of years of service. This pensionable salary is not reduced by any individual choices for a reduced pensionable salary for pension accrual, about which more later on.

In addition to the life-long partner pension, a temporary partner pension of €5,000 per year applies. This partner pension commences on the first of the month following your death before retirement date and ends no later than the partner's Dutch state pension (AOW) date. For each child, the orphan pension amounts to 15% of the (legally maximised) pensionable salary. The orphan pension is temporary and is paid out at the latest until the first day of the month in which the child reaches age 25. For a full orphan, the percentage is doubled.

As the survivors pension will be insured on a risk basis, the insurance will lapse in principle upon leaving employment. However, a three-month run-out period applies. During that period the former member remains insured for the life-long partner pension and the orphan pension (but not for the temporary partner pension). The run-out cover ends immediately upon new employment but can continue if a person receives an unemployment and/or sickness benefit.

After three months, there is the option of voluntary continuation of the life-long partner pension and the orphan pension. The premium payable for this is deducted from the accrued personal pension capital.

Incapacity for work pension and contribution waiver

Should a member become incapacitated for work, a disability pension amounting to 70% of the part of the pensionable salary that exceeds the statutory threshold of €75,864 (2025) applies. In case of partial incapacity for work, the disability pension is reduced by the disability percentage.

In case of incapacity for work, pension accrual is continued on a non-contributory basis. The extent of the non-contributory accrual depends on the degree of incapacity for work. The pension accrual is continued in case of full occupational disability on the basis of 70% of the pension base immediately prior to the end of employment.

Options

The various existing options will also remain in the new scheme. For instance, one can have the pension start earlier, with or without a bridging pension. Also, a member can choose to change the ratio between the old-age pension and the partner pension, and to vary the level of the old-age pension (a higher pension in the first few years and a lower pension thereafter, or vice versa).

Upon the start of the new pension scheme, active members will be given an additional option. It will be possible to reduce the pensionable salary to €80,000, €95,000 or €110,000 (amounts 2024). This choice will be offered to everyone (regardless of worklevel) earning more than €80,000. If someone does not make a choice, the regular pensionable salary applies.

Any choice for a reduced pensionable salary applies only to contributions to the pension assets. It does not apply to the partner and orphan pension before retirement date and the incapacity for work pension. Once a year, the choice (made or not) can be revised, after which it takes effect on 1 January of the following year.

Pension contribution

Social partners have agreed on a maximum contribution for the new pension scheme of 33.4% of the pension base. Of this, 30% is intended as a deposit for the personal capital from which a pension payment from retirement date will be financed. A maximum of 3.4% is intended to finance risk coverage for the survivors pension, incapacity for work pension and waiver of contributions in the event of incapacity for work and for the costs of for pension administration.

If the costs for risk coverage and administration are higher than 3.4%, the contribution for the old-age pension on the retirement date is 33.4% of the pensionable earnings minus the premium for these costs. The distribution is determined once a year on 1 January. The member's contribution does not change in the new scheme: they pay a contribution to the pension scheme of 3% over individual pensionable pay. Unilever pays the rest.

What happens to accrued Forward pensions?

All pensions accrued from the start of Forward (1 April 2015) until the transition date will be converted to personal pension assets in the new scheme. In Dutch, this is referred to as ‘invaren’. As a result of this *invaren*, the benefits of the new scheme, such as building up less buffers and clearer rules, also apply to the pensions accrued until to the transition date and pensions already in payment. These will then move faster and more with the economy and financial markets and will be able to be increased sooner. But in bad times, a reduction may also be more likely to take place.

Social partners together with the pension fund have looked into the distribution of the current buffer in Forward. Forward has a healthy coverage ratio that is now around 150%. But the coverage ratio can of course still change in the period up to 1 January 2027. Therefore, many calculations have been made for all kinds of situations and target groups. For a coverage ratio between 120% and 170%, social partners have already reached agreements on the distribution with careful consideration for a balanced (fair) distribution. In this way, everyone benefits from the buffer built up so far. Should the coverage ratio fall below 120% or exceed 170% the social partners will look again into the distribution rules and adjust them if necessary. The important thing here remains that the rules are clear and fair for everyone!

Compensation for the new contribution system

The new pension scheme also entails a switch to a new contribution system. The value of the contribution will be the same for all members. Now it is not and there is a redistribution of part of the contribution from younger participants to older participants. The new system is better for younger participants because their contributions can be used to invest for their own retirement for longer, allowing them to earn longer/more returns with the same contribution. For older participants, the switch is not so bad either, as most of the pension capital has already been accrued.

In particular, the group of participants aged between 38 and 60 years is at a disadvantage from this change. The distribution agreements mentioned above therefore stipulate that compensation will be provided for this. This compensation will be financed from the buffer and, together with the advantages of the new scheme, will ensure that the disadvantages of the switch will not be borne by a particular group of participants. Here too, balance is the starting point.

In conclusion

The pension scheme is an important employment condition at Unilever. The new pension scheme at Unilever remains - partly due to the tax maximum contribution rate - a very good pension scheme that is balanced and fair.