MEMORANDUM

To: Members and pensioners of UNIFI Pension Scheme
From: Wendy Dennis
Date: 28 July 1997
Subject: Notice

I enclose a Notice showing the UNIFI Pension Scheme Contracting Out arrangements together with other details in respect of recent legislation.

[Signature]
Wendy Dennis (Mrs)
Operations Manager

Enc
Notice to Members of the UNIFI Pension Scheme

CONTRACTING OUT

As a result of the Pensions Act 1995 there are a number of changes in the way in which Contracting-Out of the State Earnings Related Pensions Scheme (SERPS) will work. These changes came into effect on 6 April 1997.

Before 6 April 1997 both you and your employer have paid reduced National Insurance Contributions as a result of contracting-out. The total reduction was 4.8% of your earnings between the Lower and Upper Earnings Limits. This was split 1.8% for you and 3% for your employer.

In return, the Scheme had to guarantee to provide benefits at least equal to Guaranteed Minimum Pensions (GMPs) for each member who was contacted-out. The GMP was broadly equivalent to the benefit given up from SERPS.

From 6 April 1997 the reduction in National Insurance Contributions is being cut to 4.6%. This will be split 1.6% for you and 3.0% for your employer.

GMPs in respect of service after 5 April 1997, however, have been abolished.

In order to contract-out the Scheme benefit basis has to match or better a minimum standard, which our scheme does.

The minimum standard is:

- Member’s pension from normal pension age of 65 of 1/80th of final salary for each year of service.
- Final salary is average qualifying earnings for the final three tax years, and qualifying earnings are 90% of earnings between the lower and upper earnings limits (£3,224 and £24,180 respectively for the tax year from 6 April 1997).
- A 50% spouse’s pension must also be provided and all pensions must increase in payment in line with RPI increases up to a maximum of 5% each year. The standard must allow for early leaver revaluation for any member leaving before normal retirement age.

GUARANTEED MINIMUM PENSIONS (GMP)

As there will be no statutory requirement to provide guaranteed minimum pensions for members of the Scheme in relation to contracted-out employment given after 5 April 1997, it has been resolved that any provision in the rules of the Scheme which would have the effect of requiring guaranteed minimum pensions to be provided for contracted-out employment after 5 April 1997 will cease to have effect as from the end of 5 April 1997.

Issued for and on behalf of the Trustees of UNIFI Pension Scheme.
28.7.97
Notice to Members of the UNFI Pension Scheme

As a result of the Maxwell scandal the Pensions Act 1995 has been passed by Parliament. The main aim has been to make pension schemes more secure. It is worth making the point though that the vast majority of schemes have always operated fairly and securely. You should also remember that a pension scheme can provide valuable benefits for both you and your dependants.

There are a number of additional details which we need to bring to your attention as a result of the Act and these are set out below. If you have any questions or concerns about the Scheme please let us know.

INCREASES TO PENSION IN PAYMENT

The Pensions Act 1995 requires that any pensions provided in respect of service from 6 April 1997 will have to increase in payment at 5% per annum or the increase in the Retail Price Index if less. This will not apply to any pension in respect of service before 6 April 1997 or to any pensions provided by Additional Voluntary Contributions which you pay.

Members will be pleased to know that our scheme already provides this facility for both pre and post 6 April 1997 pensionable service which more than meets this requirement of the Pensions Act 1995.

OPRA

The Occupational Pensions Regulatory Authority (OPRA) has been set up to regulate occupational pension schemes. OPRA can intervene in the running of schemes where the Trustees, employer or professional advisers have failed in their duties. OPRA has the power to fine any of these people in a range of circumstances and can also remove Trustees in some extreme cases.

OPRA can be contacted at Invicta House, Trafalgar Place, Brighton, East Sussex, BN1 4BY.

ANNUAL REPORT

Each year we will produce an Annual Report which includes a variety of details about what has happened to the Scheme in the previous year. A copy of the Scheme’s Annual Report is available on request.

The Trustees of your Scheme already meet this requirement as we currently produce an Annual Report for Members.

INTERNAL DISPUTE RESOLUTION

We have established a procedure for dealing with any disputes which may arise in the running of the Scheme. A complaint can be made by either yourself as a Scheme member, your widow, widower or surviving dependant in the event of your death, or by any prospective member of the Scheme.

You should contact: David Nott at 128 College Lane, Hurstpierpoint, West Sussex, BN6 9AJ, if you wish to make a complaint and he will deal with the matter. If you are not happy with the decision made then you may appeal and the full Board of Trustees will review the decision.

Full details of the procedure are available on request from the Trustees.

TRANSFERS

If you decide to leave the scheme your transfer value would be calculated by an actuary as the value of your benefits held under the Scheme. If you would like to transfer your benefits from the Scheme please contact the Trustees. You should receive a guaranteed statement of entitlement dated within 3 months of your request. You will have 3 months from the date of the statement to accept that guaranteed transfer value.

Issued for and on behalf of the UNFI Pension Scheme.
28.7.97