



# Nestlé (Ireland) Pension Fund ('the Fund')

## Notice to Deferred Members

10 FEBRUARY 2012

### The Directors of Nestlé (Ireland) Pension Trust Ltd, the Trustee of the Fund ('the Trustee') HEREBY NOTIFY you of the following:

1. Nestlé (Ireland) Ltd ('the Principal Company') has informed the Trustee by a notice dated 30 January 2012 ('the Notice') that contributions by the Principal Company to the Fund shall cease with effect from 31 March 2012.
2. The Trustee is required by clause 15.1.1(a) of the Fund's Trust Deed and Rules dated 21 August 2007 ('the Trust Deed') to wind up the Fund where the Principal Company has given notice that its contributions to the Fund shall cease, unless the Trustee otherwise determines that the winding-up of the Fund should be deferred.
3. By a Resolution dated 2 February 2012 ('the Resolution'), the Trustee has resolved that the Fund shall be wound up with effect from 31 March 2012 ('the Winding-Up Date').
4. With effect from the Winding-Up Date, your membership of the Fund will cease and you will become a member of the Nestlé European Pension Fund (Irish section) ('the New Fund'). The New Fund is governed by the International Board of the Nestlé European Pension Fund.
5. In accordance with section 48 of the Pensions Act 1990 (as amended), a transfer payment in respect of the benefits of the members ('the Bulk Transfer') will be made from the Fund to the New Fund.
6. The Trustee hereby:
  - a) gives you certain information regarding the Bulk Transfer ('the Information') described in paragraph 7 below, and
  - b) provides you with the opportunity to make observations regarding the Bulk Transfer in accordance with paragraph 8 on the back page.
7. The Information is as follows:
  - a) **Details of circumstances giving rise to the Bulk Transfer**

The Principal Company has carried out a review of its pension arrangements and has decided to make a number of changes. These changes will affect

    - i) the way in which current and future employees will build up benefits from 1 April 2012; and also
    - ii) the vehicle from which existing and future benefits will be provided from that date.

In relation to ii) above, it has been decided that the Fund will be wound up with effect from 31 March 2012 and its assets and liabilities will be transferred by way of a Bulk Transfer to the New Fund. The New Fund is a pan-European pension arrangement that the Nestlé group of companies operates in Belgium. A new Irish section will be created in this arrangement on 1 April 2012 to hold the assets and future contributions from which both past and future benefits will be paid.

This Bulk Transfer will allow the Nestlé group of companies to operate pension arrangements for several European countries within one pan-European pension fund under a more flexible and supportive regulatory environment. It will be more cost effective to run several schemes out of one arrangement. The Bulk Transfer will also assist the Principal Company to deliver long-term sustainable pension provision for employees and Fund members in Ireland.

### In brief

From 31 March 2012:

- The Company will stop contributing to the Fund.
- The Trustee will wind up the Fund.
- You will no longer be a member of the Fund.

From 1 April 2012:

- You will become a member of the Irish section of the Nestlé European Pension Fund.
- There will be no change to the benefits payable to you.

Continued overleaf

At the same time as the Bulk Transfer, the Principal Company will make significant additional contributions to the New Fund to ensure that the Irish section is fully funded on a Belgian funding basis (the basis on which the funding of a pension is measured in Belgium). This is intended to provide greater financial security for all members of the Fund.

**b) Details of the applicable benefit structures of the Fund and the New Fund, (including discretionary benefit practices and surplus rules) and details of benefits to be granted to the transferring members in the New Fund**

Upon transferring to the New Fund, you will be granted a pension equal to the pension that you are due to receive from the Fund at Normal Pension Date (NPD).

The provisions of the applicable benefit structures of the Fund and the New Fund that apply to current Deferred Members are as follows:

	The Fund	The New Fund
<b>Retirement age (NPD)</b>	Age 60 or 65	No change
<b>Increases to deferred pension after leaving service</b>	Pensions increased in line with the rise in the Consumer Prices Index up to 4% a year between the date of leaving the Fund and Normal Pension Date.	No change
<b>Death in deferment benefits</b>	Spouse's or Dependant's pension of 50% of member's pension at date of death.  Pension for any dependant children up to age 18 or 25, if in full-time education, or of any age if unable to support themselves financially due to a mental or physical handicap.  If no pension payable to a spouse, dependant or dependant children, cash sum payable equivalent to the greater of the member's contributions or the actuarial value of the deferred pension immediately before death.	No change  No change  No change
<b>Transfers out</b>	Option to transfer the value of your benefits to another pension arrangement at any time before your Normal Pension Date.  Fund Actuary determines value of benefits to be transferred, taking into account value of future increases to your pension, current investment conditions and the Fund's current funding level.	No change  No change
<b>Early retirement from deferred status</b>	The value of the immediate pension payable from the date of early retirement is the same as the value of the member's deferred pension (based on actuarial advice).  Early retirement possible from age 50 (the Trustee's policy is that early retirement is not permitted at present).  No consent required for Deferred Members.  In the event of retirement due to exceptional serious ill health, option to give up whole of pension for a cash sum.	No change  Early retirement possible from age 50  No change  No change

	The Fund	The New Fund
<b>Options at retirement</b>	<p>Option to convert some pension to cash at retirement, subject to maximum set by Revenue Commissioner.</p> <p>Option to take a lower pension for yourself in exchange for providing a higher pension for your dependants when you die.</p> <p>If you retire before State Retirement Age, option to receive a higher Fund pension before State Retirement Age, followed by a reduced Fund pension afterwards.</p> <p>If the pension is 'trivial' (annual amount as approved by the Revenue Commissioners), option to give up the whole of the pension for a cash sum.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p>
<b>Death after retirement benefits</b>	<p>50% spouse or dependant's pension (prior to commutation) unless chosen otherwise at point of retirement.</p> <p>Pension reduced if spouse is more than 10 years younger.</p> <p>Pension for any dependant children up to age 18 or 25, if in full-time education, or of any age if unable to support themselves financially due to a mental or physical handicap.</p> <p>5 year guarantee of balance of outstanding pension payments if you die during first 5 years of retirement.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p>
<b>Increases to pensions in payment</b>	<p>Lower of 4% and the movement in the Consumer Prices Index (CPI) a year.</p>	<p>No change</p>
<b>Discretionary benefit practices</b>	<p>Discretionary increases to pensions in payment may be considered if CPI exceeds 4% a year.</p> <p>Discretion to decide who should receive lump sum payment on death in deferment or 5 year guarantee payment on death in first 5 years of retirement.</p> <p>Discretion to pay some or all of the spouse's pension to a dependant if you are not married or have been separated for at least two years at the time of death.</p> <p>Discretion to pay pensions to stepchildren or foster children or to any child to whom you are in loco parentis at the time of death.</p>	<p>No change</p> <p>No change</p> <p>No change</p> <p>No change</p>
<b>Rules in relation to the treatment of any surplus</b>	<p>To be returned to the employers on winding up subject to Pensions Act.</p>	<p>No change</p>

**c) Details of any loss to or adverse effects on the interests of transferring members and any charges (including recurring charges) to be paid by them**

Based on the above benefit structures, Deferred Members will not suffer any material loss or adverse effects as a result of the Bulk Transfer. All charges relating to the Bulk Transfer will be met by the employers participating in the Fund.

**d) Actuary's Statement**

Please see the Actuary's Statement appended to this Notice.

8. Any observations you may have regarding the Information must be submitted for the attention of the Trustee or any employer of the Fund ('an Employer') no later than one month from the date of this Notice ('the Closing Date') and should be addressed in writing:
- by post to Mr Andrew White, Nestlé Pensions, St George's House, Croydon, CR9 1NR, United Kingdom; or
  - via email to [pensionchanges@uk.nestle.com](mailto:pensionchanges@uk.nestle.com); or
  - online via the electronic feedback form at [www.nimpensions.co.uk](http://www.nimpensions.co.uk) (password: citywest).
9. Before making the Bulk Transfer, the Trustee and any Employer will give due consideration to any observations you submit to them on or before the Closing Date.
10. Once due consideration of these observations has been given and prior to the Bulk Transfer being effected, the Trustee or the Employer (as applicable) shall write to you to confirm that they have considered the observations and the outcome of the considerations.

SIGNED BY THE TRUSTEE THIS 10TH DAY OF FEBRUARY 2012



Oliver Sutherland  
Director, Nestlé (Ireland) Pension Trust Ltd



Nuala Barry  
Director, Nestlé (Ireland) Pension Trust Ltd



Darren Gallgher  
Director, Nestlé (Ireland) Pension Trust Ltd



Michael Giblin  
Director, Nestlé (Ireland) Pension Trust Ltd