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Dear Member

POSTAL SERVICES BILL UPDATE

I am writing to tell you that, following its final reading in the House of Commons on 9th June, the Postal Services Bill received Royal Assent on 13th June and therefore has become law.

Part 2 of the Postal Services Act deals with the Royal Mail Pension Plan and is the only part of the Act on which the Trustee is focused to ensure the protection of members' benefits. As expected, and as I have previously indicated:

1. members' benefits in respect of service before the 'effective date' will be transferred to a new public service pension scheme, backed by Government;
2. members' benefits in the new scheme will not be adversely affected and will be protected from detrimental future amendment in the same way as at present;
3. the Pensions Service Centre in Chesterfield will continue to undertake the administration of members' records and the payment of benefits.

The Trustee considers that Part 2 of the Act, which relates solely to the Pension Plan, represents a good deal for its members, due to the improvement to the security of members' benefits that it provides.

The 'effective date' of transfer has yet to be announced. However, during the passage of the Bill through Parliament the Government stated its intention to take on Royal Mail's historic pension deficit with effect from March 2012 and to ensure that sufficient assets remain with the Plan so that the liabilities it retains are fully funded at the chosen date.

The pensions provisions in the Act have already led to a major programme being established comprising seven project teams – with representation from the Trustee, Royal Mail Group and Government – covering areas such as Administration and Communications to make the change-over for members as seamless as possible. In order to facilitate the establishment and operation of the proposed public service pension scheme, the Trustee will be sharing member data with relevant bodies.

Government has submitted a formal state aid notification to the European Commission for clearance and is working towards completion of the process by March 2012.

I will write to you again with further details as soon as more information is available.

This letter has been sent to you for information and it does not require you to take any action. However, if you have any specific questions, please contact the Pensions Helpline on 0845 603 0043.

Yours faithfully



Jane Newell

looking after **your** pension