

July 2010

Jane Newell OBE  
Chair  
Royal Mail Pension Trustees Limited  
Email: newellj1@royalmail.com

Dear Member

The Trustee is pleased to report that agreement has been reached with Royal Mail regarding the ongoing funding of the Royal Mail Pension Plan.

This agreement has been reached on completion of the Plan's formal financial health check as at 31 March 2009. This check revealed that the funding deficit at that point was £10.3 billion. Royal Mail will continue to pay substantial contributions in excess of the current level to repair this deficit. The latest funding update (as at 31 March 2010) revealed the funding deficit had reduced to £8.4 billion. Further details of both the March 2009 formal health check and the March 2010 funding update will be included in the popular report to members which will be issued shortly.

The Trustee has been asked to inform you of the following:

'The Pensions Regulator has not yet had the opportunity to carry out a detailed assessment of the formal financial health check. However, the provisional view from the regulator is that it has substantial concerns about both the deficit figure and other aspects of the agreement which the Trustee reached with Royal Mail. The agreement is now subject to a formal review by the regulator.'

The Trustee is working with the Pensions Regulator to help it conduct its formal review.

As I advised you in my May 2010 letter, the Government included the Postal Services Bill in the Queen's Speech. This speech is used by Government to set out those priority Bills which it plans to submit to Parliament in the forthcoming parliamentary session. Furthermore the Minister for Postal Services, Edward Davey, has written to the Trustee stating 'there is a clear priority commitment from

**looking after your pension**

Government to pass legislation to address the issues facing Royal Mail, including the funding deficit in the Plan.'

I would like to stress that the Trustee remains absolutely focussed on protecting the interests of members as its prime objective.

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

Yours faithfully



Jane Newell