

Jane Newell OBE
Chair
Royal Mail Pensions Trustees Ltd
Email: newellj1@royalmail.com

January 2011

Dear Member

POSTAL SERVICES BILL UPDATE

In the recent issue of *Pensions News*, sent in November last year, I wrote to you setting out the Trustee's views on the proposals for the Royal Mail Pension Plan contained in the Postal Services Bill. You will recall that the pensions proposal in the Bill is that members' benefits in respect of service before a certain date (still to be announced) will be transferred to a new public service pension scheme backed by the Government. Since then the Bill has been debated in Parliament in some detail.

I was pleased to be able to put forward the Trustee's views when I was invited by the House of Commons Public Bill Committee to give evidence and answer questions on the pension aspects of the Bill in early November. The key points made during the evidence session were, firstly that the Trustee's focus is entirely on protecting the benefits of the members of the Plan and therefore it is only concerned with the pension proposal contained in the Bill. Secondly, the Trustee supports the pensions proposal and in particular the Government's statements to Parliament that "*all the benefits that employees have earned will be safeguarded*".

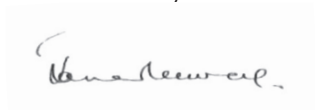
As I said in *Pensions News*, it is intended that members' benefits will not be adversely affected and will be protected from detrimental future amendment in the same way as at present. In addition, there will be much greater financial security for members' benefits in the form of Government backing for the new public service pension scheme and full funding for the ongoing Royal Mail Pension Plan when the transfer takes place. The Trustee believes the pensions proposal in the Bill is a good and fair deal for all members of the Plan.

What happens next?

Following its third reading last week, the Bill has passed through the House of Commons and will now be debated by the House of Lords. The Government has indicated that it anticipates that the good progress made to date will continue. However, before the Government can fully implement its proposals, further steps need to be taken including seeking European Union State Aid approval and making further regulations.

The Trustee will continue to work closely with Royal Mail and the Government to protect members' benefits and I will keep you informed about progress. This letter has been sent to you for information and 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