



# Your options on leaving the Plan

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## For Section A/B members

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This guide includes a summary of your options when leaving the Plan, such as if you opt out or leave *Company* employment without your benefits being paid.

The text in *italics* is explained in the 'Guide to benefits – Section A/B' which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available from the Pensions Service Centre (PSC).

# Introduction



**This guide is intended to be a summary of your options when you leave the Plan – such as if you opt out or leave *Company* employment without your benefits being paid.**

If you leave *Company* employment with immediate payment of your benefits (such as if you are retired on *ill health* grounds or in certain circumstances on redundancy) then you can find details of the benefits payable in the guide 'Benefits on ill health, redundancy and early retirement – Section A/B' which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC) whose details are at the end of this guide.

The information in this guide generally applies to both Section A and B of the Plan, however any differences will be pointed out. If you are in Section A of the contributory part of the Plan, you can choose to receive Section B benefits instead of Section A benefits. This choice can be made in writing to the Pensions Service Centre up to three months before your benefits commence or within six months of leaving the Plan, whichever is earlier. Where applicable, Pensions Service Centre will send you an estimate of your benefits under Section A and Section B so you can decide which is more beneficial for you. More information on the differences between Section A and Section B is included within the 'Guide to benefits – Section A/B'.

The Plan is governed by formal legal documents known as the Trust Deed and Rules and is managed by Royal Mail Pensions Trustees Limited ('the Trustee'). If there is a conflict between the Trust Deed and Rules and this guide, the Trust Deed and Rules will prevail. This guide reflects tax laws as at 6 April 2010.

The text in italics is explained in the 'Guide to benefits – Section A/B' which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC).

# Your options

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**If you leave the Company, or opt out of the Plan before *Normal Retiring Age*, you will not lose the benefits you have built up. You will usually have the following options:**

- You can leave your benefits preserved in the Plan (see page 4); or
- You can transfer the value of your benefits to another pension arrangement, subject to certain conditions explained later in this guide (see page 9).

Furthermore, your dependants may still receive the protection of lump sum and pension payments should you die before you begin to receive your benefits (unless you transfer to another pension arrangement).



# Leaving your benefits in the Plan

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If you choose to leave your benefits in the Plan, they will be held until you reach *Normal Retiring Age (NRA)* or you die. These are known as preserved or deferred benefits.

## Q What happens when I reach Normal Retiring Age?

Your *NRA 60* and *NRA 65* benefits will typically start to be paid when you reach the relevant *Normal Retiring Age*.

This means you can take your *NRA 60* benefits without reduction when you reach age 60 and your *NRA 65* benefits without reduction when you reach age 65.

If you stopped contributing to the Plan before 1 April 2008 then you will have built up a benefit calculated under **1** below only.

If you began contributing to the Plan before this date and have continued to contribute since then, your benefits will be calculated as follows:

### **1 For your reckonable service up to and including 31 March 2008:**

Your pension is worked out as 1/80th of your *pensionable salary* for each year (or part year) of *reckonable service* completed before 1 April 2008; plus

### **2 For your reckonable service on and after 1 April 2008:**

Your pension is calculated as the total of your revalued *pension blocks* earned up to your last day of service. You can find out more about how your *pension blocks* are calculated in the 'Guide to benefits – Section A/B', which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC).

When you retire or otherwise become entitled to receive your benefits, you are also entitled to a lump sum which is linked to the value of your pension as calculated above. The lump sum is typically three times the total pension from

**1** and **2** above.

## Q Will my preserved benefits increase?

Your *preserved benefits* will typically start to be paid when you reach *Normal Retiring Age* which is age 60 for the part of your benefits based on your *reckonable service* before 1 April 2010 and age 65 for the part of your benefits based on your *reckonable service* on or after 1 April 2010.

Until your *preserved benefits* are paid, the part that does not relate to Guaranteed Minimum Pension (GMP) will be increased each year in line with Pension Increase (Review) Orders, which are issued by the Government; these increases help your pension to keep up with the cost of living. The GMP part of your *preserved benefits* will be increased in line with regulations relating to GMPs. Please refer to page 27 of the 'Guide to benefits – Section A/B' which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC), for more information on GMPs.

## Q Can I take my benefits early?

There are some circumstances when you can apply to receive your benefits before *Normal Retiring Age*:

### Ill health

If you are too ill to work at any time after you leave the *Company*, you may be eligible to receive your benefits early (without any reduction) on *ill health* grounds. If this applies, all of your Plan benefits (*NRA 60 benefits* and *NRA 65 benefits*) must start to be paid at the same time.

In order to establish whether you qualify for immediate payment of your benefits you will need to apply to the Pensions Service Centre who will ask you to complete an authority for a medical report from your GP or specialist. The report will be sent to the Trustee's medical adviser who will consider this against the Plan's rules on *ill health* retirement and applicable tax legislation.

To qualify for immediate payment, the Trustee has to agree that you could have been granted *ill health* retirement had you still been in *Company* employment.

If you are under age 55, however, you must not be engaged in any employment at the time of application or payment.



## Compassionate grounds

If you are age 55 or over and have left the *Company's* employment, you may be eligible to receive your benefits early on compassionate grounds. This may apply, for example, if you have to give up work to be a full-time carer for your husband, wife, partner or a relative. In this case a reduction to reflect payment before *NRA*, using a factor determined by the *Plan Actuary*, would be applied to the benefits relating to any *reckonable service* on or after 1 December 2006. Benefits relating to *reckonable service* before that date would (if paid) be payable without reduction.

In order to establish whether you qualify for immediate payment of your benefits on compassionate grounds, you will need to apply to the Pensions Service Centre. They will ask you to provide some details about your circumstances (and those of anyone for whom you are providing care). The Trustee will then decide whether to put your *preserved benefits* (which may be your *NRA 60 benefits*, *NRA 65 benefits*, or both) into payment.

## Early payment (left *Company* employment)

At any other time, provided you are at least age 55 and have left the *Company's* employment, you can apply to the Trustee to receive early payment of your benefits (*NRA 60 benefits*, *NRA 65 benefits* or both). Your benefits will be reduced to reflect payment before *NRA*, using a factor determined by the *Plan Actuary*, subject to the reduced pension not being less than your *GMP*. Please refer to page 27 of the 'Guide to benefits – Section A/B', which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC), for more information on *GMPs*.

If you want to apply to receive your benefits early, you should write to the Pensions Service Centre.

## Early payment (while still employed by the *Company*)

If you have opted out of the Plan, and the *Company* subsequently decides that you qualify for *ill health* retirement with immediate pension, you will have your *preserved benefits* paid early by the Trustee.

If you have opted out of the Plan, you can at any other time (from age 55) apply to receive early payment of your benefits (*NRA 60 benefits*, *NRA 65 benefits* or both). The application should be made in writing to the Pensions Service Centre. Payment can only be made before the relevant *NRA* if the *Company* consents. Your benefits will be reduced for early payment to reflect payment before *NRA*, using a factor determined by the *Plan Actuary*.

### Q What if I paid Additional Voluntary Contributions (AVCs)?

If you bought added years through Addplan, this extra service will be reflected in your *preserved benefits*. If you paid into Flexiplan, your fund will remain with your AVC provider until your Plan benefits are paid or transferred. You can find out more about the AVC arrangements in the 'Guide to Additional Voluntary Contributions' which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC).

### Q What happens if I die before my pension begins?

A lump sum death benefit is payable if you die with benefits preserved in the Plan that you have not yet begun receiving. There may also be a pension payable to your surviving spouse, civil partner or other dependant.

The guide, 'Benefits payable when you die – Section A/B' explains the various lump sum and pension benefits that may be payable to your dependants when you die. We recommend that you take the time to read this and complete the relevant nomination forms to guide the Trustee when taking decisions about who should receive these benefits.

You can download a copy of this guide at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or can request one from the Pensions Service Centre whose contact details can be found on page 11.



## Q Will you keep in touch with me?

You will receive a 'current value' statement every year which will show you the value of your *preserved benefits*. You will also receive a summary version of the Plan's Annual Report and Accounts which can be downloaded at [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk) or is available on request from the Pensions Service Centre (PSC). Their contact details are given at the end of this guide.

About three months before your *Normal Retiring Age*, the Pensions Service Centre will contact you to begin the process of putting your benefits into payment.

If you have paid Flexiplan AVCs, the Pensions Service Centre will request details of your AVC fund and will provide that information (including options for payment) with your benefit options.

**Please note:** It is very important that you keep the Pensions Service Centre informed of any changes in your circumstances, particularly any change of address or marital status. If they are not made aware of a change to your address, any pension payments may be suspended until your whereabouts can be established. Any withheld pension will not attract interest.



# Transferring your benefits

Instead of leaving your benefits preserved in the Plan, you can decide to transfer them to another pension arrangement. You have a right to do so before you reach age 59 (for *NRA 60 benefits*) or age 64 (for *NRA 65 benefits*), or within six months of leaving the *Company's* employment if later. You can also apply to the Trustee at or after reaching *NRA* to exercise its discretion to transfer your benefits.

If you do transfer your benefits, no further benefits will be payable to you (or your dependants) from the Plan once the transfer is made.

You have three choices if you decide to transfer out of the Plan:

- You can transfer your Plan benefits to your new employer's scheme (but check that your new employer's scheme can accept the transfer);
- You can transfer your Plan benefits to a 'buy-out' policy with an insurance company; or
- You can transfer your Plan benefits to a personal pension plan or stakeholder pension plan.

**Please note:** It is not possible to transfer to another Royal Mail pension scheme.

If you are interested in transferring your pension, please contact the Pensions Service Centre to request a transfer value. This transfer value is the 'cash equivalent' of your *preserved benefits* and is calculated on a basis (determined by the Trustee, on the advice of the *Plan Actuary*) which makes no allowance for discretionary benefits. Any AVC fund you have would also normally be transferred.

## Q What happens then?

When the Pensions Service Centre receives your request for a transfer, they will send you a 'Guaranteed Statement of Entitlement'. This is usually sent within 13 weeks, but if there is any delay due to unforeseen circumstances, you will be sent an estimate and an explanation.

The statement is referred to as being 'guaranteed' as its terms will be guaranteed for a period, usually three months. If you wish to benefit from those guaranteed terms, you would need to confirm this to the Pensions Service Centre within the guarantee period referred to in the statement, by signing and returning the disclaimer form sent to you with the statement. The transfer will usually then be made within two weeks.

You are not entitled to more than one Guaranteed Statement of Entitlement in any 12 month period and so may be charged for additional requests within one year.

**Please note:** Under the Financial Services & Markets Act 2000, neither the Trustee nor the *Company* is authorised to give financial advice. When you receive your Plan and AVC information, you should consider consulting an Independent Financial Adviser (IFA). You can find a local IFA by visiting the website [www.unbiased.co.uk](http://www.unbiased.co.uk).

# Get in touch

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For further information on your options on leaving the Plan or for more general information about the Plan, you can contact the Pensions Service Centre using the details below.



**Pensions Service Centre**  
**PO Box 500**  
**CHESTERFIELD**  
**S49 1WX**



**Pensioner Helpline – 0845 603 0043**  
Helpline for all other members – **0114 241 4545** or Postline network users can call **5456 4545**



**pensions.helpline@royalmail.com**



**[www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk)**

Please quote your full name, date of birth and either your National Insurance number or membership number when contacting the Pensions Service Centre.

All booklets are also available to download from the Plan website at **[www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk)**.



