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Royal Mail Pension Plan (the Plan): Changes to the investments held by the Plan

Dear Member

This letter is for your information only – you do not need to take any action.

The Post Office section of the Plan closed on 31 March 2017, meaning that employee members could no longer build up benefits after that date. This followed a consultation run by Post Office and a proposal by them to the Trustee. I wrote to you in October last year to explain why the Trustee took the difficult decision to agree to close the Post Office section. The closure didn't affect anyone who had left Post Office employment or who was receiving their pension at the time.

The Trustee holds various investments, which are used either to generate returns, or 'match' the value of the type of benefits payable from the Post Office section of the Plan, now and in the future.

The Trustee has bought an insurance policy from an insurance company (called Rothesay Life, www.rothesaylife.com). This insurance policy is now an investment of the Plan, and replaces a large proportion of the previous investments held by the Post Office section. The insurance policy closely matches the liabilities of the Plan, which means it will provide a stable source of income from which to pay pension benefits for all Post Office section members.

What does this mean to me?

There will be no change to your pension arrangements and the Plan continues to be managed by the Trustee. If you are receiving a pension already, your payments continue to be paid in exactly the same way and on the same date as before.

The Trustee believes the purchase of this insurance policy is in the best interests of members because it improves the security of your pension benefits. During the process the Trustee sought advice from its independent advisers and consulted closely with Post Office.

Who is Rothesay Life?

You might not recognise the name Rothesay Life because it does not sell insurance policies or pensions directly to individuals. However, Rothesay Life is the fourth largest pension provider in the UK; it insures the pensions of more than 400,000 people and paid more than £1.3 billion of pensions during 2016. It is the provider of pensions associated with more than 180 pension funds including British Airways, General Motors, GKN, Intercontinental Hotels and Philips Electronics UK. Rothesay Life is authorised by the Prudential Regulation Authority (the 'PRA') and is regulated by the PRA and the Financial Conduct Authority.

In summary...

- The new Rothesay Life insurance policy is now an investment of the Plan.
- The security of your benefits is improved.
- If your pension is currently being paid to you, we continue to make payments exactly as they are now.
- If you are still employed, or you have left employment but aren't yet receiving your pension, your benefits will become payable at the same time and will be the same amount, exactly as before.
- The insurance policy provides a guaranteed, steady stream of income for current and future pension payments.

And remember, there's nothing you need to do – this letter is just for your information.

Any enquiries?

If you have any questions please contact the Pensions Service Centre. Their details are as follows:

In writing: **Pensions Service Centre, PO Box 5863, Pond Street, Sheffield, S98 6AB**

Pensions Helpline: **0114 241 4545**

Email: **pensions.helpline@royalmail.com**

or visit: **www.royalmailpensionplan.co.uk**

Yours sincerely



Joanna Matthews

Chair of Trustee, Royal Mail Pension Plan