

## Royal Mail Pension Plan (RMPP): Changes to how your benefits are provided

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### Dear Member

I am writing to you to inform you about changes to the way your benefits will be provided, which are due to happen this year. I have also enclosed your summary funding statement to update you on the funding position of the Post Office Ltd section, following the latest valuation.

I wrote to you in July 2017 to let you know that the Trustee had bought an insurance policy with a company called Rothesay Life. This policy pays money into the RMPP, which the Trustee uses to provide benefits to all Post Office members, both now and in the future.

After careful consideration, and having received advice from its advisers, the Trustee has decided the time is right to move to the next step of converting this bulk insurance policy into individual policies for each member.

This will give you, as a member, a policy in your own name with Rothesay Life, which will provide your RMPP benefits directly to you as and when they fall due. A key benefit of doing this is that it reduces the expenses of running the RMPP, which in turn helps to protect the value of the surplus (see the enclosed Funding Update).

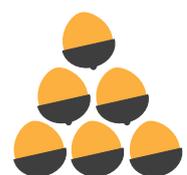
**You do not need to take any action now, unless you have already applied for and been granted Fixed Protection for tax purposes.** If this is the case, then it is important that you let us know using the attached form (see Section 4). We do not expect many members to have this protection. You may have applied for it, for example, because you believed that HMRC may value your lifetime pension savings at more than £1 million at retirement.

### 1. What does this mean for me?

These changes will affect who pays your benefits. They will not have any impact on the overall amount of benefit you are receiving or your future entitlements. For example, if you are receiving a pension, the amount of your pension and any increases that are due in the future will not be affected.

We expect these changes to happen later in 2020 and we will write to you again to confirm the benefits that will be transferred to Rothesay Life in a few months' time.

If you have any questions in the meantime, please contact the Pensions Service Centre (PSC) using the details at the end of this letter.



## 2. Which benefits are being transferred?

The RMPP currently provides you with the benefits that you have built up for service from 1 April 2012. It also provides any additional benefits that may arise for service before 1 April 2012 due to salary increases above RPI inflation.

**If you left Post Office employment before 31 August 2019** your individual policy with Rothesay Life will provide all the benefits to which you are entitled from the RMPP.

**Otherwise, if you were employed by the Post Office on 31 August 2019**, the individual policy with Rothesay Life will provide you with all your RMPP benefits built up after 1 April 2012. The only element that will fall outside the Rothesay Life policy and continue to be paid from RMPP is any benefit arising from salary increases above RPI inflation in relation to your service before 1 April 2012.

These changes will not affect the overall amount of pension or other benefit that is available or may be payable to you in the future.

**For all members, irrespective of when you were employed by the Post Office**, any benefits that are payable to you either now or in the future from the Royal Mail Statutory Pension Scheme for benefits you built up before 1 April 2012 (except for the salary linked benefit described above) will not be affected by any of the changes that are described in this letter and will continue to be backed by the Government.

## 3. What if I have AVCs?

If you have any Additional Voluntary Contributions (AVCs), your funds will continue to be invested in your selected AVC account.

At retirement, you will continue to be able to use the AVCs to fund any tax-free cash that may be available to you from either:

- any residual benefits that you may still hold in the RMPP, such as any salary linked benefit described above; or
- any benefits you have built up before 1 April 2012 in the Royal Mail Statutory Pension Scheme (RMSPS).

However, you will not be able to use your AVCs as a source of tax-free cash for benefits which are being transferred to the Rothesay Life policy in your name. This is because these benefits will sit outside RMPP.

As always though, please let us know if you would like further information about your AVCs or wish to know more about your options for your AVC funds.

## 4. What if I have applied for Fixed Protection for tax purposes?

If you have already applied for, or expect in the near future to apply for, Fixed Protection for tax purposes, please complete the enclosed form to let us know. **Once complete, please send the form back to PSC using the enclosed pre-paid envelope by 21 February 2020.** We will then write to you again to give you an opportunity to remain in the RMPP for all your benefits so that your protection is not prejudiced.

## 5. Rothesay Life

As at 31 December 2018, Rothesay Life was insuring the pensions of more than 770,000 people. Rothesay Life is the provider of pensions associated with more than 180 pension funds, including many large organisations such as British Airways, General Motors, GKN Aerospace, Intercontinental Hotels and Philips Electronics UK and at the above date had more than £36 billion in assets to back the pensions it is providing. Their website is [www.rothesaylife.com](http://www.rothesaylife.com).

Rothesay Life is authorised by the Prudential Regulation Authority (PRA) and is regulated by the PRA and the Financial Conduct Authority (FCA).

### In summary

I wish to stress that the amount of your benefits will not change because they are being transferred from the RMPP to Rothesay Life.

I will write to you again with full details of the benefits that will be transferred to Rothesay Life as well as any that will remain in the RMPP in a few months' time.

If you have any questions about the changes, the Fixed Protection form or any aspect of your pension benefits, 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](mailto:pensions.helpline@royalmail.com)
- or visit: [www.royalmailpensionplan.co.uk](http://www.royalmailpensionplan.co.uk)

Yours sincerely,



**Joanna Matthews**

Chair, Royal Mail Pensions Trustees Limited

