

Royal Mail Pension Plan (Post Office Section): Valuation Report

How much money does the Post Office's section of the RMPP need?

Every three years, the Trustee must produce an 'Actuarial Valuation', with the help of the Actuary of the RMPP. The valuation compares how much money the Post Office section of the RMPP is likely to need to pay everyone their benefits (the liabilities), with the total amount of money it currently has (the assets). If there are more assets than it needs it has a 'surplus', if it has less than it needs it has a 'deficit'. The results are updated once a year, between each three yearly Actuarial Valuation; this is called a 'funding update'.

Here are the results of the last Actuarial Valuation – as at 31 March 2018 – and the most recent Funding Update for 2019:

	Actuarial Valuation as at 31.3.2018	Funding Update as at 31.3.2019
Liabilities	£414 million	£427 million
Assets	£438 million	£455 million
Surplus	£24 million	£28 million
Funding level	106%	107%

As part of the latest actuarial valuations, the Trustee reviewed the assumptions so that they remain up to date and appropriate. This included incorporating an allowance in both the assets and the liabilities for the insurance arrangement that the Trustee purchased with Rothesay Life. This insurance protects the Post Office Section against poor investment performance of its assets and future changes in life expectancies.

What if the RMPP is wound up?

By law, we must tell you the funding level if the RMPP was wound up, and the assets and responsibility for paying your benefits were transferred to an insurance company. On this basis, based on the 2018 Actuarial valuation, the Post Office section of the RMPP could meet 100% of its commitments.

Finally, over the past year we didn't pay any 'surplus assets' to Post Office, and The Pensions Regulator has not imposed any orders on the RMPP to change the rate of contributions or benefits, or the way in which the liabilities are calculated.

