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A message from our Chair of Trustee, Joanna Matthews



Welcome to the summer 2018 edition of Pensions News: your news, in a nutshell.

An update on the RMPP's funding

On page 3 you'll find the latest snapshot of funding for the Post Office section of the Royal Mail Pension Plan (RMPP), showing how the money in the RMPP and the cost of providing pensions and other benefits has changed over the last year.

You'll see the RMPP had a small surplus but this has been gradually reducing over recent years, which is one of the key reasons that the Trustee agreed to a request from Post Office to close its section of the RMPP last year – in order to avoid a deficit building up and so protecting the benefits you have built up.

Your benefits in the RMPP

Later this year we'll send you an update showing the value of your pension benefits. We wrote to you in May last year, shortly after the Post Office section of the RMPP closed, to let you know how much your pension was worth. Even though the Post Office section is closed, the benefits you have built up are still valuable and we increase them each year when there is inflation.

Your 'current value' statement will be sent to you in September and contains important information about your benefits so watch out for it and keep it somewhere safe.

I hope you enjoy this update from the Trustee and, as always, if you have any questions, you can contact the Pensions Service Centre using any of the details on the back page.

Joanna Matthews
Chair of the Trustee
Royal Mail Pension Plan

Funding update

How much money does the RMPP need?

Every three years, the Trustee has to produce an 'Actuarial Valuation', with the help of the Actuary of the RMPP. The valuation compares how much money 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 the RMPP has 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 most recent funding update – as at 31 March 2017:

	Funding update as at 31 March 2016	Funding update as at 31 March 2017
Liabilities	£381.4 million	£540.4 million
Assets	£420.3 million	£548.0 million
Surplus	£38.9 million	£7.6 million
Funding level (assets divided by liabilities)	110%	101%

You will see that the value of the assets increased by just under £128 million between 2016 and 2017. However, the value of the liabilities has gone up by a larger amount (£159 million), which is why the surplus (the difference between the assets and the liabilities) fell by just over £31 million.

Our independent advice told us that if the RMPP had remained open and run into deficit, the benefits that members had already built up might have to be reduced. This was the main reason that we agreed to Post Office's proposal to close its section of the RMPP from 31 March 2017; we believe this was the best outcome for the membership as a whole, in those difficult circumstances.

Last year, the Trustee invested over £440 million in an insurance policy with Rothesay Life. This policy tracks the changes in the cost of providing pensions. As the majority of the assets in the Post Office section of the RMPP are held in this policy, the risk of a deficit occurring has been significantly reduced. Further information was included in my letter to you dated July 2017.

Work on the next full valuation (as at 31 March 2018) is underway and we expect to be able to report the results to you in next year's newsletter.

What if the RMPP is wound up?

By law, we have to 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, and based on the last full valuation at 31 March 2015, the Post Office section of the RMPP could meet 100% of its commitments.

Finally, we have to tell you that 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.

Benefits paid on death

Whether you are still employed, have left and have benefits preserved in the RMPP, or if you have been receiving your benefits for less than five years, there could be a cash sum to be paid to your beneficiaries on death. So it's also important to ensure you have completed a nomination form to tell us who you'd like to be considered to receive the money. It could save a lot of time and stress for your loved ones.

Visit our website to find out more and download a form – or contact the Pensions Service Centre who can post one to you and help with any questions.



Keeping in touch

You can always get in touch with us by phone, email or letter. If you're writing to us, make sure that you use the Pensions Service Centre's new address below.



Pensions Helpline
on 0114 241 4545 or
Postline 5456 4545



pensions.helpline@royalmail.com



royalmailpensionplan.co.uk



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

If you have a pension question, please tell us your full name and date of birth along with your National Insurance or Pension Plan number. This helps us find the information we need to help you more quickly.