

Trustee Report ...2018

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over the year

**The nuts
and bolts
of the
last year**



Welcome to your Trustee Report, connecting you with the RMPP

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Welcome from your Trustee Chair, Joanna Matthews

Welcome to the 2018 edition of the Trustee Report, our opportunity to update you on what happened in the Royal Mail Pension Plan (RMPP) during the last financial year to 31 March 2018.

It's been a busy year with a lot of changes emerging, following Royal Mail's employee consultation and eventual agreement with the unions. For employee members of the RMPP, this has meant changes to the way benefits will build up in the future (from 1 April 2018) and behind the scenes we have been working hard with our advisers to ensure the best outcome in the circumstances and that the benefits you have already built up are secure.

What else has happened over the year?

Geoff Lindey, one of our independent Trustee Directors, retired at the end of March 2018 after serving on the RMPP Trustee Board for almost 15 years. Geoff was a former actuary and pension fund investment manager and also served on the Board's Investment Sub-Committee. I would like to record my thanks, on behalf of the Board, for Geoff's invaluable contribution over the years and to wish him well for the future.

We know that it's important to you that we keep you up-to-date with what's happening with the money held in the RMPP, so we've included the usual summary covering funding, investment performance and membership numbers on pages 3 and 4.

The future of the RMPP

As I mentioned before, employee members have seen changes to the way their benefits will build up in the RMPP from 1 April 2018 (this won't affect your benefits if you left employment, opted out, or started to receive your pension benefits before then). Whilst change can create uncertainty and be a worry to members, the overriding message I'd like to assure you about is that any benefits you have built up are safe and protected by law - this means they will not be reduced as a result of the changes from 1 April 2018.

I hope you enjoy reading the rest of the Report.



JOANNA MATTHEWS
CHAIR OF TRUSTEE
ROYAL MAIL
PENSION PLAN

Money in the RMPP – what’s happened over the year?

The RMPP is financially secure, with £10,651 million invested at 31 March 2018.

That money is there to make sure every single member gets their pension, when it’s time for them to retire. It’s also there to support your loved ones after you die.

It’s the Trustee’s duty to make sure the money held in the RMPP (known as ‘assets’) is invested in the best way possible. That means making sure that the money is both secure and able to grow.

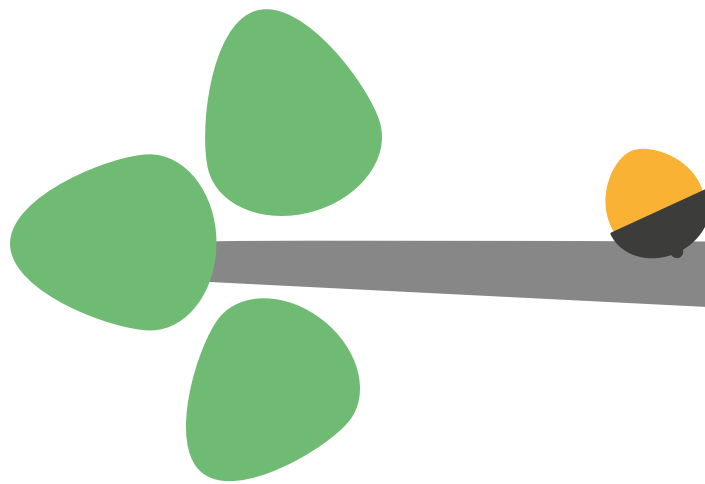
The Trustee, with the help of investment professionals, invests in two different types of assets, ‘matching’ and ‘return-seeking’. Matching assets keep track with the changes in the cost of providing pensions (known as ‘liabilities’), whereas return-seeking assets are invested with the aim of increasing in value as much as possible.

Escrow account

The Trustee set up an escrow account to ring-fence certain employer contributions with effect from September 2017, in order to give the Trustee and the Company more flexibility over how the assets are best used for the benefit of members in future.

Post Office Section

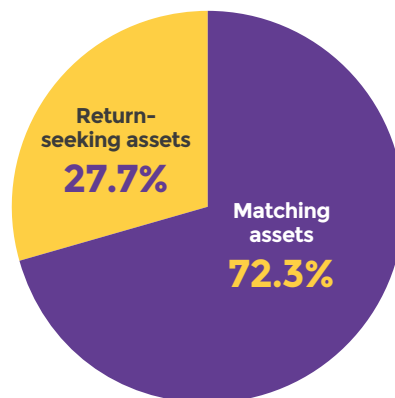
Last year, the Trustee invested over £440 million in an insurance policy with Rothesay Life. This policy tracks the changes in the cost of providing pensions. As the majority of the assets in the Post Office section of the RMPP are held in this policy, the risk of a deficit occurring has been significantly reduced.



How does the Trustee invest the assets?

The following pie chart shows that there is over twice as many matching assets as return-seeking assets, for a good balance between security and growth.

Asset split as at 31 March 2018:



How did the assets perform over the last year?

We’re pleased to say that, not including any money paid in, the matching assets have gone up by **£110 million** over the year and the return-seeking assets have gone up by **£11 million**.

What does this mean for the security of the RMPP?

To see what effect the increase in the value of assets has on the security of the RMPP we also need to look at the value of the RMPP’s liabilities, in other words, what the RMPP will need to pay for in the future. We did this as part of the 2015 three-yearly Actuarial Valuation and the 2016 and 2017 annual funding updates. In our summer newsletter, we explained that the RMPP’s assets increased between 2016 and 2017 by nearly £2,600 million, but the liabilities increased by just over £2,700 million. This meant that the RMPP’s ‘surplus’ (assets less liabilities) fell by £113 million.

Work on the 2018 Actuarial Valuation is underway and we expect to be able to report the results to you next year.

Want to know more?

If you’re interested in how the Trustee invests the RMPP’s money, you can find more detail in the Annual Report and Accounts, available from the Library section of our website royalmailpensionplan.co.uk, under ‘About Your Pension Benefits’ in the main menu.

What goes into the RMPP and what goes out?

What goes in?

We've seen that the RMPP's assets are invested with the aim of keeping them secure, whilst still growing over time. Assets also increase when money is paid in – that means contributions from you and your Employer. Contributions from Employee members of the Post Office section (those who were building up benefits in the RMPP) stopped on 31 March 2017 when that section closed.

What goes out?

The RMPP's assets are gradually paid to members, either as regular pension payments, tax-free cash or death benefits. Money is also used to pay for the help that the Trustee needs, to run the RMPP properly.

What happened over the last year?

At the moment, more money goes into the RMPP than goes out because there are still more contributing Employee members than there are members that receive a pension (see the 'Members in the RMPP' section next).

The next table shows what's gone in and what's gone out of the RMPP over the last year.

	2017/18
RMPP assets at 1 April 2017	£10,257 million
+ What's been paid in	£275 million
- What's been paid out	£78 million
+ How much the investments have grown	£197 million
= RMPP assets at 31 March 2018	£10,651 million

These numbers are for the whole RMPP; that means they include both the RMG and Post Office sections. If you want to see how the numbers are split between each section, then take a look at the RMPP's Annual Report and Accounts, available from the Library section of our website royalmailpensionplan.co.uk.

Members in the RMPP – what's happened over the year?

When we look at what's happened to the RMPP membership over the Plan Year, we can see that there are a lot more members paying into the RMPP and building up benefits ('Employee members') than there are taking out a regular pension ('Pensioner members'). There are also members that don't pay in anymore ('Deferred members'), who don't build up benefits and aren't yet taking their pension.

The table below shows how many members of the RMPP there were at 31 March 2018 and how these numbers have changed since 2017:

	2017	2018
Employee members	90,930	85,378
Pensioner members	15,239	19,296
Deferred members	14,974	16,276
Total	121,143	120,950

Staying up to date

If you want some help with your pension, the best place to start is our website, which has regular news update, useful information and a series of guides about how the Plan works.

If you want to ask us a question about your benefits or tell us about a change in your situation, then please get in touch with us at the **Pensions Service Centre**. It's important to tell us if you change your address, so that we can carry on writing to you about your Plan benefits, and make sure that they are paid on time.

When you contact the Pensions Service Centre, please make sure you have your National Insurance or membership number handy.



royalmailpensionplan.co.uk



pensions.helpline@royalmail.com



Member helpline - 0114 241 4545
Postline - 5456 4545



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

You can call anytime from 8.30am to 5.00pm, Monday to Friday. We are usually busiest from 11.30am to 2.00pm and on Mondays.