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Royal Mail Pension Plan (RMPP) RMG Section: changes to benefits from 1 April 2018, and changes to data privacy from 25 May 2018

Dear Member

This letter explains changes to your benefits in the RMPP from 1 April, and also changes to data privacy regulations and how they affect you. Please take some time to read it carefully.

- If you are an **employee** member of the RMPP, please ensure that you read the information about your benefits sent by Royal Mail at the end of February 2018 (if you haven't already done so). The information from Royal Mail provided an overview of the new benefit design and also highlighted that you can either remain an employee member of the RMPP or you can join the Royal Mail Defined Contribution Plan instead.
- New data protection rules are designed to protect all EU citizens from privacy and data breaches and reflect changes in the way we use and share information since the last such regulations were put in place 20 years ago.

Please note: The benefit changes only affect employee members of the RMPP. If you have left employment, opted out of the RMPP, or your 'Age65' benefits are already being paid, your benefits will not be affected, and this part of the letter is just for your information. The information regarding data protection changes applies to all members.

Changes to benefits from 1 April 2018

In summary...

- The new scheme within the RMPP is called the **Defined Benefit Cash Balance Scheme (DBCBS)**.
- The Trustee has been working closely with its independent advisers, reviewing the changes proposed by Royal Mail.
- The necessary rule amendments have been made to the RMPP.
- The Pensions Service Centre will administer the RMPP on the revised benefit basis and will continue to be your main point of contact.
- The website is being updated and a Member Guide will be issued to all employee members in approximately two months' time.

Background to the benefit changes

I wrote to you last May to tell you that, following a consultation, Royal Mail proposed to the Trustee Board that Sections B and C of the RMPP be closed to the build-up of pension benefits on their current benefit basis – Career Salary Defined Benefit – beyond 31 March 2018. (There is a copy of my letter in the News section of the RMPP website).

At the end of February 2018, Royal Mail wrote to employee members of the RMPP with information about how benefits would build up with effect from 1 April 2018.

Benefits from 1 April 2018

Under the new basis, members who remain in the RMPP will build up benefits on a new “cash balance” basis. If you remain in the RMPP, you will continue to contribute 6% of pensionable pay and your employer will make contributions too. You will build up a cash lump sum at a rate set by Royal Mail (until further notice the rate is 19.6% of each year's pensionable pay) with further discretionary increases to the lump sum being targeted each year. The lump sum you build up would be available at your normal retirement ages of 60 and 65 for use towards your maximum tax free lump sum, with any excess payable as an additional (taxable) lump sum at age 65. This is the new Defined Benefit Cash Balance Scheme – DBCBS – and it is **in addition** to any pension and tax-free cash sum you have built up so far.

Employee members of the RMPP automatically start building up benefits on the DBCBS basis from 1 April 2018... but have the option to opt out of the RMPP and to join the Royal Mail Defined Contribution Plan instead.

What has the Trustee been doing?

We have been working with our independent advisers to understand the detailed provisions of the DBCBS and review all the legal documentation. The necessary Rule amendments to the RMPP have been agreed by Royal Mail and by the Trustee, after taking independent advice.

Although employee members of the RMPP received a lot of information from Royal Mail at the end of February, we think that there is some additional information that members may find helpful. We are working on an updated Member Guide which will be sent to employee members in the next two months. Also, the RMPP website is being updated – please check www.royalmailpensionplan.co.uk from time to time to see updates.

In the meantime, I would like to take this opportunity to mention the following:

- At retirement, nearly all members of the RMPP choose to convert some of their pension to a tax-free cash sum. The benefits that you build up in the RMPP from 1 April 2018 are already in the form of a cash sum. This means that, at retirement, you won't need to convert as much of your pension in order to maximize your tax-free cash sum.

The new DBCBS is designed to help Royal Mail manage its funding commitments to the RMPP and I would like to reassure you that the Trustee took full account of the security of your accrued benefits in agreeing the changes. A funding update and our latest Newsletter will be sent later in the year.

Changes to data privacy from 25 May 2018

Background to changes to data policy

The purpose of the new legislation is to protect all European Union citizens from privacy and data breaches. It replaces the Data Protection Directive of 1995 and reflects advances in online and other digital methods of storing and processing data over the last 20 years. It comes into force on 25 May 2018.

What information do the Trustee and the administrator hold?

The Trustee and the RMPP's administrator hold personal data that you have provided. They need this to be able to administer your benefits under the RMPP (and RMSPS) and to pay your pension. The Trustee, as a "data controller" for data protection purposes, is required to look after your data in accordance with legal requirements. This means that it is responsible for deciding what personal information needs to be processed and the way in which that information is processed.

In processing your personal data, the Trustee may need to pass personal information about you, your dependants and other members and beneficiaries, to the RMPP's administrator, auditors, legal advisers, insurers and such third parties as may be necessary for the purposes of administering the RMPP.

Where to find out more

Details of the types of personal data the Trustee and administrator hold, how they use that information and who they share it with are set out in the Trustee's privacy notice in the Library section of the RMPP's website at www.royalmailpensionplan.co.uk.

The privacy notice also sets out your rights in connection with the personal data held about you by the Trustee, and who to contact if you want to exercise those rights, make a complaint, or generally have any questions. The privacy notice may be updated from time to time. The up to date version can be viewed at, or downloaded from, the RMPP's website – a copy can also be obtained by contacting the Pensions Service Centre.

By email: pensions.helpline@royalmail.com

By phone: **0114 241 4545**

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

Please remember... It is your responsibility to keep the Pensions Service Centre up to date with any changes in your personal information, including your name, marital status and bank details.

Yours sincerely,



Joanna Matthews

Chair, Royal Mail Pensions Trustees Limited