

Pensions News

Your pension, in a nutshell

A newsletter
for members of
the Royal Mail
Pension Plan

WIN
£500 High Street
shopping vouchers
or an M&S
Christmas hamper!



“Hello”

Welcome to your new look Pensions News

In this issue

- Improving the way we communicate with you
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- Help us to help your loved ones: keep your Death Benefit Nomination up to date
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You might have noticed that this edition of Pensions News looks a bit different.

Pensions are complicated, and because our Plan has been through so many changes, it's sometimes hard to know exactly what benefits you'll get. That's why we're changing the way we communicate with you, starting with Pensions News.

So often when we talk about pensions we talk about money: funding levels, shortfalls, assets, liabilities, valuations, investments – the list goes on. But pensions aren't just about the numbers. They're about you and the valuable benefits the Plan provides.

We want you to be able to see, at a glance, what you'll get when you retire and the benefits your dependants would get if you died while you're still working for us.

Over the next year, we're reviewing all our pension communications but first we want to know what you want to know, and how best to keep you up to date. This autumn, we're visiting different Royal Mail and Post Office sites to talk to members but we know we can't get to see everyone. To have your say, and be in with a chance of winning £500 of High Street shopping vouchers, complete our online survey at www.royalmailpensionplan.co.uk/survey

And because pensions are about people, on page 6 you can meet Mark Rugman, our Head of Membership and Benefits. Mark is responsible for communications and making sure the Pensions Service Centre meets your needs.

Thinking about your benefits, if you want to top them up, don't forget you can pay Additional Voluntary Contributions – find out how on page 5. And on page 7 we remind you why it's essential to keep your Death Benefit Nominations up to date.

I hope you find Pensions News easier to read. As always, if you have any feedback please let us know. Our contact details are on the back page.

Joanna Matthews
Chair of Trustee
Royal Mail Pension Plan

We're trying to improve the way we communicate with you

We know that pensions can seem complicated. But because they're so important, we want to make sure that everyone understands what's going on with the Plan. That's why we're changing the way we communicate with you.

Our new communications will cut out detail you don't need, use simpler language, and lose the jargon. And we've already

started improving the look and feel of communications like this one, so you can keep up to date with the Plan and find the information you need quickly and easily.

We'll also be talking to you to find out what you want to know, and how you want us to communicate with you. Read on to tell us what you think...



Tell us what you think and win £500 of High Street shopping vouchers!

We want you to tell us how we can get better at communicating with you. We'll be talking to some of you directly. But with such a large workforce spread across the country, we won't be able to see everyone face to face!

So we're asking you to tell us what you think by completing an online survey at www.royalmailpensionplan.co.uk/survey. It only takes a few minutes. And you could win £500 of vouchers to spend in a range of high street shops – just in time for Christmas or the New Year sales. See the flyer we've enclosed for more details.

Funding update

The Plan is committed to paying pensions and benefits for many years, so it's important to check that it always has enough money to do this. That's why we carry out a funding update every year.

The Plan's funding does change over time for many reasons. These include how long members and their dependants are expected to live and how much our investments are expected to grow, as well as interest rates and inflation.

The Plan now has two employers – Royal Mail Group and Post Office Limited. So we produce two separate funding updates, one for the 'RMG Fund' and one for the 'POL Fund'. The results are shown in the charts below.

What does this mean for both funds?

There is a surplus in both funds because the assets are worth more than the liabilities.

The surpluses in each fund at 31 March 2014 are less than last

year, primarily because RMG and POL are using some of the surplus assets, as well as their regular contributions, to pay for the benefits members are building up each year. Because of this, it is expected that the surpluses will continue to reduce over time.

How much do RMG and POL pay into the Plan for me?

After the 2012 funding update, the Trustee agreed with both employers that each should pay 17.1% of contributory pay towards the pension that most of their employee members are building up. Employee members pay 6% of their contributory pay towards their benefits.

What if the Plan is wound up?

We have to tell you the Plan's funding level if it was wound up, and the assets and responsibility for paying your benefits were

transferred to an insurance company.

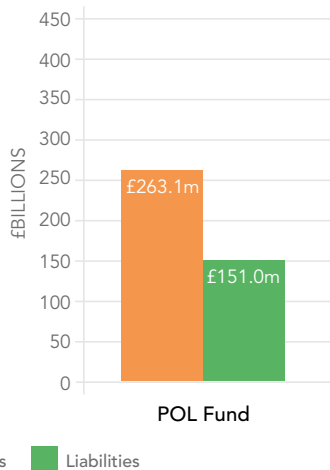
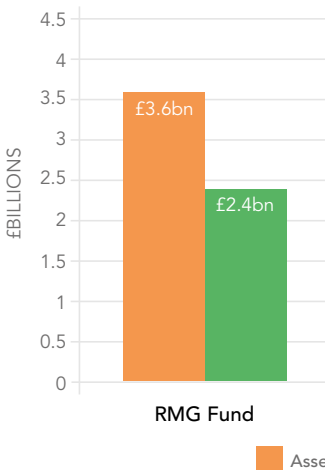
On this basis, and based on the last full valuation at 31 March 2012, both the RMG and the POL funds could meet 100% of their commitments. For the reasons mentioned above, the funding levels on this basis will also reduce over time.

Finally, we have to tell you that over the past year we didn't pay any 'surplus assets' to Royal Mail Group or Post Office Limited. Also, the Pensions Regulator has not imposed any orders on the Plan to change the rate of contributions or benefits.

Finding out more

If you want to find out more about Plan funding, there are detailed documents on our website – www.royalmailpensionplan.co.uk:

- The Statement of Funding Principles sets out the funding strategy and target.
- The Schedule of Contributions shows how much money your Employer is paying into the Plan.
- The Report of the last Actuarial Valuation sets out the full funding check at 31 March 2012. A full check usually happens every three years.



Topping up your pension with Additional Voluntary Contributions



It's important to keep reviewing the amount of money you'll need when you retire. When you do this, you might decide that you'd like to save a little more money.

A great way to do this is through Additional Voluntary Contributions (AVCs).

AVCs are a way of paying extra money into your pension, meaning you'll have more money when you retire. When you make AVCs, they build up in a separate 'pot'. And because they're subject to tax relief, they're a tax-efficient way of saving.

You can pay in from as little as £1 a week, and you can pay in lump sums too. When the time comes, you can take your AVCs as a tax-free lump sum. Or you can use them to get a bigger pension when you decide to take your Plan benefits.



To learn more about Additional Voluntary Contributions, visit the AVCs page at royalmailpensionplan.co.uk, or contact the Pensions Helpline using the details on page 8.



Getting to know the team

Mark Rugman - Head of Membership and Benefits

What's your background in the Royal Mail Pension Plan?

I joined the Pensions Helpline back in 1998. I spent two happy years as part of the team that answered calls from people who had questions about the Plan.

What does your job involve?

I've been part of the Trustee Executive team in London since 2005. The team supports the work of the Trustee Board. My main responsibility is to make sure the Plan is run according to the rules. I also monitor the Pensions Service Centre, and I look after member communications – things like this newsletter and the annual benefit illustrations.

What achievement are you most proud of?

I recently did a tandem skydive with my sister-in-law, falling from a plane at 13,000ft! We raised over £2,000 for a local hospital. It was a fantastic but nerve-racking experience!

What lies ahead in the coming months?

I'm excited to be leading a new project to improve the way we communicate with Plan members. The changes we make will help you understand your options and benefits better than ever before. We'll also be making the Plan's website more helpful and interactive. There's a lot to keep me busy!

What do you like to do when you're not in work?

I'm lucky to live on the edge of the Peak District, so at weekends I walk my dog and enjoy the wonderful scenery. I have a garden which I like to look after and relax in on a sunny weekend afternoon. And I love to try out my amateur cooking skills on family and friends!

What are you looking forward to doing when you retire?

I'd really like to travel more – Australia and Canada are top of my 'to do' list. As a member of the Plan myself, it's great to know that I'm already saving for the time when I can slow down a bit.

Flexible retirement

If you're approaching 60 and still working, you might be wondering what to do about retirement. Will you retire and take all your pension benefits or perhaps keep working and build up a bit more?

You can take some of your benefits in full at 60

All the benefits you built up before April 2010 can be paid in full from age 60 - we call these 'NRA60 benefits'. Think seriously about taking these benefits because the Plan doesn't backdate or uplift NRA60 benefits if you don't take them at 60. And it won't pay any interest on your lump sum if you don't take it at 60, either.

So you could lose out on getting a monthly pension and a lump sum.

You can carry on building up benefits to take from 65

You can take your NRA60 benefits and keep working and building up extra pension that would be paid from 65 - we call these NRA65 benefits. All your service after 1 April 2010 counts towards your NRA65 benefits.

It's up to you!

You can find out more in our guide to flexible retirement. It's on our website or you can get one from the Pensions Helpline.

You need to consider carefully what would be best for you. You may want to take independent financial advice – particularly if you're unsure of what to do. You can find a local independent financial adviser by visiting www.unbiased.co.uk.



Help us help your loved ones

Keep your Death Benefit Nomination up to date

Don't forget, your loved ones will receive a lump sum if you died while still paying into the Plan, after you have left or within five years of taking your benefits.

Make sure you tell us who you'd like your lump sum death benefit to be paid to, by filling in a Death Benefit Nomination. It's really important you check your nomination, and keep it up to date, so we're aware of your most recent wishes.

How to complete your Death Benefit Nomination

- 1 Go online at www.royalmailpensionplan.co.uk.
- 2 Go to 'Quicklinks' towards the bottom right of the page and click on 'Death Benefit Nomination'.
- 3 Choose the right nomination form from the 'Downloads' table, then download and print it.
- 4 Fill the form out, then post it back to The Pensions Service Centre, PO Box 500, Chesterfield, S49 1WX.

If you'd prefer us to post a nomination form to you, or if you've got any other questions about lump sum death benefits, please call the Pensions Helpline using the details on page 8.

We've won two awards!

We're delighted to announce that our Pensions Service Centre has won another two awards:

Winner

'Team Excellence in Administration'
at the Engaged Investor Trustee awards.



Winner



'Best Administration'
at the Professional
Pensions Scheme of
the Year awards.



Duncan Codling, Head of Pensions and Leavers (left) receives the award from Jonathan Stapleton, editor of Professional Pensions

Get in touch with us

If you need more information about your pension:



The Pensions Helpline on 0114
241 4545 or Postline 5456 4545



pensions.helpline@royalmail.com



www.royalmailpensionplan.co.uk



The Pensions Service Centre,
PO Box 500, Chesterfield,
S49 1WX

Want to know more about the Budget changes to pensions? Visit www.royalmailpensionplan.co.uk and click on the 'updates' section.

! If you get in touch, please tell us your full name and date of birth, along with your National Insurance or Pension Plan number. These details help us find the information you need more quickly.