

Trustee Report ...2017



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Welcome from our Trustee Chair, Joanna Matthews

Welcome to the 2017 edition of the Trustee Report, our opportunity to update you on what happened during the last Plan Year (1 April 2016 to 31 March 2017).

The second 2017 edition of 'Your News, in a nutshell', issued in June, was an opportunity to communicate the finalised 2015 Actuarial Valuation and 2016 funding update results. We'll talk a bit more about those results in this report, along with the decision to close the Royal Mail Group (RMG) section of the Plan from 1 April 2018.

What's happened over the year?

We've had no changes in the Trustee Board over the year to 31 March 2017, following the reappointment of Graeme Cunningham as a Member-Nominated Trustee Director, after an election which saw three others put their name forward.

We know that it's important to you that we keep you up-to-date with what's happening with the Plan's money, so we've included the usual summary on pages 4 to 6.

The future of the Plan

In the Trustee Report last year, I talked about the outcome of the consultation run by Post Office that proposed to close its sections of the Plan, and RMG's ongoing discussions with its unions about the future of its

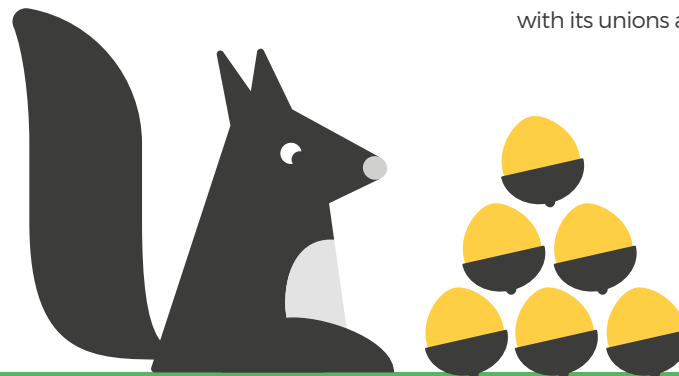
pension provision. Since then I have written to you to confirm that the Trustee has agreed to the closure of the Post Office section of the Plan from 1 April 2017 and the closure of the RMG section from 1 April 2018. There is some more detail about these closures on the next page, but the overriding message is that any Plan benefits you have built up to the date of closure are safe and protected by law; which means they will not be reduced as a result of the closure, and will be paid in the same way as before.

If you have any questions about your benefits in the Plan just get in touch with the Pensions Service Centre using the details on page 7. They have recently moved offices so please check you use the correct contact details.

**I hope you enjoy catching
up with our news.**



JOANNA MATTHEWS
CHAIR OF TRUSTEE
ROYAL MAIL
PENSION PLAN



Plan news – closure and the future of the Plan

The decision to close the Plan to new benefits

As you will know, both Post Office and RMG ran consultations on their pension provision, which both concluded with proposals to close their respective sections of the Plan. We wrote to all affected members to explain why the Trustee, after very careful consideration, reluctantly agreed to both proposals. These letters are available from the News section of the Plan's website, www.royalmailpensionplan.co.uk, under 'About Your Plan' in the main menu.

Post Office members

The Post Office section of the Plan closed on 31 March 2017 and all affected members should have received a statement in May, confirming the amount of benefits they've earned up until that date, which we hope will reassure members that those benefits are safe and secure in the Plan. Members also received a leaflet which explained how their benefits will increase, and the protections that will apply, as long as they remain in employment with Post Office.

The security of all members' benefits is now improved.

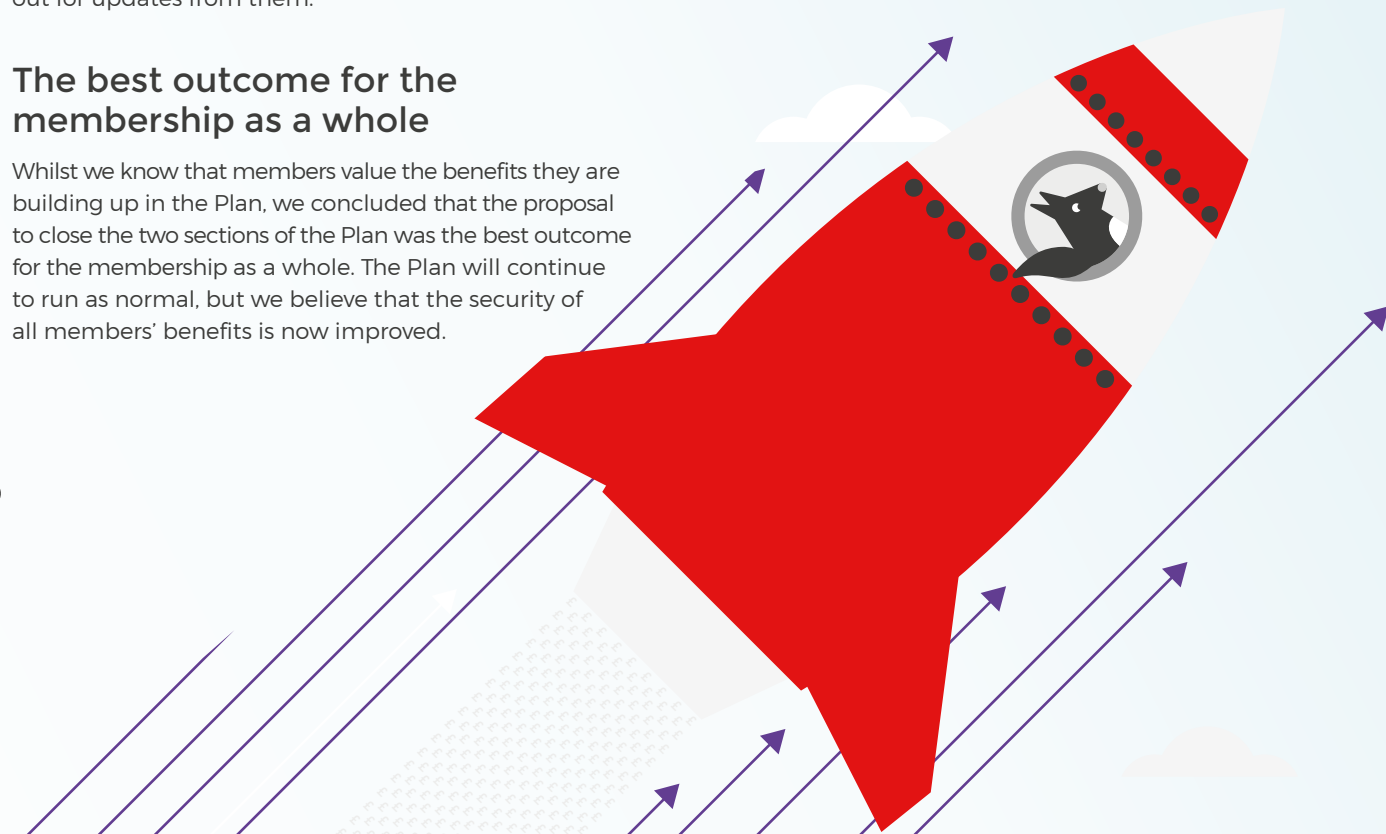


Royal Mail members

The RMG section of the Plan will close on 31 March 2018. Affected members will receive a similar statement to reassure them that their benefits at that point will be safe and protected by law; which means they will not be reduced as a result of the closure, and will be paid in the same way as before. RMG and the unions are currently discussing future pension arrangements, so keep an eye out for updates from them.

The best outcome for the membership as a whole

Whilst we know that members value the benefits they are building up in the Plan, we concluded that the proposal to close the two sections of the Plan was the best outcome for the membership as a whole. The Plan will continue to run as normal, but we believe that the security of all members' benefits is now improved.



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

The Plan is financially secure, with around £10,257 million invested at 31 March 2017.

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.

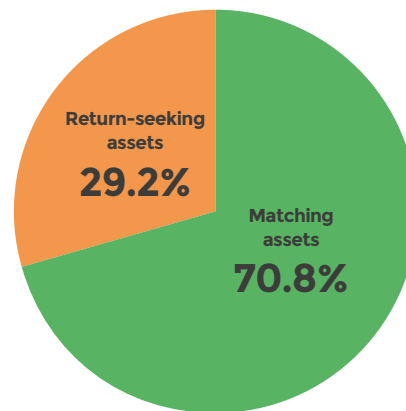
It’s the Trustee’s duty to make sure the Plan’s money (known as ‘assets’) is invested in the best way possible. That means making sure that the money is both secure and able to grow.

The Trustee, with the help of trained professionals, has invested 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 the Plan’s ‘liabilities’) whereas return-seeking assets are invested with the aim of increasing in value as much as possible.

How has the Trustee decided to invest the Plan’s money?

The following pie chart shows that the Plan has over twice as many matching assets as it does return-seeking assets, for a good balance between security and growth.

Asset split as at 31 March 2017



What happened over the last Plan Year?

We’re pleased to say that, not including any money paid in, the matching assets have gone up by 47.2% over the year and the return-seeking assets have gone up by 17.4%

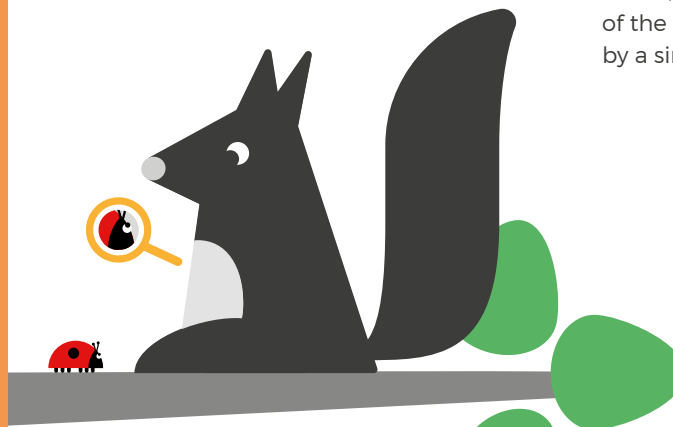
As you’ll see on the next page, the Plan’s assets have gone up by over £2,700 million over the year, but this doesn’t necessarily mean that the Plan is more secure. This is because a lot of the increase has been down to the growth of the matching assets, which means that the value of the Plan’s liabilities has increased by a similar amount too.

What does this mean for the security of the Plan?

To see what effect the increase in the value of assets has on the security of the Plan we also need to look at the value of the Plan’s liabilities, in other words, what the Plan will need to pay for in the future. We did this as part of the 2015 three-yearly Actuarial Valuation and the 2016 annual funding update. In our summer newsletter, we explained that the Plan’s assets increased between 2015 and 2016 by around £1,000 million, but the liabilities increased by around £1,300 million. This meant that the Plan’s ‘surplus’ (assets less liabilities) fell by nearly £300 million. On current forecasts, we expect the Plan’s surplus to run out by 2018.

Want to know more?

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



What goes into the Plan and what goes out?

What goes in?

We've seen that the Plan'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 Plan) stopped on 31 March 2017 when that section closed.

What goes out?

The Plan'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 Plan properly.

What happened over the last Plan Year?

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

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

		2016/17
	Plan assets at 1 April 2016	£7,554 million
+	What's been paid in	£499 million
-	What's gone out	£66 million
+	How much the Plan investments have grown	£2,270 million
=	Plan assets at 31 March 2017	£10,257 million

These numbers are for the whole Plan; 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 Plan's Annual Report and Accounts, available from the Library section of our website www.royalmailpensionplan.co.uk.



Members in the Plan

- what's happened over the year?

When we look at what's happened to the Plan's membership over the Plan Year, we can see that there are a lot more members paying into the Plan 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.

From 1 April 2017, all Employee members of the Post Office section stopped building up benefits and, therefore, stopped contributing to the Plan.

The table below shows how many members of the Plan there were at 31 March 2017 and how these numbers have changed since 2016:

	2016	2017
Employee members	97,023	90,930
Pensioner members	11,650	15,239
Deferred members	12,550	14,974
Total	121,223	121,143



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.



www.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.

Staying alert

Remember, please stay alert for pension scammers. Scammers take advantage of people who want to try and get more out of their pension savings, by promising them investment deals that are too good to be true. These deals are often in unregulated investments, such as wine, diamonds and land. These investments can lead to high tax charges and penalties. You could even lose all your pension savings.

The Pensions Regulator has launched a new campaign at www.pension-scams.com to help you protect yourself from scammers. The website includes information about how to recognise pension scammers,

how to check that you are using a properly qualified and registered financial adviser and what to do if you think you've been scammed.



Remember, your pension is extremely valuable and if a deal sounds too good to be true, it probably is. Always stop

and think, if you receive an offer that you didn't ask for.



Let us know what you think

As always, we want to hear your thoughts about the way we communicate with you. If you can spare a minute to let us know what you think, just drop us an email to pensions.helpline@royalmail.com with the subject line 'Trustee Report feedback'.

