


Flexible pension: your options



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When you turn 55, you have a number of options to choose from when it comes to taking your pension benefits. This guide explains your options.



If you were an employee member of the Royal Mail Pension Plan (RMPP) on 1 April 2012, this guide is for you.

What's this guide about?

When you turn 55, you have a number of options to choose from when it comes to taking your benefits. This doesn't mean you have to stop working. You can keep working and take some, or all, of your benefits at the same time. This guide is here to help you understand your options, so you can make an informed decision. Which option is best for you will depend on your personal circumstances, so you need to think carefully before you choose.

This guide is only for people who are still working for Royal Mail, or associated employers, and are contributing to the RMPP.

If you've stopped working for your employer, and your benefits from the RMPP are being held until you take them, you need to refer to the information that you received when you left and/or the information on our website: royalmailpensionplan.co.uk.



What's a pension scheme?

A pension scheme is a way to save so you have some money to live on when you're older. You and your employer pay regular amounts of money in to a pension scheme and in return you get a regular income and the option of tax-free cash later in life.

Some pension schemes give you other benefits too. For example, with this one, you get ill health retirement and death benefits. In addition, you may receive extra payments from the Company – please contact your HR Service Centre to find out more. These benefits are separate to any payments you'd get from your employer. Find out more about your benefits at: royalmailpensionplan.co.uk.

The Government's rules say that the legal minimum age you can usually start taking money from your pension scheme is 55. The maximum age is 75.




What's Flexible Pension?

If you haven't heard of Flexible Pension yet, this guide explains what it is. Flexible Pension isn't something new – we've offered it for some time.

Flexible Pension is a way you can start taking some, or all, of your benefits sooner than you might think if you keep working for your employer.

You'd normally be able to start taking your benefits at 60 or 65. (Find out more on page 15.) With Flexible Pension, you can start taking your benefits as early as 55. This is the minimum age set by the Government.

Flexible Pension gives you the freedom to make important choices for your future – whether that means having a bit of extra money to supplement your income now, reducing your hours if your employer agrees, or carrying on as you are and building up your benefits for later. It's your choice whether you take your benefits early or not. You don't have to if you don't want to – you can carry on contributing to the RMPP as you were.



There are a number of different Flexible Pension options to choose from, depending on:

- Your personal circumstances; and
- How old you are.

Different options will suit different people, and the amount you get will be reduced if you take your benefits early. So, before you make a decision, make sure you understand how each option would affect you. You might want to get advice from an Independent Financial Adviser. To find out more, go to: [unbiased.co.uk](https://www.unbiased.co.uk).

What else do I need to know before I read on?

On 1st April 2010, the age you'd normally start taking your benefits increased from 60 to 65 for benefits that build up from that date. As a result, there are two parts to your benefits:

Your Age60 benefits

The benefits you earned before 1st April 2010. You'd normally take these benefits when you turn 60.

Your Age65 benefits

The benefits earned from 1st April 2010. You'd normally take these benefits when you turn 65.

You can take your Age60 and Age65 benefits separately, but you need to take all of your Age60 benefits at the same time, and all of your Age65 benefits at the same time.

Because the Government took over the responsibility for paying benefits built up before 1st April 2012, you have benefits in two pension schemes:

The Royal Mail Pension Plan (RMPP)

The Royal Mail Statutory Pension Scheme (RMSPS)

The RMPP is administered by Royal Mail's Pensions Service Centre. The RMSPS is administered by Capita.

What we mean by 'your pay'

When we say 'your pay', we mean the pay that we use to calculate your benefits. What this includes will depend on different things, like which section of the RMPP you're in and how much of your pay counts towards your pension. To find out more, please go to: royalmailpensionplan.co.uk or contact the Pensions Service Centre. You can find their contact details on the back cover.

What's best for you will depend on your personal circumstances, so you'll need to think carefully before you make a decision.

What are my options?

The rest of this guide explains the options you can choose from at different stages of your life. Pages 8 to 9 give you an overview of all the options. Pages 10 to 21 go into more detail. They explain the advantages and disadvantages of each option.

Your benefits from the RMSPS and RMPP need to be taken at the same time.

For more information please get in touch with the Pension Service Centre (RMPP) and Capita (RMSPS). Their contact details are on the back page.



A quick overview

Age 55 – 60

What are my options?	What happens to...			Do I keep contributing?	Do I leave the RMPP?	Where can I read more?
	my Age60 benefits?	my Age65 benefits?	the other benefits I get?			
1. Carry on as you are and don't take any benefits early	Your Age60 benefits stay linked to your pay until you leave the RMPP or decide to take them. You can still take them in full at 60.	You carry on building up your Age65 benefits. You can still take them in full at 65.	You still get access to the ill health retirement and death benefits.	Yes	No	Pg. 11
2. Take just your Age60 benefits early	You take your Age60 benefits early – at a reduced rate.	You carry on building up your Age65 benefits. You can still take them in full at 65.	You still get access to the ill health retirement benefits. Your death benefits will be less.	Yes	No	Pg. 12
3. Take just your Age65 benefits early	You won't build up any more Age60 benefits. They will be held for you until you're 60. You must take them in full at 60.	You take your Age65 benefits early – at a reduced rate.	You no longer get access to the ill health retirement benefits. Your death benefits will be less.	No	Yes	Pg. 13
4. Take all of your benefits early	You take your Age60 benefits early – at a reduced rate.	You take your Age65 benefits early – at a reduced rate.	You no longer get access to the ill health retirement benefits. Your death benefits will be less.	No	Yes	Pg. 14

A quick overview (continued)

Age 60 – 65

What are my options?	What happens to...			Do I keep contributing?	Do I leave the RMPP?	Where can I read more?
	my Age60 benefits?	my Age65 benefits?	the other benefits I get?			
1. Take just your Age60 benefits	You take your Age60 benefits in full.	You carry on building up your Age65 benefits. You can still take them in full at 65.	You still get access to the ill health retirement and death benefits. Your death benefits will be less.	Yes	No	Pg. 16
2. Take all of your benefits	You take your Age60 benefits in full.	You take your Age65 benefits early – at a reduced rate.	You no longer get access to the ill health retirement benefits. Your death benefits will be less.	No	Yes	Pg. 17

Age 65 – 75

1. Take just your Age60 benefits (if you haven't already done this)	You take your Age60 benefits in full.	You carry on building up your Age65 benefits. You can still take them in full at any time before you turn 75.	Once you've turned 65, you're no longer eligible for the ill health retirement benefits. Your death benefits will be less.	Yes	No	Pg. 20
2. Take all of your benefits	You take your Age60 benefits in full.	You take your Age65 benefits in full.	Once you've turned 65, you're no longer eligible for the ill health retirement benefits. Your death benefits will be less.	No	Yes	Pg. 21

From 55 to your 60th birthday

Between age 55 and your 60th birthday, you can choose one of the following four options if you keep working for your employer:

Carry on as you are and don't take any benefits early **1**

Take just your Age60 benefits early **2**

Take just your Age65 benefits early **3**

Take all of your benefits early **4**



Carry on as you are and don't take any benefits early

1

What are the advantages?

- You'll carry on building up your benefits until you decide to take them, leave service, opt out of the RMPP, reach age 75 or die.
- Your benefits won't be reduced – you can still take your Age60 benefits in full at 60 and your Age65 benefits in full at 65.
- You'll still get access to the ill health retirement and death benefits that come with the RMPP.

What are the disadvantages?

- There aren't any obvious disadvantages to choosing this option, but whether it suits you depends on your individual circumstances.

Here's some more information on each option.



From 55 to your 60th birthday (continued)

Take just your Age60 benefits early

2

You'd normally start taking your Age60 benefits when you turn 60, but you can choose to take them as early as 55.

What are the advantages?

- You can access your money if you really need it now.
- You can carry on building up your Age65 benefits until you decide to take them, leave service, opt out of the RMPP, reach age 75 or die.
- Your Age65 benefits won't be reduced – you can still take them in full at 65.
- As long as your employer agrees, you could reduce the hours you work and not have such a big drop in income as if you'd reduced your hours without taking your Age60 benefits.
- You'll still get access to the ill health retirement and death benefits that come with the RMPP.

What are the disadvantages?

- Your Age60 benefits will be reduced by approximately 5% for each year you take them before 60. So, if you took your Age60 benefits at 55, the amount you'd get would be reduced by approximately a quarter when they start being paid to you.
- Your Age60 benefits will increase each year in line with inflation, but they'll never go up to what they would have been if you'd waited until 60 to take them.
- Once you've started taking your Age60 benefits, you can't change your mind. So if your circumstances change, you can't go back.
- Your death benefits will be less.
- If taking your Age60 benefits means your overall income increases, you may have to pay more tax.
- If your overall income is higher, any state benefits you have – for example, tax credits – may be affected.

Take just your Age65 benefits early

3

You'd normally start taking your Age65 benefits when you turn 65, but you can choose to take them as early as 55.

What are the advantages?

- You can access your money if you really need it now.
- As long as your employer agrees, you can reduce the hours you work and not have such a big drop in income as if you'd reduced your hours without taking your Age65 benefits.

What are the disadvantages?

- Your Age65 benefits will be reduced by approximately 5% for each year you take them before 65. So, if you took your Age65 benefits at 55, the amount you'd get would be reduced by approximately half when they start being paid to you.
- Your Age65 benefits will increase each year in line with inflation, but they'll never go up to what they would have been if you'd waited until 65 to take them.
- You stop contributing, so you leave the RMPP. This means you won't build up any more benefits.

- Once you've started taking your Age65 benefits, you can't change your mind. So, if your circumstances change, you can't go back.
- You won't have access to the other benefits that come with the RMPP, such as ill health retirement benefits.
- Your death benefits will be less.
- If taking your Age65 benefits means your overall income increases, you may have to pay more tax.
- If your overall income is higher, any state benefits you have – for example, tax credits – may be affected.
- If you're a Section A/B member, the RMSPS part of your benefits will be revalued in line with the Consumer Prices Index (CPI), rather than the Retail Prices Index (RPI).

Anything else I need to know?

With this option, you leave the RMPP. Because of the Government's rules, you might automatically join your employer's defined contribution pension scheme. This is called auto-enrolment.

If you don't want to stay in the defined contribution pension scheme, you can opt out. Check with your employer to find out how auto-enrolment applies to you.

From 55 to your 60th birthday (continued)

Take all of your benefits early

4

You'd normally start taking your Age60 benefits at 60 and your Age65 benefits at 65. But you can choose to take all of your benefits as early as 55.

What are the advantages?

- You can access your money if you really need it now.
- As long as your employer agrees, you could reduce the hours you work and not have such a big drop in income as if you'd done this without taking your Age60 and Age65 benefits.

What are the disadvantages?

- Your Age60 and Age65 benefits will be reduced by approximately 5% for each year you take them before you normally would. So, if you took your Age60 benefits at 55 instead of 60, the amount you'd get would be reduced by approximately a quarter when they start being paid to you. If you took your Age65 benefits at 55 instead of 65, the amount you'd get would be reduced by approximately half.

- Your Age60 and Age65 benefits will increase each year in line with inflation, but they'll never go up to what they would have been if you'd waited until 60 or 65 to take them.
- You stop contributing, so you leave the RMPP. This means you won't build up any more benefits.
- Once you've started taking your benefits, you can't change your mind. So, if your circumstances change, you can't go back.
- You won't have access to the other benefits that come with the RMPP, such as ill health retirement benefits.
- Your death benefits will be less.
- If taking your Age60 and Age65 benefits means your overall income increases, you may have to pay more tax.
- If your overall income is higher, any state benefits you have – for example, tax credits – may be affected.

Anything else I need to know?

With this option, you leave the RMPP. Because of the Government's rules, you might automatically join your employer's defined contribution pension scheme. This is called auto-enrolment. If you don't want to stay in the defined contribution pension scheme, you can opt out. Check with your employer to find out how auto-enrolment applies to you.

From 60 to your 65th birthday

At 60, you can take your Age60 benefits in full. They won't be reduced.

Between age 60 and your 65th birthday, you can choose one of the following two options if you keep working for your employer:

Take just
your Age60
benefits

1

Take all
of your
benefits

2



From 60 to your 65th birthday (continued)

Take just your Age60 benefits

1

You'd normally start taking your Age60 benefits when you turn 60. You can carry on building up your Age65 benefits for later.

What are the advantages?

- You can take your Age60 benefits in full. They will increase each year in line with inflation.
- You'll carry on building up your Age65 benefits until you decide to take them, leave service, opt out of the RMPP, reach age 75 or die.
- Your Age65 benefits won't be reduced – you can still take them in full at 65.
- As long as your employer agrees, you could reduce the hours you work and not have such a big drop in income as if you'd done this without taking your Age60 benefits.
- You'll still get access to the ill health retirement and death benefits that come with the RMPP.

What are the disadvantages?

- Once you've started taking your benefits, you can't change your mind. So, if your circumstances change, you can't go back.
- Your death benefits will be less.
- If taking your Age60 benefits means your overall income increases, you may have to pay more tax.
- If your overall income is higher, any state benefits you have – for example, tax credits – may be affected.

Your Age60 benefits are unlikely to grow significantly if you don't take them at 60. If you choose to wait to take your Age60 benefits, your payments won't be backdated to when you were 60, so you won't get the benefit of that money.

Take all of your benefits

2

You'd normally start taking your Age60 benefits when you turn 60 and your Age65 benefits when you turn 65, but you can choose to take your Age65 benefits early.

What are the advantages?

- You can take your Age60 benefits in full. They will increase each year in line with inflation.
- You can access your money from your Age65 benefits if you really need it now.
- As long as your employer agrees, you could reduce the hours you work and not have such a big drop in income as if you'd done this without taking your Age60 and Age65 benefits.

What are the disadvantages?

- Your Age65 benefits will be reduced by approximately 5% for each year you take them before 65. So, if you took your Age65 benefits at 60, the amount you'd get would be reduced by approximately a quarter when they start being paid to you.

- Your Age65 benefits will increase each year in line with inflation, but they'll never go up to what they would have been if you'd waited until 65 to take them.
- You stop contributing, so you leave the RMPP. This means you won't build up any more benefits.
- Once you've started taking your benefits, you can't change your mind. So, if your circumstances change, you can't go back.
- You won't have access to the other benefits that come with the RMPP, such as ill health retirement benefits.
- Your death benefits will be less.
- If taking your Age60 and Age65 benefits means your overall income increases, you may have to pay more tax.
- If your overall income is higher, any state benefits you have – for example, tax credits – may be affected.

Anything else I need to know?

With this option, you leave the RMPP. Because of the Government's rules, you might automatically join your employer's defined contribution pension scheme. This is called auto-enrolment. If you don't want to stay in the defined contribution pension scheme, you can opt out. Check with your employer to find out how auto-enrolment applies to you.

What is auto-enrolment?

Most people are not saving enough for when they retire, so the Government has changed the way pensions work. Under the new rules, each employer has to offer their employees a pension scheme that meets the standards the Government has set. They have to make some employees members of the pension scheme automatically, depending on how old they are and how much they earn. Anyone who doesn't want to stay in the scheme can opt out.

Your Age60 benefits are unlikely to grow significantly if you don't take them at 60. If you choose to wait to take your Age60 benefits, your payments won't be backdated to when you were 60, so you won't get the benefit of that money.



From age 65

At 65, you can take your Age65 benefits in full. They won't be reduced. (You can take your Age60 benefits in full at 60.)

Once you turn 65, you're no longer eligible for the ill health retirement benefits that come with the RMPP.

When you reach 65, you can choose one of the following two options if you keep working for your employer:

1
Take just your Age60 benefits
(if you haven't already done this)

2
Take all of your benefits



From age 65 (continued)

Take just your Age60 benefits
(if you haven't already done this)

1

You'd normally start taking your Age60 benefits at 60, and your Age65 benefits at 65, but you can carry on building up your Age65 benefits for later if you keep working.

What are the advantages?

- You can take your Age60 benefits in full. They will increase each year in line with inflation.
- You'll carry on building up your Age65 benefits until you decide to take them, leave service, opt out of the RMPP, reach age 75 or die.
- Your Age65 benefits won't be reduced – you can still take them in full at any time up until you turn 75.
- As long as your employer agrees, you could reduce the hours you work and not have such a big drop in income as if you'd done this without taking your Age60 benefits.

What are the disadvantages?

- Once you've started taking your benefits, you can't change your mind. So, if your circumstances change, you can't go back.
- Your death benefits will be less.
- If taking your Age60 benefits means your overall income increases, you may have to pay more tax.
- If your overall income is higher, any state benefits you have – for example, tax credits – may be affected.

Your Age60 benefits are unlikely to grow significantly if you don't take them at 60. And if you choose to wait to take your Age60 benefits, your payments won't be backdated to when you were 60, so you won't get the benefit of that money.

Take all of your benefits

2

You'd normally start taking your Age60 benefits at 60, and your Age65 benefits at 65.

What are the advantages?

- You can access Age60 and Age65 benefits in full. They will increase each year in line with inflation.
- As long as your employer agrees, you could reduce the hours you work and not have such a big drop in income as if you'd done this without taking your Age60 and Age65 benefits.



What are the disadvantages?

- You stop contributing, so you leave the RMPP. This means you won't build up any more benefits.
- Once you've started taking your benefits, you can't change your mind. So, if your circumstances change, you can't go back.
- Your death benefits will be less.
- If taking your Age60 and Age65 benefits means your overall income increases, you may have to pay more tax.
- If your overall income is higher, any state benefits you have – for example, tax credits – may be affected.

How do I choose?

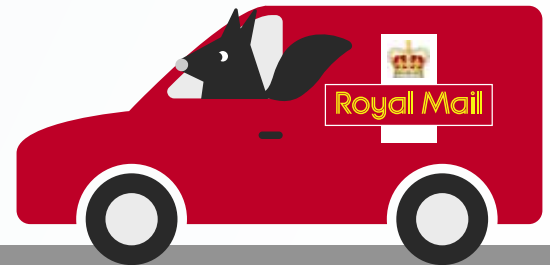
Which option's right for you will depend on your personal circumstances, so you'll need to think carefully before you make a decision.

To help you work out what's best for you, you can speak to an Independent Financial Adviser. They'll probably charge you for their time.

You can find details of your nearest Independent Financial Adviser at: unbiased.co.uk.

You can find out more about the other benefits by visiting the website: royalmailpensionplan.co.uk.

The law says we're not allowed to give you financial advice. For example, the Pensions Service Centre won't be able to tell you what to do or which option is best for you. However, they can explain anything you don't understand.



Notes

How do I get in touch?

If you'd like to know more about your Flexible Pension options please get in touch.

For **RMPP** benefits, contact the Pensions Service Centre:

Pensions Service Centre
PO Box 5863
Sheffield
S98 6AB

0345 603 0043

pensions.helpline@royalmail.com

royalmailpensionplan.co.uk

The Pensions Service Centre are available between 8.30am and 5.00pm, Monday to Friday.

For **RMSPS** benefits, contact Capita:

Royal Mail Statutory Pension Scheme
PO Box 551
Darlington
DL1 9TX

Email: **enquiries@rmsps.co.uk**

Telephone: **0333 222 0078**




Overseas: **+441325 271 861**



When you contact the **Pensions Service Centre** and **Capita**, please give the following information:

- your full name
- your date of birth
- either your National Insurance number or your membership number

You can also download all of our information booklets at **royalmailpensionplan.co.uk**



The RMPP is managed by the Trustee. It's governed by formal, legal documents known as the Trust Deed and Rules. If there's a conflict between those documents and this guide, the Trust Deed and Rules will be considered correct.