

# Guide to Benefits



## For Section **A/B and C members**

This guide contains an overview of the Section A/B and C benefits of the Royal Mail Statutory Pension Scheme (**RMSPS**) and the Royal Mail Pension Plan (**RMPP**).



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# Introduction

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This guide explains the benefits you get as a member of the Royal Mail Pension Plan (the **RMPP**).

Membership of the **RMPP** continues to be open to Royal Mail employees who started work for Royal Mail before 1 April 2008. With effect from 1 April 2018, membership of the **RMPP** is open to Royal Mail employees who have at least five years' service with the **Company** including four years' continuous service at the standard contribution rate in the Royal Mail Defined Contribution Plan (the RMDCP).

The transfer in of benefits, is not generally permitted.

The **RMPP** is governed by formal legal documents known as the Trust Deed and Rules. If there is a conflict between the Trust Deed and Rules and this Member Guide, the Trust Deed and Rules will prevail.

## Who is this Member Guide for?

This guide is for you if you joined the **RMPP** prior to April 2018 and you are either a member paying into the **RMPP** and building up benefits ('Employee members') or you have left since 1 April 2018 but not yet taken your benefits.



## The 2012 Pension Transfer

Responsibility for looking after and paying your pension benefits is shared between Government and Royal Mail. That's because the Government set up the Royal Mail Statutory Pension Scheme (**RMSPS**) to take on the majority of the assets and liabilities of the **RMPP** in 2012.

The **RMSPS** looks after and pays the benefits built up by members of the **RMPP** before 1 April 2012. The **RMPP** is responsible for paying your benefits which continued to build up on and from this date. Whilst **we** expect you will eventually receive part of your benefits from the **RMSPS** and part from the **RMPP**, the calculation of the separate benefit components is designed to achieve an outcome where the overall amount will be no less than if the transfer had not happened.

# Your pension benefits up to 31 March 2018

## – Section B

Royal Mail and the **Trustee** of the **RMPP** agreed to close the existing defined benefit within Section B, to the future build up of benefits, with effect from 31 March 2018. If you originally joined the **RMPP** before 1 April 1987, you would have been in Section B. A very small number of members still in service may have joined before 1 December 1971. If that's you, you would have been in Section A. You'll have the option to have your benefits paid under Section B terms and it will almost certainly be in your interest to do so. **We**'ll explain the differences when **we** write to you before you take your benefits.

Section B will provide you with a pension and tax-free cash at retirement in

respect of your **reckonable service** up to 31 March 2018. The retirement ages in Section B are 60 and 65 (depending on the period of service). The way your pension and tax-free cash built up was a mixture of a 'Final Salary' calculation (up to 2008) and a 'Career Salary' method since then. Both calculations combine to provide you with a pension and tax-free cash amount linked to your pay and the length of time you were contributing – up to a maximum of 45 years' service.

You can take your benefits without reduction on reaching your **Normal Retiring Age (NRA)** - this is age 60 for benefits built up to 31 March 2010 and age 65 for benefits built up thereafter (as shown below).



### The benefits up to 31 March 2018 will be calculated as follows:

1. For your **reckonable service** up to and including 31 March 2008:  
Your pension is worked out as 1/80th of your **pensionable salary** for each year (or part year) of **reckonable service** completed before 1 April 2008.



2. For your **reckonable service** on and after 1 April 2008:  
Your pension is calculated as the total of your revalued pension blocks earned up to 31 March 2018. You can find out more about how your pension blocks are calculated on the next page.

You are also entitled to a lump sum which is linked to the value of your pension. The lump sum is typically three times the total pension from 1 and 2 – see page 4.

The maximum combined pension in respect of service up to 31 March 2018 is equal to that calculated using a maximum of 45 years' **reckonable service**. If you completed more than 45 years' **reckonable service** you would not have built up any further pension blocks but, provided you continue in **reckonable service**, all your pension blocks will

continue to be revalued up to the last **renewal date** before you take your benefits or leave **reckonable service**.

After 2018 (whilst you remain in **Company** employment) your final salary pension (i.e. related to **reckonable service** up to 31 March 2008) will continue to be linked to your **pensionable salary**. Your CSDB pension blocks and lump sum blocks (for **reckonable service** from 1 April 2008 to 31 March 2018) will continue to increase in line with inflation as measured by the Retail Prices Index up to a maximum of 5%.

## How are my pension blocks and lump sum blocks calculated?

For your **reckonable service** on and after 1 April 2008, your pension builds up year by year. Your pension will be equal to 1/80th of your **CSDB pensionable pay** earned each year (or part year). You will also build up a lump sum benefit each year of (typically) three times the value of the pension. These are your pension blocks and lump sum blocks.

Each pension block and lump sum block is revalued at the end of the following **Plan Year** (on the **renewal date**), and thereafter on each subsequent **renewal date**, for as long as you remain in **reckonable service**. They will be increased in line with the annual increase in the Retail Prices Index (RPI), as at the previous September, subject to a maximum of 5% and a minimum of 0% each year.

For each year that you remain contributing, the pension blocks and lump sum blocks you build up for that year

will be added to the previous years' blocks. When you come to take your pension, the overall benefit amount will be:

**The total of all the blocks earned while you were in reckonable service.**

+

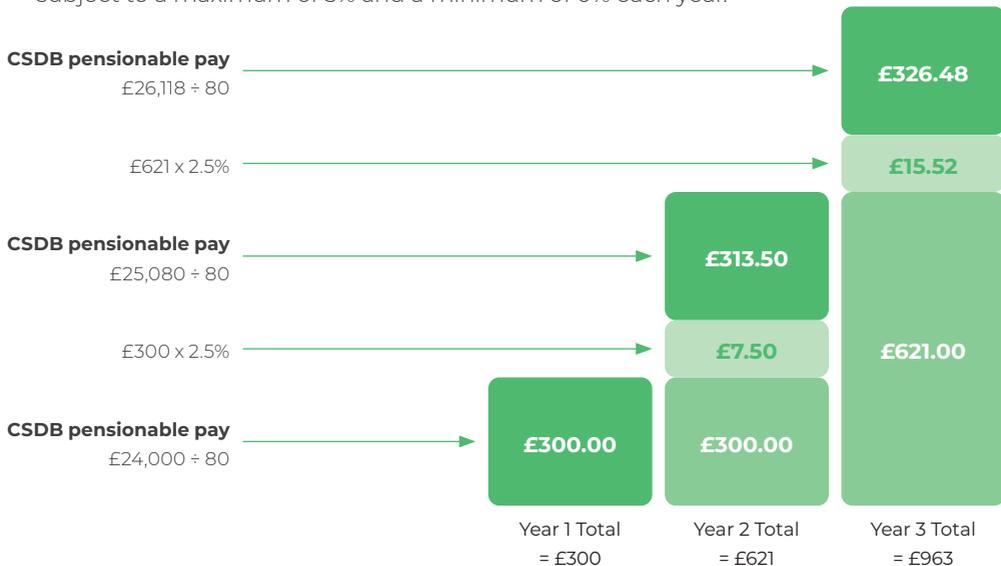
**The revaluation increases while you were in reckonable service.**

-

**Any reduction for taking benefits before your Normal Retiring Age.**

The **RMPP** will pay a sum which is equal to the overall benefit described above, less what you would have had from the **RMPP** if this calculation were done as at 31 March 2012 (plus revaluation). In addition, the **RMSPS** will pay a benefit in respect of your pre 1 April 2012 service.

The chart below shows how your pension blocks build up while you are a member – assuming that the revaluation increase is 2.5% each year. In practice, the actual increase each year will depend on the applicable annual increase in RPI each year subject to a maximum of 5% and a minimum of 0% each year.



#### Key

- Pension built up during year
- Revaluation increase on previous years' total
- Total pension value from previous year

**You also build up a lump sum benefit each year, in a similar manner, of (typically) three times the value of the pension.**

## Your pension benefits up to 31 March 2018 – Section C

Royal Mail and the **Trustee** of the **RMPP** agreed to close the existing defined benefit within Section C, to the future build up of benefits, with effect from 31 March 2018. If you originally joined the **RMPP** on or after 1 April 1987, you would have been in Section C.

Section C will provide you with a pension at retirement in respect of your **pensionable service** up to 31 March 2018. The retirement ages in Section C are 60 and 65 (depending on the period of service). The way your

pension built up was a mixture of a 'Final Salary' calculation (up to 2008) and a 'Career Salary' method since then. Both calculations combine to provide you with a pension amount linked to your pay and the length of time you were contributing – up to a maximum of 45 years' service.

You can take your benefits without reduction on reaching your **Normal Retiring Age (NRA)** – this is age 60 for benefits built up to 31 March 2010 and age 65 for benefits built up thereafter (as shown below).



**The benefits up to 31 March 2018 will be calculated as follows:**

**1. For your pensionable service up to and including 31 March 2008:**

Your pension is worked out as 1/60th of your **pensionable pay** for each year (or part year) of **pensionable service** completed before 1 April 2008.



**2. For your pensionable service on and after 1 April 2008:**

Your pension is calculated as the total of your revalued pension blocks earned up to 31 March 2018. You can find out about how your pension blocks are calculated on page 8.

If your **Normal Retiring Age** in relation to benefits being taken is before your State Pension age, and you choose to take your **Age60 pension** or **Age65 pension** and leave the **Company** before State Pension age, you will also receive a **pension supplement** that is payable until you reach State Pension age.

The maximum combined pension in respect of service up to 31 March 2018 is equal to that calculated using a maximum of 45 years' **pensionable service**. If you completed more than 45 years' **pensionable service** you would not have built up any further pension blocks but, provided you continue in **pensionable service**, all your pension blocks will continue to be revalued up to the last **renewal date** before you take your benefits or leave **pensionable service**.

After 2018 (whilst you remain in **Company** employment), your final salary pension (i.e. related to **pensionable service** up to 31 March 2008) and your CSDB pension blocks (for **pensionable service** from 1 April 2008 to 31 March 2018) will continue to increase in line with inflation measured using the Retail Prices Index up to a maximum of 5%.



## How are my pension blocks calculated?

For your **pensionable service** on and after 1 April 2008, your pension builds up year by year. Every year, on 31 March, your pension block for that year is worked out as follows:

**Your CSDB pensionable pay ÷ 60**

For each year that you remain contributing, the pension blocks you build up for that year will be added to the previous years' blocks.

To protect your benefits against inflation during your membership of the **RMPP**, the pension blocks you have built up will be revalued on 31 March in the following year in line with the annual increase in the Retail Prices Index (RPI) as at the previous September, subject to a maximum of 5% and a minimum of 0% each year for as long as you remain in **pensionable service**. When you take your pension, the overall benefit amount will be:

**The total of all the pension blocks earned while you were in reckonable service.**

+

**The revaluation increases while you were in reckonable service.**

-

**Any reduction for taking benefits before your Normal Retiring Age.**

The **RMPP** will pay a sum which is equal to the overall benefit described above, less what you would have had from the **RMPP** if this calculation were done as at 31 March 2012 (plus revaluation). In addition, the **RMSPS** will pay a benefit in respect of your pre 1 April 2012 service.

The following chart shows how your pension blocks build up while you are a member – assuming that the revaluation increase is 2.5% each year. In practice, the actual increase each year will depend on the applicable annual increase in RPI each year, subject to a maximum of 5% and a minimum of 0% each year.





#### Key

- Pension built up during year
- Revaluation increase on previous years' total
- Total pension value from previous year

## Your benefits built up from 1 April 2018

Following a consultation run by Royal Mail with its employees and unions, the existing defined benefit sections within the Section B and Section C of the **RMPP** were closed on 31 March 2018 to the future build up of benefits. Royal Mail has introduced new sections within Sections B and C where your benefits will build up on and from 1 April 2018. They build up in a different way from before.

All the benefits you built up before 1 April 2018 (as shown above) will be held securely in the **RMSPS** and the **RMPP**, to be paid when you reach the **Normal Retiring Age** together with the new

benefits you will be building up from 1 April 2018.

The new benefit sections within Sections B and C of the **RMPP** – provide Cash Balance benefits with effect from 2018.

Everyone who was already a member of **RMPP** and still working for Royal Mail automatically joined the new Cash Balance section (within their existing Section B or C) on 1 April 2018. If you don't do anything, you will stay in this but you can ask at any time to opt out of membership of the **RMPP** and to join the RMDCP.

# Cash Balance section

## Overview

The objective of the Cash Balance section is to provide you with a cash sum at age 65 (and in some circumstances at age 60 too). You contribute towards this and the **Company** contributes too.

## Contributions

You pay 6% of your **CSDB pensionable pay** towards your Cash Balance benefit, so if your **pensionable pay** is £300 per week then your contribution will be  $£300 \times 6\% = £18$  per week.

The **Company** also contributes towards your Cash Balance benefit (currently at the rate of 13.6% of your **CSDB pensionable pay**). The **Company** may decide to vary the member and/or **Company** contribution rates from time to time and will notify you if this happens.

### What if I work part-time?

The contributions you pay towards your Cash Balance benefit (and those from your employer) are based on the actual pay you receive. To put it another way, if you work half the hours of a full-time employee, your contributions (and the Cash Balance benefit) will be half the amount of theirs.

### What if I am absent from work and not being paid?

If you have a period of unpaid absence you may, on your return to work, pay all

contributions (both your own and the **Company's**) that were due during your absence, based on the pay you would have received had you not been absent. If you choose to do this, your Cash Balance benefit will be treated as having built up over the period you were absent in the same way as it would have done if you had not been absent. Reservists have three options which are set out on the website.

### Family leave (maternity, paternity and adoption leave)

Pension contributions are not affected during paid or statutory family leave. This means that both you and the **Company** continue to pay contributions, although your contributions will be based on the actual pay you receive. Your benefits build up in the same way as if you had worked normally throughout your period of leave.

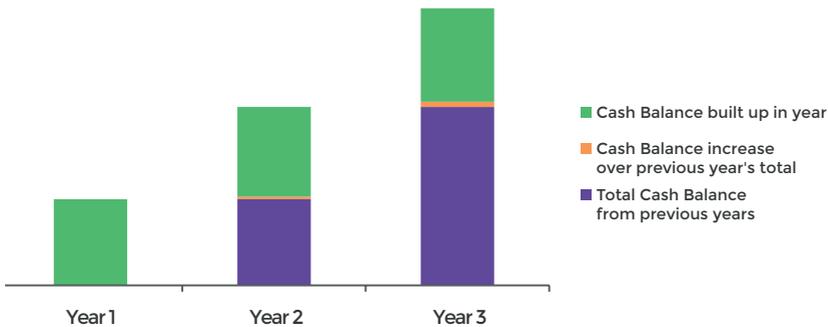
### Can I pay more than the 6% amount?

If you want to save more for your retirement, you can make **Additional Voluntary Contributions (AVCs)**. These contributions will be invested into your separate **AVC** account. You'll need to keep the account invested until you take your main benefits. You'll also need to make decisions about where to invest your **AVC** account (although there is a 'Lifestyle' option for members who do not wish to actively manage their **AVC** investments). You can download a copy of the 'Guide to Additional Voluntary Contributions' from **royalmailpensionplan.co.uk** or you can request a copy from the Pensions Service Centre; their details are given on the back page. You can also pay into other non-**Company** pension arrangements if you wish, such as a personal pension plan.

# How does Cash Balance work?

The Cash Balance section provides you with a cash sum at age 65 which can be used as described in the Benefits section of this guide on page 12. You will build up this cash lump sum each year at a rate set by Royal Mail. Currently, the rate is 19.6% of each year's **CSDB pensionable pay** with further increases to the lump sum being targeted each year. If the rate at which the cash lump sum builds up changes in the future, Royal Mail will notify you. Royal Mail (not the

**Trustee**) also sets the policy regarding discretionary increases and may revise it from time to time. The policy is currently to target annual increases in excess of inflation as measured by the Consumer Prices Index (CPI), with such increases capped at a rate of 4% above CPI for each year. Discretionary increases, if awarded, apply each 31 March with the first such discretionary increase expected to apply on 31 March 2020.



Your final Cash Balance benefit at age 65 is the total of each year's benefit built up and any discretionary increases actually awarded. **We'll** show how your fund is building up, in your Benefit Illustration.



# Benefits

Your Cash Balance section is designed to provide you with a tax-free cash amount when you take pension benefits. **We** take into account the benefits you built up before 1 April 2018, your Cash Balance benefit and any **AVC** funds in order to work out the maximum permitted tax-free cash you can take (this is set by HM Revenue & Customs and is generally 25% of the value of your total benefits in the **RMPP**).

By putting your Cash Balance benefit (and any **AVC** funds) towards your tax-free cash entitlement, you may not have to give up so much (or any) of the pension you built up before 1 April 2018 to provide tax-free cash.

Section A/B Example				
(a)	Pension (pre 2018)	£6,000pa	Value for LTA purposes: £6,000 x 20	£120,000
(b)	Lump Sum (pre 2018)	£18,000	Value for LTA purposes:	£18,000
(c)	Cash Balance (post 2018)	£20,000	Value for LTA purposes:	£20,000
(d)	AVC Fund (pre and or post 2018)	£2,000	Value for LTA purposes:	£2,000
<b>TOTAL</b>				<b>£160,000</b>

25% of £160,000 is £40,000. This means that (b), (c), and (d) can all be taken as tax-free cash and it also means that the maximum tax-free cash does not require any of the £6,000pa pension in (a) to be given up.

Section C Example				
(a)	Pension (pre 2018)	£7,500pa	Value for LTA purposes: £7,500 x 20	£150,000
(b)	Pension supplement (pre 2018)	£1,200pa	Value for LTA purposes: £1,200 x 20	£24,000
(c)	Cash Balance (post 2018)	£50,000	Value for LTA purposes:	£50,000
(d)	AVC Fund (pre and or post 2018)	£8,000	Value for LTA purposes:	£8,000
<b>TOTAL</b>				<b>£232,000</b>

25% of £232,000 is £58,000. This means that (c) and (d) can be taken as tax-free cash and it also means that the maximum tax-free cash does not require any of the £7,500pa pension in (a) to be given up.

You can take some of your pension and tax-free cash (built up before 1 April 2010) unreduced when you reach age 60 and some when you reach age 65 (these are what **we** call **Normal Retiring Ages**).

You will be entitled to receive your benefits unreduced when you reach **Normal Retiring Age (NRA)**. You have two **NRAs** as follows:

- For service up to and including 31 March 2010, the **NRA** is your 60th birthday. These are your **Age60 benefits**; and
- For service on and from 1 April 2010 (including your Cash Balance fund), the **NRA** is your 65th birthday. These are your **Age65 benefits**.

You can take your **Age60 benefits** without reduction when you reach age 60 and your **Age65 benefits** without reduction when you reach age 65. Benefits in the **RMPP** must be taken at the same time that the benefits with the same **NRA** are taken from the **RMSPS**.

## Benefits paid on **ill health** or death

Membership of the **RMPP** provides financial protection for you and your dependants throughout your working life. The following sections give a brief outline of these benefits.



You will also have the option of taking some or all of your benefits together from age 55 under the flexible pension provisions and remain in employment. Please refer to the booklet 'Flexible Pension: Your options' for details of these options. A copy can be downloaded from **royalmailpensionplan.co.uk** or is available from the Pensions Service Centre; their contact details can be found on the back page of this guide.

### Can I take early retirement?

Depending on the circumstances, and subject to **Company** consent, where you retire earlier than the applicable **NRA**, you may be able to take early payment of your benefits from age 55. Your benefits may be reduced to take account of early payment.

### Ill Health Retirement

If your employer decides that you are no longer able to work because of a health condition, they may retire you on **ill health** grounds. In that case, as long as you are not already taking your **Age65 benefits**, you'll get the pension and lump sum you've built up so far, including the actual value of your Cash Balance benefit (i.e. not reduced to reflect early payment).

## Death in service benefits

There may be a cash sum payable to your dependants when you die. The amount of any cash sum payable will depend on your circumstances at the time, for example whether:

- You are still working for the **Company** and contributing to the **RMPP**;
- You have begun receiving some or all of your benefits; or
- You have left **Company** service or chosen to leave the **RMPP** and so have deferred benefits in the **RMPP**.

If you die in service and are not yet receiving any pension payments, a lump sum of four times your **pensionable salary/pensionable pay** at the date of your death will be paid, plus the actual value of your Cash Balance benefit (i.e. not reduced for early payment). If you leave a spouse, **civil partner**, child or other dependant, a further two times your **pensionable salary/pensionable pay** is payable.

Dependants' pensions – for a spouse or **civil partner** or, if you are not married or in a civil partnership, someone who was financially dependent on you – may also be payable. The pension is up to half of the pension you built up before 1 April 2018 including revaluation since then. Pensions can also be paid to your children, usually until they turn 18.

If you were working part-time, the **pensionable salary/pensionable pay** used in the lump sum death-in-service calculation is not adjusted to the full-time equivalent. It will be based on your actual **pensionable salary/pensionable pay**.

You should take the time to complete the relevant direction/nomination of death benefits forms to guide **us** when taking decisions about who should receive these benefits.

Death benefits are also payable on death in deferment and may be payable on death in retirement.

# Leaving the **RMPP**

If one of the following events applies to you then you will stop paying into the **RMPP** and stop building up any further benefits:

- You leave **Company** service;
- You continue in **Company** service, but choose to begin receiving your Age 65 benefits; or
- You continue in **Company** service but choose to opt out of the **RMPP**.

In these circumstances you will be entitled to **preserved benefits** as detailed below, or you may have the option to transfer your benefits to another pension scheme.

If you choose to opt out of the **RMPP** you must give two months' notice if you are paid monthly and two weeks' notice if you are paid weekly. You will not be able to re-join the **RMPP** if you opt out. Contact your HR Service Centre if you wish to opt out.

## Automatic enrolment

If you choose to opt out of the **RMPP**, without leaving **Company** employment, you will most likely be enrolled into the Royal Mail Defined Contribution Plan (RMDCP) or another registered arrangement. This is because the law says that employers must offer a workplace pension to their employees (unless certain exceptions apply). For more information about automatic enrolment, including the qualifying requirements, visit [gov.uk](http://gov.uk).

## What happens to my benefits if I leave or opt out?

You won't lose the benefits you have built up while you were working and contributing. You will be entitled to a 'preserved benefit' (sometimes called a 'deferred benefit'). This simply means that **we** work out how much benefit you have earned up to the date you leave the **RMPP** and look after it until you reach **Normal Retiring Age** when **we** can pay it to you.



Your **preserved benefits** will be made up of the following:

Benefits built up before 1 April 2018	Benefits built up on and from 1 April 2018
Your pension (and tax-free cash for Section A/B members)	Your Cash Balance benefit
Your fund arising from paying <b>Additional Voluntary Contributions (AVCs)</b> , if applicable	

Section A/B – While your pension and lump sum related to benefits earned before 1 April 2018 (excluding **AVC** funds) are preserved by **us**, the part that does not relate to the Guaranteed Minimum Pension (GMP) will be increased in line with Pension Increase (Review) Orders issued by Government. The GMP part of your **preserved benefits** will be increased by the **RMSPS** up to the date you take your benefits in line with regulations relating to GMP.

Section C – Until your pension is paid, the part that does not relate to the Guaranteed Minimum Pension (GMP) will be increased in accordance with legislation. The GMP part of your preserved pension will be increased by the **RMSPS** in line with regulations related to GMP.

While your Cash Balance benefit is preserved by **us**, it remains eligible for any discretionary increases awarded. Royal Mail's policy regarding annual increases is described on page 11.

## When will my **preserved benefits** be paid?

Your **Age60 benefits** and **Age65 benefits** will typically start to be paid when you reach the relevant **Normal Retiring Age**. We'll write to you beforehand to tell you how much your benefits are and explain your options.

You may also be able to take your **preserved benefits** before **Normal Retiring Age** in any of the following situations:

- As long as you have reached the age of 55 you can apply to have either your **Age60** or **Age65 benefits** (or both) paid early. Any benefits paid before the relevant **Normal Retiring Age** will be reduced to take account of the early payment. If you are 55 or over, you can get an estimate of the value of your benefits by contacting the Pensions Service Centre.
- If you are unable to work because of **ill health** at any time after you have left the **RMPP**, you can apply to have your benefits paid early. If your application is accepted, your benefits will be paid without any reduction. You can find more information about how to apply and the **ill health** standard that you need to meet on our website [royalmailpensionplan.co.uk](http://royalmailpensionplan.co.uk).

- If you are over age 55 and **we** agree that you can take your benefits on compassionate grounds - for example because you have to give up work to be a full-time carer for your spouse, **civil partner** or another close relative or partner – some or all of your benefits will be reduced. Please contact the Pensions Service Centre for further details.

For each of these circumstances, if the **Trustee/Company** agrees that your **RMPP** benefits can be paid early, the **Manager** of the **RMSPS** will pay your **RMSPS** benefits at the same time.

### Can I transfer my **preserved benefits** somewhere else?

Instead of **preserved benefits**, you can ask that a transfer value be paid into another registered pension scheme.

The receiving pension scheme could be:

- A new employer's scheme (if they allow transfers into their scheme);
- A personal pension scheme; or
- A buy-out policy with an insurance company.

**Please note:** It is not possible to transfer your pension to another Royal Mail Group/Post Office Limited pension scheme.

You can find out more about transferring your benefits on **our** website – including some of the things you should think about before making any decisions and how to protect yourself from scams and 'unauthorised' transfers which can cause you to lose your pension benefits or suffer very high tax charges. Visit [royalmailpensionplan.co.uk](http://royalmailpensionplan.co.uk) for details.

### Charges and how to obtain further information about your benefit options

Generally there are no charges levied if you ask **us** to transfer your benefits to another pension scheme nor are there charges if your benefits are paid to you by **us**. **We** reserve the right to charge if you request a transfer value within 12 months of the previous quotation, or if the transfer value request relates to matrimonial proceedings.

Further details on those charges, and about your benefit options, can be obtained from the Pensions Service Centre – their contact details are shown on the back page.



# When it's time to pay your benefits

Unless you have already asked **us** to pay your benefits early, **we** will contact you before you reach **Normal Retiring Age** (60 or 65) to ask you how you would like to take your benefits. You will normally have a choice about how much of your benefits are paid as a regular income (pension) or as a one-off tax-free cash amount.

Your pension will be paid directly into your bank or building society on the last working day of each month. **We** expect that you will receive two payments – one from the **RMSPS** and one from the **RMPP** – the total of which will be your overall pension entitlement each month. Before you begin receiving your pension, **we** will send you details so you know what amounts you can expect to receive.

When you start to receive your pension **we** will send you a copy of the guide 'Your pension payments and increases – Section A/B members' which contains more information about how pensions are increased during payment.

Further detail is also available on **our** website [royalmailpensionplan.co.uk](http://royalmailpensionplan.co.uk).



## Ensuring you receive your pension regularly

**We** have a responsibility to make sure that pensions are only being paid to people who are entitled to receive them. That means that from time to time **we** may ask for evidence to help confirm that is the case.

## Assignment

Generally, benefits may not be assigned by you to anyone else and they cannot be used as security for loans. If any attempt is made to assign a benefit, the benefit will cease to be payable. There are occasions where the law may override this rule, for example, on divorce (or dissolution of a civil partnership) where courts can require that part of a pension is paid to a former spouse/**civil partner**.

## Don't lose your entitlement

It's very important to keep the administrators informed if you move house. As explained above, **we** may contact you from time to time to confirm your continued entitlement to a pension. Also **we** send you important information about your pension each year. If post is returned to **us** marked 'gone away' or 'not known' and **we** can't trace you, your pension may be suspended until you get in touch. If any of your pension payments have been suspended for more than six years, they may be forfeit.

# Your pension benefits and tax

Both the **RMSPS** and the **RMPP** are registered pension schemes.

The advantages of this are that:

- You normally receive income tax relief on the contributions you pay to the **RMPP** up to the level of the Annual Allowance (see below).
- Investments in the **RMPP** build up mostly free tax-free, and

- You can take a tax-free cash amount when your pension starts (up to certain limits).

When it is paid, your pension is treated as income and taxed. The amount of tax you pay (if any) will depend on your individual circumstances at the time such as whether you have any other income and what tax-free allowances apply.

## Annual Allowance

The Annual Allowance is a limit to the total amount of benefits that you can build up (or contributions you can pay) each year, for tax relief purposes. The Annual Allowance applies across all of the schemes you belong to (if you pay into schemes other than just the **RMPP**) and includes all of the contributions that you or your employer pays. The limit is set by the Government and sometimes changes, in the Budget for instance.

The vast majority of members will not have to worry about exceeding the Annual Allowance and there are ways to reduce the impact or use your pension benefits to offset any tax that might apply if you do exceed it.

## Lifetime Allowance

The Lifetime Allowance is the maximum amount of pension savings you can build up over your lifetime which can receive tax relief. It is set by government and reviewed regularly. It is set at a high level, so it is unlikely that most members of the **RMPP** will be affected by it.

Pension benefits need to be valued at certain times – this will usually only be:

- When you start to receive your pension/tax-free cash; and
- If any lump sum is paid in the event of your death.

Broadly speaking, the annual pension you have built up is multiplied by 20 and added to the tax-free cash you are entitled to in order to arrive at the 'capital value'. Provided this is within the Lifetime Allowance at the time, there will be no additional tax charges – the examples on page 12 illustrate this.

You can find out more information about the Annual Allowance and the Lifetime Allowance – including what the current limits are – on **our** website [royalmailpensionplan.co.uk](http://royalmailpensionplan.co.uk).

## Other useful information and common questions

Here is some useful information and some common questions.

**Remember** – more detail can be found on the website.

### Who looks after my benefits?

The assets of the **RMPP** (broadly, contributions made by you and by the **Company**, together with investment returns) are held in trust by the **Trustee** to pay the benefits due to members. **RMSPS** benefits are underwritten by the Government and are paid out of general taxation. Both schemes are registered by HM Revenue & Customs (HMRC) under Part IV of the Finance Act 2004.

The Trust Deed and Rules of the **RMPP** may be amended by the **Company** and **Trustee** jointly. The **RMSPS** is a statutory scheme and its Rules may be amended by Acts or Regulations made in Parliament.

A corporate trustee company – Royal Mail Pensions Trustees Limited – acts as the **Trustee** of the **RMPP**. Trustee Directors are selected by the **Company** and members and include an independent Chair. A similar function in relation to the **RMSPS** is the responsibility of the Secretary of State (or those to whom they have delegated responsibility for that scheme's management).

The **RMSPS** and the **RMPP** each appoint an administrator which is responsible for the day-to-day activities of calculating and paying pension benefits. Their work is monitored regularly by **us** under contractual arrangements, including a service level agreement.

### Keeping you informed

Whilst you are an employee who has not taken benefits, **we** will normally send you a 'Benefit Illustration' every year giving you details of the benefits you have built up in the **RMPP**, together with a summary of the **RMPP** Annual Report and Accounts. You'll receive a separate Benefit Illustration from the **RMSPS**.

The **Trustee's** full Annual Report and Accounts, which includes details of the **RMPP's** general progress and investment information, is available to download from **our** website or on request from the Pensions Service Centre.

In addition, **we** may issue other communications about matters of relevance or interest to members from time to time. These may be posted, published via **Company** communication channels and/or uploaded to **royalmailpensionplan.co.uk**.

## Changes to your personal circumstances

It is very important that the Pensions Service Centre know if your personal circumstances change. If you are still employed and have not yet taken any of your benefits, you should notify your Line Manager or HR Service Centre of any changes to your personal circumstances (e.g. change of name, address or marital status). Your Line Manager or HR Service Centre will then be able to ensure that your pension records are kept up to date.

If you are no longer employed by the **Company** or if any of your benefits are already in payment then you should inform the Pensions Service Centre of any changes (e.g. change of name, address or marital status). Their contact details are given on the back page. If the Pensions Service Centre cannot contact you or post is returned from an old address, they may not be able to pay your pension.

## How does divorce or dissolution of a civil partnership affect my benefits?

If you get divorced, or you have a civil partnership dissolved, the court can take account of your pension benefits in the **RMSPS** and the **RMPP** in your divorce/dissolution settlement by:

- Offsetting the value of your pension against other assets; or by
- Sharing pension rights at the time of divorce/dissolution through a pension sharing order.

You should request information from the Pensions Service Centre on the value of your pension benefits at the time proceedings for divorce/dissolution begin. If you require more information about how your pension benefits may be affected by divorce/dissolution and what charges might be payable in order to comply with any Court Order concerning your pension, please contact the Pensions Service Centre.



# Data Protection

## What information **we** hold and what **we** do with it

The **Trustee** holds personal data which you have provided to them. They need this to be able to administer/pay your benefits under the **RMPP**.

The **Trustee** (as a 'data controller' for data protection purposes) is required to look after your personal data in accordance with legal requirements. This means that **we** are responsible for deciding what personal information needs to be processed and the way in which that information is processed.

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

## Where to find out more

Full details of the types of personal data the **Trustee** holds, how **we** use that information and who **we** share it with are set out in **our** privacy notice. 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.

A separate privacy notice has been prepared by the **Manager** of the **RMSPS**.

The privacy notices are updated from time to time and you can see the current version of each on the **Trustee's** website at **royalmailpensionplan.co.uk**.

Alternatively, if you prefer to receive a hard copy of these notices, please contact the Pensions Service Centre.

## Keeping your information up-to-date

It is your responsibility to keep **us** up-to-date with any changes to/in your personal information, including your marital status, contact and bank details. Without this information, there may be delays in paying benefits to you or your dependants.

## Recent developments

The **Trustee** has updated the privacy notice to reflect the provisions of the Data Protection Act 2018.

# Complaints

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Contact **us** if you are dissatisfied about the administration of the **RMPP**, **we** will try and put things right without you needing to use the formal procedure described below.

The **RMPP** has a formal internal dispute resolution procedure, which is a two-stage procedure for dealing with complaints. Details of the dispute resolution procedure will be sent to you if you make a complaint about the **RMPP** or the Pensions Service Centre's administration of your benefits.

## **If you have a complaint, for stage one, please contact:**

Head of Pensions & Severance, Pensions Service Centre, PO Box 5863,  
Pond Street, Sheffield, S98 6AB

If you are not satisfied with the response, you can appeal to the **Trustee** of the **RMPP** – **we** will issue a Notice of Appeal decision under stage two of the procedure.

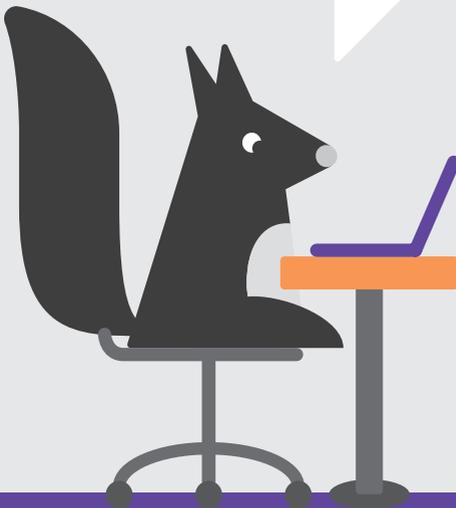
The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law relating to an occupational pension scheme, such as the **RMPP**.



You will find contact details for The Pensions Ombudsman under the 'Other useful contacts' section towards the end of this guide.

## The State Pension

You'll be able to claim the new State Pension (which was introduced on 6 April 2016) if you are a man born on or after 6 April 1951 or a woman born on or after 6 April 1953, and provided that you have paid sufficient National Insurance contributions. You can find out your State Pension age, and an estimate of the amount that you will receive at [gov.uk](https://www.gov.uk).



# Glossary of terms

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## Age60 benefits/Age60 pension

Benefits in respect of **pensionable service/reckonable service** prior to 1 April 2010, where the applicable **Normal Retiring Age** is 60.

## Age65 benefits/Age65 pension

Benefits in respect of **pensionable service/reckonable service** on and from 1 April 2010, where the applicable **Normal Retiring Age** is 65.

## Additional Voluntary Contributions (AVCs)

Extra contributions you can pay to increase your **RMPP** benefits. You may pay up to a total of 100% of your taxable pay to the **RMPP** if you wish (including your normal contributions). If you wish to pay significant **AVCs**, they may have to be restricted to make sure that any normal regular deductions can be made from your earnings. Details of the **AVC** arrangements are included in the Guide to **Additional Voluntary Contributions** which can be downloaded from [royalmailpensionplan.co.uk](http://royalmailpensionplan.co.uk) or requested from the Pensions Service Centre.

## Civil partner

One of a same sex couple with rights conferred via registration in accordance with the Civil Partnership Act 2004.

## Company

Royal Mail Group or any of its subsidiary companies which are participating in the **RMPP**.

## CSDB pensionable pay

This is used to calculate benefits related to service on and after 1 April 2008. It is equal to:

- Your basic pay at 1 April 2014 and subsequent increases that the **Company** deems to be pensionable,
- Plus (where appropriate) London weighting, assigned allowances, contributory allowances or other payments that the **Company** has stated to be pensionable in your terms and conditions,
- Minus, for members of Section C, the indexed Lower Earnings Deduction applying. (For a full-time employee this is £3,328 increased each April with effect from 1 April 2014 by the increase in the Retail Prices Index for the 12 months up to the preceding September. Each annual increase is limited to 5%.)

# Glossary of terms cont...

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## Ill health

Serious physical or mental **ill health** (not simply a decline in energy or ability) such that in the opinion of the **Company** you are permanently incapable of; carrying out your current duties, carrying out such other duties as the **Company** might reasonably expect you to perform for it, and engaging in employment with any other employer of a type which in the opinion of the **Company** would be reasonable and appropriate for you.

However, if you became entitled to **preserved benefits** and you were in **pensionable service** on 31 March 2000, **ill health** means; for a Section A/B member physical or mental disablement which permanently prevents you from providing regular and efficient service in your post, for a Section C member physical or mental incapacity that prevents you from following your normal occupation or seriously impairs your earning capacity.

The **Company's** decision as to whether you are in **ill health** will be final.

Confirmation will be required from a registered medical practitioner that you are (and will continue to be) incapable of carrying on your occupation because of physical or mental impairment. In addition, if you are under 55 when you apply for a pension on **ill health** grounds, you must have ceased carrying on your occupation.

## Manager

The Secretary of State or those to whom

he has delegated responsibility for management of the **RMSPS**.

## Minimum Pension Age (MPA)

The earliest age at which you are able to begin receiving your pension benefits (except on **ill health** retirement where there is no minimum age). The MPA is 55; prior to 6 April 2010 it was 50).

## Normal Retiring Age (NRA)

In relation to **pensionable service/reckonable service** before 1 April 2010, this is your 60th birthday. In relation to **pensionable service/reckonable service** after that date this is your 65th birthday.

## Pension supplement

An additional amount of pension calculated as follows:

- For your **pensionable service** up to and including 31 March 2008, 1/60th of the **lower earnings deduction** over the period during which **final pensionable pay** is calculated (with an additional pro-rata amount for part years)
- For your **pensionable service** on and after 1 April 2008, the sum of the supplement blocks that have built up for your **pensionable service** between 1 April 2008 and 31 March 2018. The supplement block for each **Plan Year** is calculated at the **renewal date** as 1/60th of the lower earnings deduction (reduced appropriately for any period that you worked part time or if you had any periods of non-**reckonable service** during the **Plan Year** concerned).

The maximum combined **pension supplement** permitted is a pension which would be equal to that calculated using the maximum of 45 years, **pensionable service**.

### Pensionable pay

This is used to calculate the part of Section C members' pension benefits that relate to service before 1 April 2008. It is your basic pay at 1 April 2014 and subsequent increases that the **Company** deems to be pensionable, plus any pensionable allowance, minus the Indexed Lower Earnings Deduction applying (which for a full-time employee is £3,328 increased each April with effect from 1 April 2014 by the increase in the Retail Prices Index for the 12 months up to the preceding September). If you work part-time, the **pensionable pay** in respect of a calculation year – i.e. any year within the last three, providing it ends on the last day of **reckonable service** or a date which is 91 days or up to eight multiples of 91 days) before the last day of **reckonable service** – used for pension purposes but not for lump sum death in service purposes will first be adjusted to its full-time equivalent.

When calculating pension benefits and lump sum death in service benefits, **we** use your highest **pensionable pay** for any calculation year – i.e. any year within the last three, providing it ends on the last day of **reckonable service** or a date which is 91 days or up to eight multiples of 91 days) before the last day of **reckonable service** – or, if greater the highest average of your **pensionable**

**pay** in any three consecutive tax years in the last 10 years before you leave service, take your benefits or die. Where a calculation year or tax year other than that which ends on your last day of **reckonable service** is used, **pensionable pay** will be increased to take account of the intervening period.

If you work part time, the **pensionable pay** used to calculate your benefits for pension purposes but not for lump sum death in service purposes will first be adjusted to its full time equivalent.

When calculating the lump sum death in service benefit, **pensionable pay** is not reduced by the Lower Earnings Deduction.

### Pensionable salary

This is used to calculate the part of Section A/B members' pension benefits that relate to service before 1 April 2008 and the lump sum death benefit paid to your dependants if you die whilst still working for the **Company**. It is your basic pay and London allowance at 1 April 2014 and subsequent increases that the **Company** deems to be pensionable, plus any pensionable allowance, in whichever of the last three years of **reckonable service** gives the highest amount. It is adjusted to the full-time equivalent during periods of part-time employment unless otherwise stated. Where it would give you a higher amount, your average annual **pensionable salary** plus other pensionable payments over the best three consecutive tax years in the last ten years will be used.

# Glossary of terms cont...

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## Pensionable service

For Section C members, this is the period of your employment that is taken into account when working out your pension benefits. It is the same as **reckonable service** unless it has been scaled down by reference to your hours because you worked part time. The maximum **pensionable service** used to calculate pre 1 April 2018 benefits is 45 years.

## Plan Year

1 April to 31 March.

## Preserved benefits

If you leave service (or opt out of membership) before **Normal Retiring Age**, the benefits that you have built up will be preserved (otherwise referred to as 'deferred') and will normally be paid from **Normal Retiring Age**.

## Reckonable service

For Section A/B members this is the service used to work out your pension benefits. It includes service as an **RMSPS** and/or **RMPP** member, service transferred in from other pension schemes and additional service bought by **Additional Voluntary Contributions (AVCs)** or additional **Company** contributions. It does not include any periods during which you opted out of the **RMPP**. The maximum **reckonable service** used to calculate pre 1 April 2018 benefits is 45 years.

For Section C members this service as an **RMSPS** and/or **RMPP** member, service transferred in from other pension schemes and additional service bought by **Additional Voluntary Contributions (AVCs)** or additional **Company** contributions. It does not include any periods during which you opted out of the **RMPP**.

## Renewal date

31 March each year.

## RMPP

Royal Mail Pension Plan.

## RMSPS

Royal Mail Statutory Pension Scheme.

## Trustee

Royal Mail Pensions Trustees Limited – the organisation that manages the **RMPP** in accordance with its Trust Deed and Rules.

## 'We' 'Us' 'Our'

The **Manager** of the **RMSPS** and/or the **Trustee** of the **RMPP**.

# Contact information

## Pensions Service Centre

For further information on the **RMPP**, you can contact the Pensions Service Centre using the details below:



0345 603 0043



pensions.helpline@royalmail.com



royalmailpensionplan.co.uk



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

All booklets are also available to download from the website  
**[royalmailpensionplan.co.uk](https://royalmailpensionplan.co.uk)**.

Please quote your full name, date of birth and either your National Insurance number or membership number when you write or call.

For information about **RMSPS** benefits visit Capita at: **[royalmailsp.co.uk](https://royalmailsp.co.uk)**



## Other useful contacts

### The Pensions Advisory Service

If you require information and guidance concerning your pension arrangements you can contact The Pensions Advisory Service.

Money and Pensions Service  
120 Holborn  
London  
EC1N 2TD

**0800 011 3797**

**[pensionsadvisoryservice.org.uk](https://pensionsadvisoryservice.org.uk)**

### The Pensions Ombudsman

If you have a complaint or dispute concerning your workplace or personal pension arrangements you should contact the Ombudsman. Note: You will need to have followed the internal procedure first (see page 23).

10 South Colonnade  
Canary Wharf  
E14 4PU

**0800 917 4487**

**[pensions-ombudsman.org.uk](https://pensions-ombudsman.org.uk)**

### The Pension Protection Fund

The Pension Protection Fund was set up by the Government to assist eligible defined benefit occupational pension schemes where the employer has become insolvent and there are insufficient assets to pay full benefits. In certain circumstances it can provide compensation to members.

The Pension Protection Fund  
Renaissance  
12 Dingwall Road  
Croydon  
Surrey  
CR0 2NA

**0345 600 2541**

**[pensionprotectionfund.org.uk](https://pensionprotectionfund.org.uk)**

## The Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. It aims to protect the benefits of members of workbased pension schemes, promote good administration of work-based pension schemes, and reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund. We have registered information about the **RMPP** with The Pensions Regulator.

The Pensions Regulator

Napier House

Trafalgar Place

Brighton

BN1 4DW

0345 600 7060

**[thepensionsregulator.gov.uk](https://thepensionsregulator.gov.uk)**

## The Pension Tracing Service

Provided by the Department for Work and Pensions, the Pension Tracing Service helps people to trace benefits where they have lost contact with a previous employer's scheme. Information about the **RMSPS** and the **RMPP** has been registered with the Pension Tracing Service.

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

0800 731 0193

**[gov.uk/find-pension-contact-details](https://gov.uk/find-pension-contact-details)**

## Where can I get advice?

By law, neither the Manager of the **RMSPS**, the **Trustee** of the **RMPP**, nor the **Company** can give you financial advice. If you are at all uncertain about any of your choices, we strongly recommend you talk to an Independent Financial Adviser (IFA). You can find a local IFA through the website **[unbiased.co.uk](https://unbiased.co.uk)**.

