

# Member Guide



## For **Section F** members

This guide contains an overview of Section F of the Royal Mail Pension Plan (RMPP).

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# Introduction

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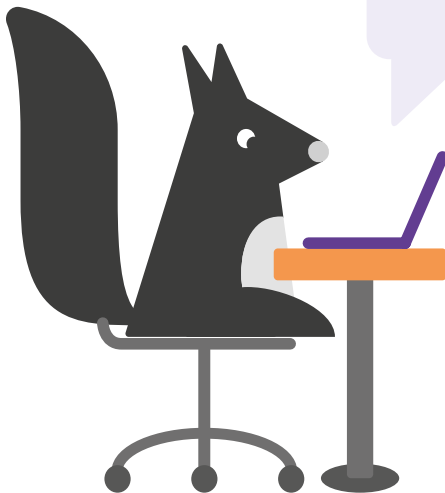
This guide explains the contributions you make and the benefits you get as a member of the Royal Mail Pension Plan (the RMPP).

With effect from 1 April 2018, membership of the **RMPP** is open to Royal Mail employees with at least five years' service with the **Company** including four years' continuous service at the standard contribution level in the Royal Mail Defined Contribution Plan (RMDCP). Employees are notified by the **Company** when they are about to be eligible to join the **RMPP** – this notification includes a form for members to complete and return if they wish to opt out of the RMDCP and join the **RMPP**. The transfer in of benefits, from the RMDCP or elsewhere, 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 became a member of the **RMPP** on or after 1 April 2018, or if you will shortly become eligible for membership of the **RMPP**.



# Defined Benefit Cash Balance Scheme

## Overview

The objective of the Cash Balance scheme is to provide you with a cash sum at age 65. You contribute towards this and the **Company** contributes too.

## Contributions

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

The **Company** also contributes towards your Cash Balance benefit (currently at a rate of 13.6% of **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 the Cash Balance benefit (and those from the **Company**) 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 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)

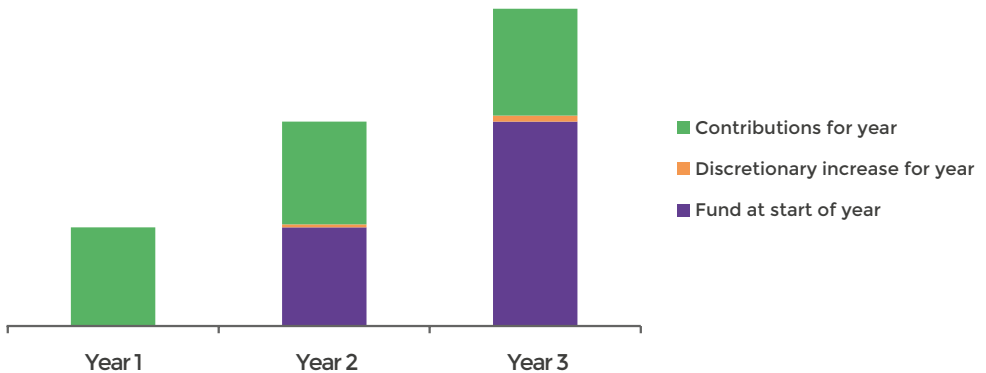
Pension contributions are not affected during paid or statutory family leave. This means that both you and the **Company** continue to pay contributions, although your contributions will be based on the actual pay that you receive. Your benefits build up in the same way as if you had worked normally 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 will be invested into a separate AVC account for you. 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 those 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](http://royalmailpensionplan.co.uk) or you can request a copy from the Pensions Service Centre; their details are given on page 20. You can also pay into other non-**Company** pension arrangements if you wish, such as a personal pension.

# How does Cash Balance work?

The scheme provides you with a cash sum at age 65 which can be used as described in the Benefits section of this guide on page 6. 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 **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 (as above) and any discretionary increases actually awarded. We'll show how your fund is building up, in your annual Benefit Illustration.

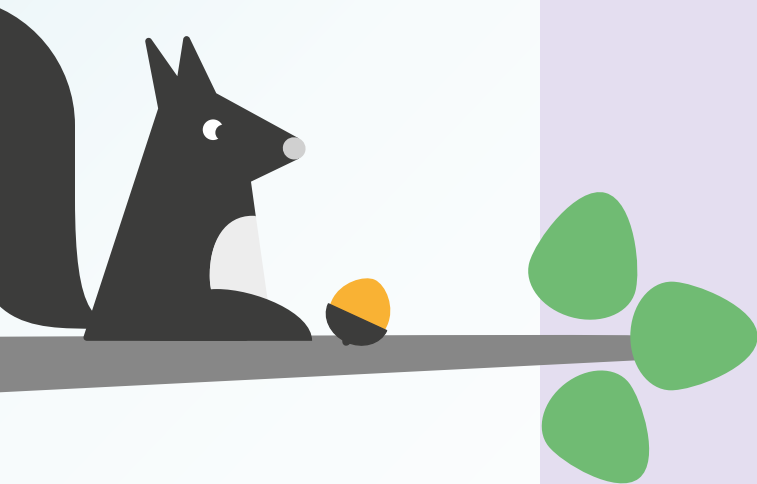


## Benefits at age 65

Under current legislation, up to 25% (a quarter) of your Cash Balance benefit (and 25% of any AVC funds) can be taken as a tax-free cash sum, with the balance paid to you as cash (taxable as income at your marginal rate). Alternatively, it can be transferred to another registered pension arrangement to provide you with an **annuity** (in your name) or a **drawdown** arrangement to pay you a regular income.

### Can I take early retirement?

After you have reached age 55, your employer may allow you to choose early retirement. If you do retire early, the Cash Balance benefit will be reduced to reflect its early payment on terms set by Royal Mail.



# 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 the current benefits provided. Royal Mail reserves the right to change these benefits in the future.

## Ill health retirement

If you retire at any age through ill health, you'll be eligible to receive the actual amount of your Cash Balance benefit built up to that point - i.e. not reduced to reflect early payment - which you would otherwise have received at **Normal Retiring Age**.

Royal Mail decides whether you meet the test for ill health. Broadly, it requires a permanent inability to do your job based on a medical opinion.

In addition to the above benefit, you may receive extra payments from the **Company** - please contact your HR Service Centre to find out about these.

## Death benefits

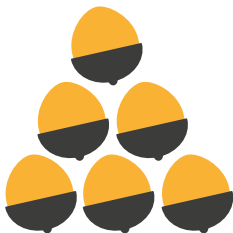
The amount of any cash sum will depend on your circumstances at the time.

If you are an employee member (still contributing), the benefits will be:

- The actual amount of the Cash Balance benefit you've built up (which would otherwise have been payable to you at **Normal Retiring Age**) - i.e. not reduced to reflect early payment, plus
- 4 times your **pensionable pay**.
- If you leave a spouse, civil partner, child or other dependant, a further 2 times your **pensionable pay**.

Please complete and return a lump sum death benefit nomination form - sent as part of your welcome pack when you joined **RMPP** and available to download from the website or by contacting the Pensions Service Centre - to tell **us** who you would like to receive these benefits. **We** will consider your wishes but are not bound by them because payment is at the **Trustee's** discretion.

If you are a member entitled to a 'preserved benefit' (sometimes called a 'deferred benefit'), the actual amount of the Cash Balance benefit you have built up (not reduced to reflect early payment), would be payable on death but no other lump sum would be payable.



# 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 opt out of the **RMPP**.

In these circumstances, provided you have completed two years' service in the **RMPP**, you will be entitled to preserved benefits as detailed on the right, and provided you have completed three months as an active member, you will 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 in 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 on automatic enrolment, including the qualifying requirements, visit [gov.uk](https://www.gov.uk).

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

As long as you have completed two years as an active member in the **RMPP**, you won't lose the benefits you have built up while you were working and contributing. You will be entitled to a 'preserved benefit'. This simply means that **we** will continue to look after the benefit that you have earned to date until you reach **Normal Retiring Age** when **we** can pay it to you. If you choose to keep your benefits in the **RMPP**, your benefit will be subject to the same rates of discretionary increase as it would if you were still an employee member (but there won't be any contributions from you or the **Company** being paid).

If you have completed three months as an active member you will still be able to transfer your benefit out of the **RMPP** (see page 9), or if you have made member contributions (other than through pension salary exchange) you will have the option of receiving a refund of those contributions instead of taking a transfer to another scheme.



## When will my benefits be paid?

Your benefits will be paid when you reach age 65. We'll write to you beforehand to tell you how much your benefits are and explain the options available to you.

You may be able to take your benefits before age 65 in either of the following situations:

As long as you have reached age 55 you can apply to have your benefit paid to you. If **we** agree, the Cash Balance benefit you have built up will be reduced to reflect early payment on terms set by Royal Mail.

If, at any age, you would have been eligible for retirement on grounds of incapacity if you had continued to be in employment then you'll get the actual amount of the Cash Balance benefit you have built up – i.e. not reduced to reflect early payment. You can find more information about how to apply and the ill health standard that you need to meet at [royalmailpensionplan.co.uk](http://royalmailpensionplan.co.uk).

## Can I transfer my benefits elsewhere?

If you have completed three months as an active member, you can ask that a transfer value be paid into another registered pension scheme.

The new 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.

You can find out more about transferring your benefits on our website – including some of the things that 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 at retirement 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 divorce or to the dissolution of a civil partnership.

Further details on those charges, and about your benefit options, can be obtained from the Pensions Service Centre – their contact details are shown on page 20.

## What if I haven't completed three months as an active member?

If you opt out or leave employment before completing three months as an active member in the **RMPP**, you will not be entitled to any benefits payable from **RMPP**. Royal Mail may, on a discretionary basis, refund you the contributions you have paid in during this period.



## 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 your **Normal Retiring Age** of 65, setting out your options and asking you how you would like your benefits paid.

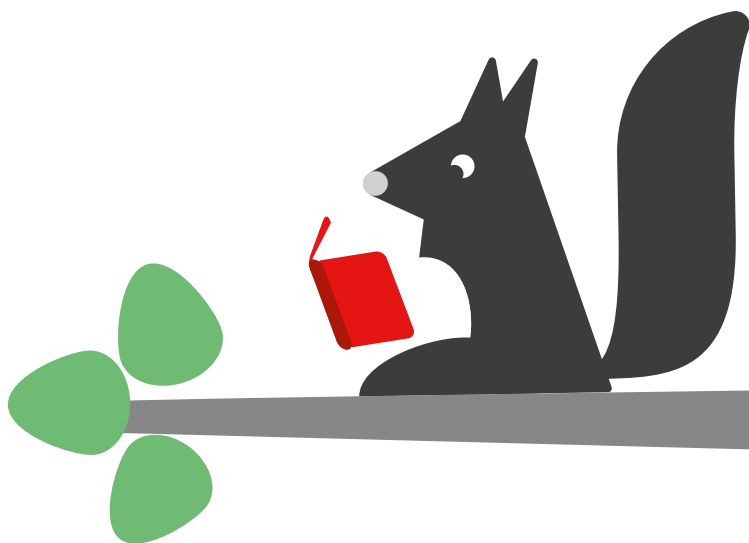
### Assignment

Generally, neither your Cash Balance benefits nor other benefits in the **RMPP** (such as Additional Voluntary Contributions) can be assigned by you to anyone else or 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 some or all of your benefits be paid to a former spouse/civil partner.

### Don't lose your entitlement

It is very important to keep the Pensions Service Centre informed if you move house. If you don't then they might not be able to get in touch with you when your benefits are payable.

**We** may decide that benefits are to be forfeited if they are not claimed within six years of becoming due.





## Your benefits and tax

The **RMPP** is a registered pension scheme. 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;
- Investments in the **RMPP** build up mostly tax-free; and
- You can take a tax-free cash amount when your benefits come into payment (currently 25%).

The cash benefit in excess of the tax free amount is taxed as earned income. The amount of tax that you will pay (if any) will depend on your individual circumstances at the time.

## Annual Allowance

The Annual Allowance is a limit to the total amount of pension benefits that you can build up (or contributions you can pay) each year, for tax relief purposes. The Annual Allowance applies across all schemes you belong to (if you pay into schemes other than just the **RMPP**).

For the **RMPP**, the tax rules require us to look at how much the value of your Cash Balance benefit has increased (in excess of inflation as measured by the Consumer Prices Index) over the relevant year. If you paid Additional Voluntary Contributions, those contributions also count towards your Annual Allowance.

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 the 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 scheme benefits need to be tested against the Lifetime Allowance when they are paid out on death or on retirement or when they are transferred to another registered pension arrangement.

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



## Other useful information and common questions

Here is some useful information and common questions. Remember – more detail can be found on the website [royalmailpensionplan.co.uk](http://royalmailpensionplan.co.uk).

### Who looks after my benefits?

The assets of the **RMPP** are held in trust by the **Trustee** to pay the benefits due to members.

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. **We** have appointed the Pensions Service Centre (a department of Royal Mail) as the administrator of the **RMPP**. The administrator is responsible for the day-to-day activities of calculating and paying benefits. The work is monitored regularly by **us** under contractual arrangements, including a service level agreement.

### Are my benefits held separately from other benefits in RMPP?

The Cash Balance assets relating to benefits built up after 1 April 2018 are held separately from the other assets of the **RMPP** for all practical, day-to-day purposes. Ultimately, however, all benefits within **RMPP** are held under the same one trust. This means that if the trust were to wind up with a funding shortfall relating to any of the benefits (which Royal Mail was unable to make good), that shortfall would be shared (by means of benefit reductions) across the entire membership of the **RMPP**.

### Keeping you informed

Whilst you are an employee who has not taken benefits, **we** will normally send you a 'Benefit Illustration' every year showing the benefits that you have built up, together with a summary of the **RMPP** Annual Report and Accounts. 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](http://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, 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 be able to ensure that your pension records are kept up-to-date.

If you are no longer employed by the **Company** 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 page 20.

It is also very important to tell the Pensions Service Centre if you move house or your residential address changes. If you don't then they might not be able to get in touch with you when your benefits are payable. **We** may decide that benefits are to be forfeited if they are not claimed within six years of becoming due.

## 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 **RMPP** benefits by offsetting the value of the Cash Balance benefit (and any AVC funds) against other assets or by sharing the value of the **RMPP** benefits at the time of divorce/dissolution through a pension sharing order.

You should request information from the Pensions Service Centre regarding the value of your 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 related to pension sharing, please contact the Pensions Service Centre.



# Data Protection

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## 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.

The privacy notice is updated from time to time and you can see the current version on the **Trustee's** website at [royalmailpensionplan.co.uk](http://royalmailpensionplan.co.uk). Alternatively, if you prefer to receive a hard copy of the notice, please contact the Pensions Service Centre.

## Keeping your information up-to-date

It is your responsibility to keep the **Trustee** up-to-date with any changes to 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 the Pensions Service Centre if you are dissatisfied about the administration of the **RMPP** – they 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 Pension 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**

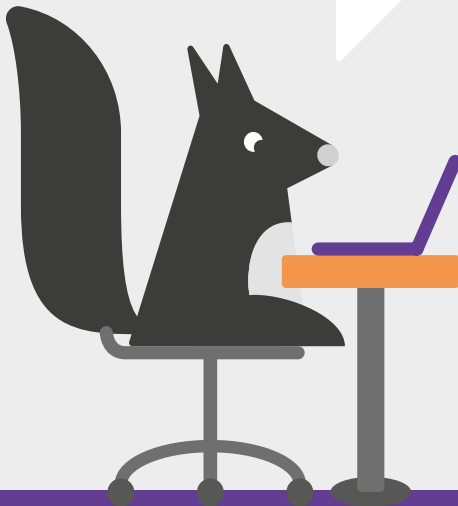
If you are not satisfied with the response, you can appeal to the **Trustee** of the **RMPP** – **we** will issue a Notice of Appeal decision under stage two of the procedure.

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'll find their contact details under the 'Other useful contacts' section on page 22.



## The State Pension

You'll be able to claim the new State Pension 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 your State Pension age, and an estimate of the amount that you will receive, at [gov.uk](https://www.gov.uk).



# Glossary of terms

Term	Comment
<b>annuity</b>	This means the regular retirement income (i.e. pension) that will be paid by an insurance company in return for a sum of money paid from some or all of your Cash Balance benefit and/or AVC funds.
<b>Company</b>	This means Royal Mail Group Limited or any of its associated or subsidiary companies which are participating in the <b>RMPP</b> .
<b>drawdown</b>	This means a facility provided within a pension arrangement that enables a member to take their benefits flexibly. This means that, unlike an <b>annuity</b> , the member has ongoing choices regarding the way that their fund is invested and regarding the frequency and amount of their retirement income taken out.
<b>Normal Retiring Age</b>	This means age 65.
<b>pensionable pay</b>	For a full-time employee, this means: <ul style="list-style-type: none"><li>• basic pay at the date of joining the <b>RMPP</b> and subsequent increases that the <b>Company</b> deems to be pensionable</li><li>• minus the Indexed Lower Earnings Deduction applying (this is £3,328, increased each 1 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 a maximum of 5%)</li><li>• plus (where appropriate) London weighting, assigned allowances, contributory allowances or other payments that the <b>Company</b> has stated to be pensionable in your terms and conditions of employment.</li></ul>
<b>RMPP</b>	This means the Royal Mail Pension Plan.
<b>Trustee</b>	This means Royal Mail Pensions Trustees Limited, the organisation that manages the <b>RMPP</b> in accordance with its Trust Deed and Rules.
<b>we or us or our</b>	This means the <b>Trustee</b> of the <b>RMPP</b> .

# Contact information

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## 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**



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

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



## Other useful contacts

### The Pensions Ombudsman

If you have a complaint or dispute concerning your workplace or personal pension arrangements you should contact the Ombudsman.

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
E14 4PU

**0800 917 4487**

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

### 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 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  
CRO 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 work based 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](http://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 **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](http://gov.uk/find-pension-contact-details)**

## Where can I get advice?

By law, neither 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](http://unbiased.co.uk)**.

