

Frequently Asked Questions

Royal Mail Pension Plan review of “pensionable pay” data

Please note that these Frequently Asked Questions (FAQs) are for members of the Post Office section of the Royal Mail Pension Plan (RMPP) who could have been affected by certain historical errors in “pensionable pay” information passed to the Trustee of the RMPP. They do not affect Royal Mail Group members.

These FAQs accompany the letter from Post Office sent to members with the updated 2023 pensions statement from the Trustee of the RMPP.

April 2023



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Frequently Asked Questions

About the errors

Q. What were the data errors?

A. The errors identified are described below.

Errors which arose after pension changes made in 2014:

- 1. Pensionable pay increases** – In some cases the full amount of a promotional pay increase was added to “pensionable pay” where the correct treatment from 1 April 2014 would have been to add none or only part of the increase for pension purposes. This issue particularly affects members who changed grade after March 2014 (manager grades), and those in senior leadership grades.
- 2. Allowances built into basic pay** – Some allowances were incorrectly included in the figures reported for the basic pay element of pensionable salary from 31 March 2014 when they should have been reported separately as pensionable allowances. By being included in the basic pay report, they were wrapped up in the annual increases applied to “pensionable pay” under the rules of the RMPP, but they should not have been. The affected allowances were Defined Area type allowances, Inner/Outer London Pay, Pro-rata London Pay, PS Pay Lvl 1-4, FS Lvl 2-3, and Health & Safety pay.
- 3. Pensionable pay decreases** - Where Post Office employees saw pay decreases or reversions of temporary promotions after 31 March 2014, the required knock-on effects onto “pensionable pay” were not always operated consistently.
- 4. Accelerated inflation-linking** – From 1 April 2014, Post Office employees had the benefit of automatic inflation-linking for the calculation of “pensionable pay”. However, when the administrative processes were set up to reflect that change, the order in which some elements of the calculation were undertaken was unintentionally reversed. The result was to include 1 April pensionable promotional increases in the inflation-linking uplift for the previous year’s “pensionable pay”. They should have been added into “pensionable pay” **after** the annual inflation increase had been applied.
- 5. The purchase of annual leave** – Before 2014, the purchase of annual leave had a direct downwards impact on the amount of pay treated as “pensionable”, but the impact changed each year with an employee’s election for that next year. The Rules of the RMPP changed so that a member’s choice as at 31 March 2014 was frozen for the calculation of “pensionable pay”. However, on some occasions, Post Office’s systems continued to give employees credit for changes in purchase of annual leave which led to a higher “pensionable pay” being recorded than the rules permitted.

Errors which arose after the introduction of SuccessFactors in 2018:

6. **Double-counting of allowances data** – Pensionable allowances that were previously built into basic pay in error (please see 2. above) were also reported as separate allowances from 1 January 2018, resulting in double-counting. The affected allowances were Defined Area type allowances, Inner/Outer London Pay, Pro-rata London Pay, 'PS Pay Lvl 1-4', 'FS Lvl 2-3', and Health & Safety pay. One other historic allowance type 'Nominal pay (pension)' was correctly built into base pay from 31 March 2014, but, again, was double-counted from 1 January 2018.
7. **Non-pensionable allowances reported as pensionable** – Some allowances were incorrectly reported as "pensionable" allowances from 1 January 2018. The affected allowances were: 'Catch-up bonus CWU', ED Mon-Sat 1.0 non-pen, ED 1.0 non-pen, EDW 1.25/1.33, Saturday Overtime >Oct / 1.3, Weekday Overtime >Oct 06.
8. **Pensionable allowances treated as non-pensionable** – Some pensionable overtime allowances in December 2017 were incorrectly treated as non-pensionable and were not reported to the Trustee.

An error which arose after the introduction of Cash Van in Transit (CViT) allowances in 2011:

9. **Pensionable allowances treated as only Career Salary Defined Benefit (CSDB) pensionable** – Your pension is made up of two parts: a Final Salary part and a Career Salary Defined Benefit part. Some pensionable allowances count towards your "pensionable pay" for both these parts, and some only count for one part (or none). Some pensionable CViT skills allowances were incorrectly recorded as only pensionable for the CSDB part. They should have been recorded as pensionable for the final salary part too.

An error which arose after the introduction of new minimum pay rates in 2018:

10. **Revised broadband pay medians** – A new median level was created by the introduction of minimum rates of pay in 2018 for branch managers and assistant branch managers in Crown offices (Directly Managed Branches). As a result, a revised median applied to all 2b branch manager and assistant branch manager grades at this point. The impact on "pensionable pay" was not initially reflected in information provided to the Trustee.

Q. How did each error impact on “pensionable pay”?

A. For members of the Post Office Section of the RMPP who joined Post Office before 1 April 2008 and left Post Office after 31 March 2014:

| Errors (see ‘What were the data errors?’ above) | Most likely change to pension | | |
|---|---|---|---|
| | CWU grades | Unite/Senior Manager grades | Senior Leadership Population (SLP) |
| Errors 1-5 | Small change up/down | ↓ in some cases where promotional increases were previously incorrectly applied | ↓ in some cases where promotional increases were previously incorrectly applied |
| Errors 6-8 | ↓ if you have or had area allowances Small ↑ if you have Dec 17 overtime | None | None |
| Error 9 | ↑ if you have or had CViT skills allowances | None | None |
| Error 10 | None | ↑ for some Crown grade 2b members only | None |

For members of the RMPP who joined Post Office before 1 April 2008 and left Post Office between 1 January 2011 and 31 March 2014 and had CViT allowances, only Error 9 will apply.

Q. Why weren’t these issues identified sooner?

A. A number of fundamental changes to Post Office’s pay and pay systems over the years made it difficult to track changes in “pensionable pay”. Changes in 2014 meant that a member’s “pensionable pay” can be significantly different from the basic pay they are actually receiving each month, making comparisons much harder from then on. The later introduction of the new SuccessFactors HR administration system at Post Office in 2018 made it harder to identify changes in patterns of “pensionable pay” reporting.

It was only when some pension scheme project work was being carried out that the errors came to light in 2020.

About my benefits

Q. Was my Post Office pay wrong?

- A. No. Actual pay received by Post Office employees was not affected. The issues were just with how figures for the pensionable elements of pay were recorded and communicated to the Trustee for inclusion in pension calculations.

Q. Has my pension been affected?

- A. If you are a **deferred member or pensioner**, details of any change to your pension are shown on your personalised statement from the Trustee.

For **current employees not yet drawing any pension (active members)**, the latest illustration of your benefits in the RMPP is shown in your personalised statement from the Trustee. To understand this illustration further, please contact the Trustee's Pensions Service Centre (PSC) on the details as provided on your statement.

Q. My pension is already being paid. Do the corrections mean that I have to pay some of it back?

- A. No. Post Office has agreed with the Trustee that no pension overpaid in the past as a result of these errors needs to be repaid to the Trustee. Pension payments are only changing for the future. This concession is being applied automatically – you do not need to apply for it.

Q. It looks as if my pension should be affected, but no change has been made. Why not?

- A. Post Office has agreed with the Trustee that where only small reductions would be needed in order to correct benefit entitlements, benefits can continue unchanged. This concession is being applied automatically – you do not need to apply for it.

Q. I seem to be getting both an increase and a decrease in pension – how does that work?

- A. Post Office has agreed with the Trustee that the impact on your pension of the various data errors is to be assessed separately for each element of your pension. So if you have some pension from the final salary benefit arrangement and some from the Career Salary Defined Benefit (CSDB) arrangement, each part of your pension will be looked at separately and adjusted as appropriate. This may mean that one part of your pension sees an increase and another part sees a reduction for the future, depending on how the errors affected each part of your pension.

Q. Will I receive a catch-up payment for past underpaid pension instalments?

- A. Yes – if either your Final Salary pension or your Career Salary Defined Benefit (CSDB) pension from the RMPP was underpaid as a result of the data errors, a catch-up payment will be paid. Please see your personalised statement from the Trustee for details.

Q. Am I still getting what I am entitled to?

A. Yes. The Trustee is required to pay your legal benefit entitlement in accordance with the Rules of the RMPP. Any correction that you see to your benefits as part of this process is in order to make sure that you do receive exactly your entitlement.

Q. How do I know which particular issues affected my pension?

A. For members with large reductions (over £1,000 per year) shown on their statement, Post Office provided information to the Trustee about the key reasons for the change and this has been included in your personalised statement from the Trustee to help you understand why your pension has gone down.

For smaller changes it is more difficult to identify the key reason for the change because it can be down to several offsetting factors.

Your pension is calculated using your “pensionable pay” (which is not the same as your actual pay and can be different for Final Salary and CSDB RMPP benefits). You may wish to compare your recorded “pensionable pay” before and after correction. Should you wish to do so the Trustee’s Pensions Service Centre (PSC) can provide this information to you. Their contact details are in your personalised statement from the Trustee and are also provided at the end of this document.

Q. When will the corrections to pensions be made?

A. Please see your personalised statement from the Trustee for details.

The future

Q. What has been done to make sure my pension is correct going forward?

A. Post Office has gone through an extensive process to verify the correctness of benefits, which included:

- Formally agreeing with the Trustee exactly how “pensionable pay” should be calculated in practice to comply with the strict requirements of the RMPP rules.
- Input from the Unite and CWU unions on how “pensionable pay” should be calculated in practice, in particular about promotional pay increases and pensionable allowances.
- Post Office seconded staff from the RMPP Trustee’s actuarial advisers, WTW, to carry out and test the revised calculations.
- Review of all data calculations by Post Office’s actuarial advisers.
- An independent data query process by the RMPP administrators, supported by the Trustee’s actuarial advisers, including checks of data already held on the RMPP administration system.
- Documenting all the work that has been done to investigate and validate pensionable pay elements for the Trustee to review to help ensure the process was appropriately robust.

Q. Does the RMPP Post Office section still have enough money to pay my benefits?

A. Yes. The Trustee will undertake its usual comprehensive three-yearly valuation of liabilities this year based on the corrected figures, but both the Post Office and the Trustee expect that valuation to show that the RMPP Post Office section continues to have more than enough assets to secure all legal entitlements in full.

Further information and contact details

Q. Where can I find out more about the state pension and other state benefits I can get whilst also receiving my RMPP pension?

A. A state benefits calculator is available on the Age UK website:

<https://www.ageuk.org.uk/information-advice/money-legal/benefits-entitlements/benefits-calculator/>

Q. Where can I find further information? Who do I need to speak to if I have a question?

A.

- If you have any general questions about the RMPP, including for example:

- How do I change my address/payment details?
- Please can I have a retirement quote?
- How does my pension increase in payment?

please contact the scheme administrator's Pensions Service Centre (PSC) on **0345 603 0043** or email **pensions.helpline@royalmail.com**.

- If you would like further details about the underlying "pensionable pay" figures actually used in your pension calculation, please contact the scheme administrator's Pensions Service Centre (PSC) on **0345 603 0043** or email **pensions.helpline@royalmail.com**.

- If, after you have spoken to the PSC, you have questions about how your pensionable pay was reconstructed by Post Office that have not been answered by these FAQs please get in touch with the People Support team at Post Office using the following contact details:

- For those who are no longer employed by Post Office, please email: **peoplesupport@postoffice.co.uk**.
- For those who are employed by Post Office, please raise a case on PeopleHub as a Pension Query request. To do this please select the tile, 'Pay, Pensions and Expenses', then the topic, 'Pension' (you may need to click the 'Display all' button for this to appear), followed by the request, 'Pension Query', selecting 'RMPP' from the dropdown menu.

- If your pension is being reduced as a result of the correction of past data errors, and if you have concerns about financial hardship as a direct consequence of that reduction but you've already claimed all the state benefits you may be entitled to (see above), please contact the scheme administrator on **0345 603 0043** or email **pensions.helpline@royalmail.com**.

