

Pensions News 2024



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Welcome from the Chair of Trustee

Hello and a warm welcome to this year's Pensions News, bringing you updates on a range of topics I hope will be of interest. Inside you'll find an update on the funding level of the Plan as well as some exciting developments to our website.

There's a vacancy coming up on our Trustee Board later in the year so if you're interested in getting involved in the running of the RMPP and can devote your time and energy to this important job, read on about how you can self-nominate.

There's a short update on some recent tax changes to the limits on how much cash you can take at retirement – this won't affect most members in the RMPP but nevertheless, please take a moment to read.

Finally, a reminder to be on your guard against potential scammers and fraudsters who might try and get their hands on your hard-earned pension benefits. Cold calling about pensions is illegal, so don't trust an unexpected offer of a review and always make sure you check who you are dealing with.

I hope you find the newsletter informative and if you have any questions about your benefits, you can contact the Pensions Service Centre – their contact details are on the last page.

Joanna Matthews

Chair of the Trustee,
Royal Mail Pension Plan



Would you like to join the Trustee Board?

Nominations will soon open for one of the four Member-Nominated Trustee Director positions on the Trustee Board of the RMPP. This is for one of the positions filled by a process run by the Communication Workers Union (CWU) and is currently held by Phil Browne, who will be standing down at the end of September.

The job of a Trustee Director is an important one, carrying legal responsibilities and requiring certain time commitments. The term of office is three years and begins on 1 October 2024. A Nomination Pack can be obtained from Peter Metcalfe, Senior Policy Adviser, CWU, 150 The Broadway, Wimbledon, London, SW19 1RX. Or you can email your request to: pmetcalfe@cwu.org

Nominations can be from any individual who is a current, retired or deferred member of the RMPP, irrespective of Union membership. If there is more than one valid nomination, a ballot will be held of all individuals who are employee members of the RMPP and who are employed in CWU represented grades, irrespective of Union membership.

Nomination forms must be completed and returned to the above CWU HQ address, to arrive no later than 19th June 2024. Papers received after this date cannot be considered.

If you want to find out more about the role of a trustee, visit The Pensions Regulator's website – [thepensionsregulator.gov.uk](https://www.thepensionsregulator.gov.uk) – and review the section 'Becoming a new pension trustee' which is in the 'Trustees' tab and then click 'Understanding your role'. Or alternatively, scan the QR code with your smartphone or tablet's camera.



Cash Balance Increase

Benefits building up in the RMPP for service on or after 1 April 2018 are normally increased each year in accordance with a policy set by Royal Mail. This is based on market conditions from time to time, but the aim is to provide an above inflation increase. We're pleased to confirm that the benefits built up in the Cash Balance fund as at 31 March 2023 for current employees (or those who left since 1 April 2018) were increased on 1 April 2024 by 6.7%.

Funding Update

Every year we look at how much money the RMPP is likely to need to pay everyone their benefits (the liabilities) and compare that with the total amount of money the RMPP currently has (the assets). The results of the most recent 'Funding Update' for the Royal Mail section of the RMPP as at 31 March 2023 are shown below, compared to the previous update in 2022.

Non Cash Balance

This relates to the benefits that members have built up before 1 April 2018.

	Funding Update as at 31 March 2022	Funding Update as at 31 March 2023
Liabilities	£10,375 million	£6,676 million
Assets	£11,525 million	£7,737 million
Surplus	£1,150 million	£1,061 million
Funding level (assets divided by liabilities)	111%	116%

You'll see that the value of the assets fell significantly over the year. This drop was mainly due to the performance of the 'matching' assets. These assets are designed to keep track with the changes in the cost of providing pensions (liabilities). So, although the assets fell in value, the liabilities did too, as a result of rising interest rates. This meant that the surplus has been protected, and the funding level has actually improved slightly over the course of the year.

Cash Balance

This relates to benefits that members are building up since 1 April 2018.

	Funding Update as at 31 March 2022	Funding Update as at 31 March 2023
Liabilities	£1,503 million	£1,609 million
Assets	£1,543 million	£1,653 million
Surplus	£40 million	£44 million
Funding level (assets divided by liabilities)	103%	103%

Assets and liabilities in the Cash Balance section are increasing because this is where all the contributions and benefits have been building up since 2018.

What if the RMPP is wound up?

By law, we must tell you the funding level if the RMPP was wound up, and the assets and responsibility for paying your benefits were transferred to an insurance company. On this basis, and based on the funding update at 31 March 2023 the RMPP could meet 100% of its commitments. Finally, we must tell you that over the past year we didn't pay any 'surplus assets' to Royal Mail, or other employers and The Pensions Regulator has not imposed any orders on the RMPP to change the rate of contributions or benefits, or the way in which the liabilities are calculated.

New website coming soon!

We're making some improvements to the website to direct you to the information and resources you need. We're also adding some new tools to help you do some simple tasks online – 24/7 – and save you having to contact the Pensions Helpline!

Employee members will be able to use a simple modeller to get an indication of what your pension could be at different ages.

- Deferred and pensioner members will be able to complete online forms to tell us of a change of address.
- If you're nearing (or over) age 55, you'll be able to request an estimate for taking your benefits early and we'll post a personalised quote – no need to call us!
- A brand new Chatbot to answer your questions and direct you to information you need (although we recommend that personal queries continue to be directed to the Pensions Helpline).

Look out for a postcard in the post letting you know when all these features are live.

Pension savings and tax


In last year's Budget, the government announced some changes to the amount of pension benefits you can build up without having to pay any tax on them. The Lifetime Allowance is being replaced by two new allowances. These allowances remain quite high and so for most members of the RMPP there's nothing to worry about and you won't need to take any action.

Since 6 April 2024, tax-free cash sums have been measured against two allowances when they are paid:

- The Lump Sum Allowance (LSA) applies to the amount of tax-free cash you can take from your RMPP (or other pension scheme) benefits. **The maximum amount is £268,275.**
- The Lump Sum and Death Benefit Allowance (LSDBA) applies to tax-free cash covered by the LSA (above), plus additional tax-free cash amounts payable in circumstances such as death or serious ill health retirement. **The maximum amount is £1,073,100 across all pension schemes.**



Don't let a scammer enjoy your retirement



When benefits are paid to you at retirement, or to someone else after your death (such as a spouse or dependant), the Pensions Service Centre will send a certificate to show how much of the two allowances have been used up by the payments. If you have other pension benefits, you should get certificates from them too. Keep them safe as you may be asked to show them as evidence of how much available tax-free cash you have left.

Pension scams are on the rise in the UK. The internet and advances in digital communications mean these kinds of scams are getting more common and harder to identify. Find out how to spot, avoid and report pension scams.

Step 1 – Reject unexpected offers

If you're contacted out of the blue about a pension opportunity, chances are it's a scam. Pension cold calling is illegal, and you should be very wary. An offer of a free pension review from a firm you've not dealt with before is probably a scam.

Step 2 – Check who you're dealing with

Visit [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart) and check the FCA's register to make sure anyone offering you advice is authorised. If they are, check they're permitted to give pension advice by checking the FCA register online or by calling the FCA Consumer Helpline on **0800 111 6768**. If you don't use an FCA-authorized firm, you risk not having access to compensation schemes.

Step 3 – Don't be rushed or pressured

Take your time to make all the checks you need – even if this means turning down what seems to be an 'amazing deal'.

Step 4 – Get impartial information or advice

You should seriously consider seeking financial advice before changing your pension arrangements. In some cases, for example where you are wanting to transfer more than £30,000 from a 'Defined Benefit' scheme, you must obtain this advice. The RMPP is a Defined Benefit scheme.

MoneyHelper (www.moneyhelper.org.uk) provides free independent and impartial information and guidance. It's a good place to start and can point you in the right direction for getting advice that's tailored to your own circumstances.





Get in touch



You can always get in touch with us by phone, email or post.

If you have a question about your pension, please tell us your full name and date of birth along with your National Insurance or Pension Plan number. This helps us find the information we need to help you more quickly.



pensions.helpline@royalmail.com



0345 603 0043

Mon to Fri, 9.00am to 5:00pm



**Pensions Service Centre,
PO Box 5863, SHEFFIELD, S98 6AB**

royalmailpensionplan.co.uk

For questions about RMSPS benefits
visit **royalmailsp.co.uk**