

The Collective Plan's Handbook



We're all together **now.**

**Your Royal Mail Collective
Pension Plan is here.**



As the Trustee of this pension plan, we're here to look after you, your money, and the Collective Plan itself, so that you get your **income for life** and **lump sum** at retirement.

We are...

✓ **Thinking big**

The Collective Plan has been years in the making. As the first of its kind in the UK, it was made possible after new legislation was introduced in 2021. We, Royal Mail and the unions, all believe that it best serves the long-term interests of people at Royal Mail. Because that's what the Collective Plan is all about: **you, and your future.**

✓ **Doing more**

We care what you think about the Collective Plan, and we want to know how we can do more to make sure you have what you need.

✓ **Taking care**

We're thrilled to be the Directors of the Trustee who look after this bold era of Royal Mail pensions, and we want to help you make the most of it.

That's why we've got a dedicated website where you can find videos, helpful resources, and links to more information: **www.rmcollectiveplan.com**.

You can also login to the secure Member Self-Service portal from the 'Login' button on the website to check your personal details, as well as some information about your **income for life** and **lump sum** too.

✓ **Pensions Service Centre**

We have an administration team dedicated to the Collective Plan who are on hand to help with any questions you've got. You'll find their contact details on page 91.

Scan the QR code or go to the link below to complete our survey and let us know what you'd like to see more (or less) of.

<https://r1.dotdigital-pages.com/p/7XFW-J6K/thank-you-for-your-feedback>





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A quick note on using **your Handbook**

This Handbook has been written with you in mind. It doesn't give you any legal rights.

It gives you some basic information about the Collective Plan, without getting into the kind of detail where you need to be a pensions expert or a lawyer to understand it.

Sitting behind this Handbook is something called a 'Trust Deed & Rules'. That's the document that gives you legal rights, and it's far more technical – it needs to be because it's the legal document that governs the Collective Plan. It can change from time to time.

It's available online, you can find it on the Collective Plan's website (but don't forget that it can change so you need to check that you're looking at the most up to date version), and you can refer to it alongside this Handbook.

All benefits summarised in this Handbook are subject to that Trust Deed & Rules as amended from time to time. If that ever says something different to what's written here, the Trust Deed & Rules are right – we're telling you this so you know that this Handbook should only be used as a guide, rather than as a substitute for looking at the Collective Plan's Trust Deed & Rules.

This Handbook provides information about the main benefits in the Collective Plan, your **income for life** and **lump sum**. If you want information about Additional Voluntary Contributions (AVCs), you can find our AVC Handbook at www.scottishwidows.co.uk/save/rmcollectiveplanavc.

Some **important terms**

These will crop up throughout the Handbook, so we thought it'd be best to explain them early on.

There are two Sections to the Collective Plan:

The Collective Defined Contribution or 'CDC' Section – that's the Section that builds up your **income for life** (it can also be known as Collective Money Purchase or 'CMP'). The benefits it provides are not guaranteed.

The Defined Benefit Lump Sum or 'DBLS' Section – this one builds up your **lump sum** at retirement, and any booster payments you choose to make. The benefits under this Section are guaranteed by Royal Mail once earned.

✓ **Basic pay**

This is the base pay for your role. It doesn't include any extra pay, such as overtime, allowances and bonuses.

✓ **Pensionable pay**

Your pensionable pay is your basic pay, plus other payments such as allowances and bonuses that may count towards your pension depending on the terms of your employment.

If you work part-time, overtime will also count as part of your pensionable pay, up to the point that your hours reach the same as they would be for someone in a full-time contract for your role (provided that those hours are paid at the same rate as basic pay).

✓ **Royal Mail**

When we talk about "Royal Mail", we mean Royal Mail Group Limited (company number 04138203), the main employer of the Collective Plan. If you are employed by an associated employer, then you may have a separate pension arrangement. Please check the eligibility requirements on page 17 and contact Royal Mail's HR Services, details on page 91, for more information.

The big picture

How the Collective Plan works: what you get,
how you get it and when.



How the Collective Plan **works**

First things first: how does the Collective Plan work, and what do you need to pay?

The Royal Mail Collective Pension Plan is a tax registered scheme with HMRC.

For most, once you've been working for Royal Mail for a year, you'll join the Collective Plan (but there are some exceptions, which are detailed on page 17). This should happen automatically without you doing anything, but if you think you have not been admitted, contact Royal Mail's HR Services.

You'll pay in 6% of your pensionable pay

This is based on your basic pay, plus any payments, allowances or bonuses that are counted.

You have the option to pay an additional 1% of your pensionable pay to boost your **lump sum.**

&

Royal Mail pays in 13.3% of your pensionable pay

+ Royal Mail pays 0.3% of your pensionable pay towards ill health premiums - anything left over from this is paid into the Collective Plan.

If you pay the 1% booster contribution towards your **lump sum, Royal Mail will also pay 1% more.**

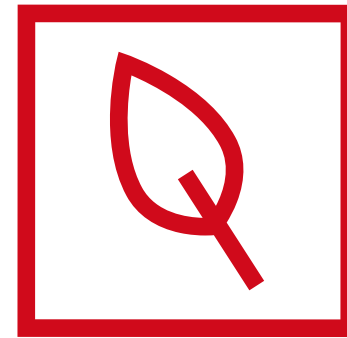
For a full breakdown of how your and Royal Mail's contributions are allocated, see page 20. All of that is then pooled with everyone else's money, and it's all **invested together**.

When the time comes to retire, you'll get two things:



An **income** for life

+



A one-off **lump sum**



**Your income
for life**





Your **income for life**

The Collective Plan is designed to give you an income for the rest of your life from age 67. You build up 1/80th of all your pensionable pay earned each year while paying into the Collective Plan, and the aim is to increase it to help keep up with the cost of living. However, this is not guaranteed.

We know talking in 80ths sounds a bit odd, but it's how pension plans like this one work out what you might get.

So, using an example:

If your pensionable pay was **£26,000 over a year**, in that year, you'd initially build up £325 (i.e. £26,000/80) as a yearly income from age 67.



If your pensionable pay was **£26,500 in the next year**, you'd build up another £331 (i.e. £26,500/80), giving a total of £656 as a yearly income from age 67.



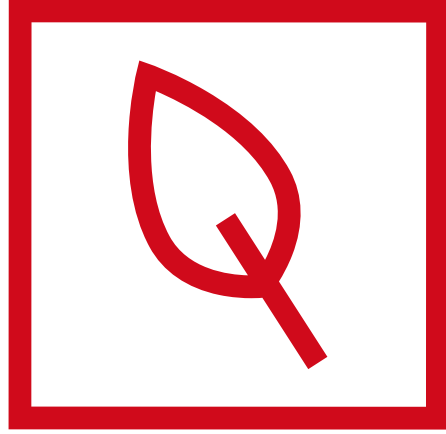
Over time, it will build up to provide your income for life in retirement.

In addition to this, the Collective Plan also aims to increase everyone's **income for life** over time to help keep up with the cost of living.

However, there is no promise or guarantee as to the rate or amount of **income for life** provided by the Collective Plan. Everyone's **income for life** is adjusted each year by the same percentage, even after you've retired, so that the cost of everyone's **income for life** stays in balance with the value of the Collective Plan's assets.



This means your income for life could go down, as well as up, both before and after you start getting your income for life.



Your lump sum





Your lump sum

The Collective Plan is designed for you to get your **lump sum** at age 67, and builds up year by year, separately from your income for life. It is paid as a one-off amount at the same time you get your income for life.

Your **lump sum** also builds up as a proportion of your pensionable pay at a rate of 3/80ths of any pensionable pay earned while paying into the Collective Plan. But, unlike your income for life, the **lump sum** you build up won't go down – it's guaranteed by Royal Mail.

So, again using an example:

If your pensionable pay was **£26,000 over a year**, in that year, you'd build up £975 (i.e. £26,000 x 3/80) as a **lump sum** when you reach age 67.



If your pensionable pay was **£26,500 in the next year**, you'd build up another £994 (i.e. £26,500 x 3/80), giving a total of £1,969 as a **lump sum** when you reach age 67.



Over time, it will build up to provide your lump sum at retirement.

Before you get your **lump sum** at retirement, the Collective Plan aims to increase your **lump sum** each year to help keep up with the cost of living. If the **lump sum** investments perform well, it's likely to go up, along with everyone's **lump sum**.



Any increases to your lump sum, once granted, will also be guaranteed by Royal Mail so cannot be taken away in the future.

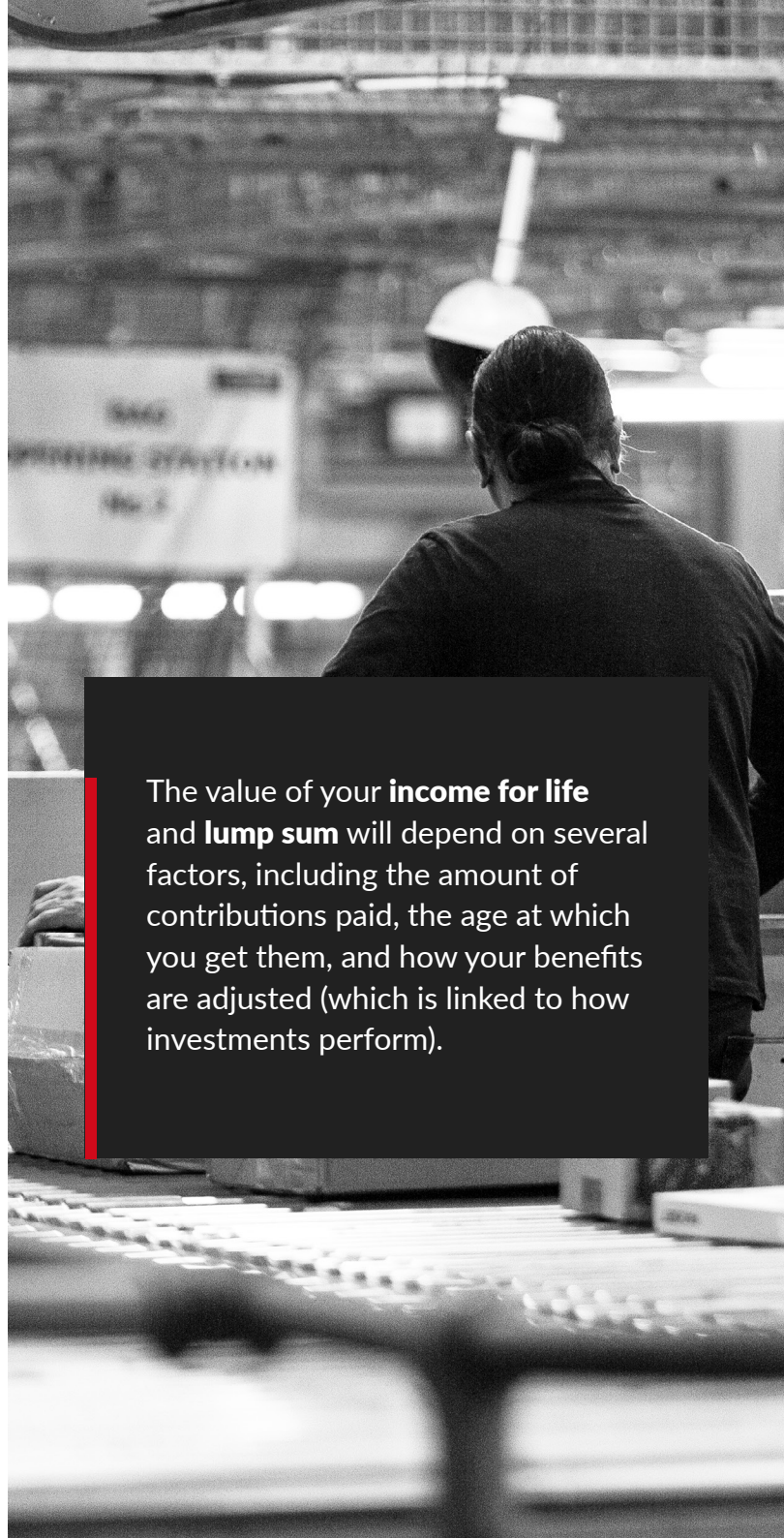
You might be able to get your **lump sum** tax-free, depending on how much you've built up and the tax rules when you take your benefits.



Understanding how this could work for you

We know that this might seem a bit complicated and different to any kind of pension you've had before. After all, it is the first of its kind in the UK.

We've explained the aims of the Collective Plan on these pages, using examples in scenarios where your **income for life** and **lump sum** are not adjusted. We know that's not likely, and so we've put together a case study of how your **income for life** and **lump sum** could change over time, to help explain how this works in more detail, see page 73.



The value of your **income for life** and **lump sum** will depend on several factors, including the amount of contributions paid, the age at which you get them, and how your benefits are adjusted (which is linked to how investments perform).

Getting your **income for life** and **lump sum**

In the Collective Plan, you get everything at the same time – your **income for life** and your **lump sum**. You can't take these separately. The Collective Plan works on the basis you'll get them at **age 67**, this is known as your Normal Retirement Age.

You could get your **income for life** and **lump sum** before age 67* - as long as you're over the Minimum Pension Age set by the Government. This is currently age 55 and it'll be age 57 from 2028. The only exception is for cases of ill health where you may be able to get them earlier (see page 58 for more information).

*Please note that, depending on your circumstances, either Royal Mail or the Trustee have the right to refuse payment of your income for life and lump sum before age 67.



Early



Anytime from age 55

(increasing to age 57 in 2028)

Retiring early means your **income for life** and **lump sum** will normally be reduced, because the amount you've built up will need to last longer and the Collective Plan hasn't had as long to get returns on the investments. Because you have spent less time paying into the Collective Plan, there's also less saved towards your **income for life** and **lump sum**.

At your Normal Retirement Age



At age 67

Retiring at your Normal Retirement Age means you'll get the normal amount as set by the Collective Plan subject to the adjustments each year up to age 67.

Late



After age 67

If you continue to work for Royal Mail after age 67, you can continue to build up your **income for life** and **lump sum** until you leave or choose to stop paying into the Collective Plan. However, you won't get any enhancement to the **income for life** or **lump sum** built up to age 67 by getting them after age 67.

If you have already left, you must get your **income for life** and **lump sum** at age 67. If we're unable to put your **income for life** into payment, you won't get any enhancement by getting them after age 67.

Your Member Self-Serve (MSS) Portal

You can log into your Collective Plan account through the secure MSS portal. Go to www.securermcollectiveplan.com.

Once logged in, you can:

Get an estimate of what income for life and lump sum you might get at age 67.

Keep us updated if you've left Royal Mail and your contact information changes. That way we can keep in touch with you and contact you when you reach age 67.



Eligibility criteria for the **Collective Plan**

Employer	Eligibility criteria	Automatic admission
Royal Mail Group	• 18 years old + • 1 years' service + • must cease active membership of any other Royal Mail pension scheme	Yes, if you reach 1 years' continuous service after 7 October 2024 you will be automatically admitted into the Collective Plan.
Royal Mail Property & Facilities Solutions (PFSL)	Only PFSL employees who were an active member of the Royal Mail Pension Plan (RMPP) on 6 October 2024.	Eligible employees were admitted on 7 October 2024. No other employees are eligible to join.

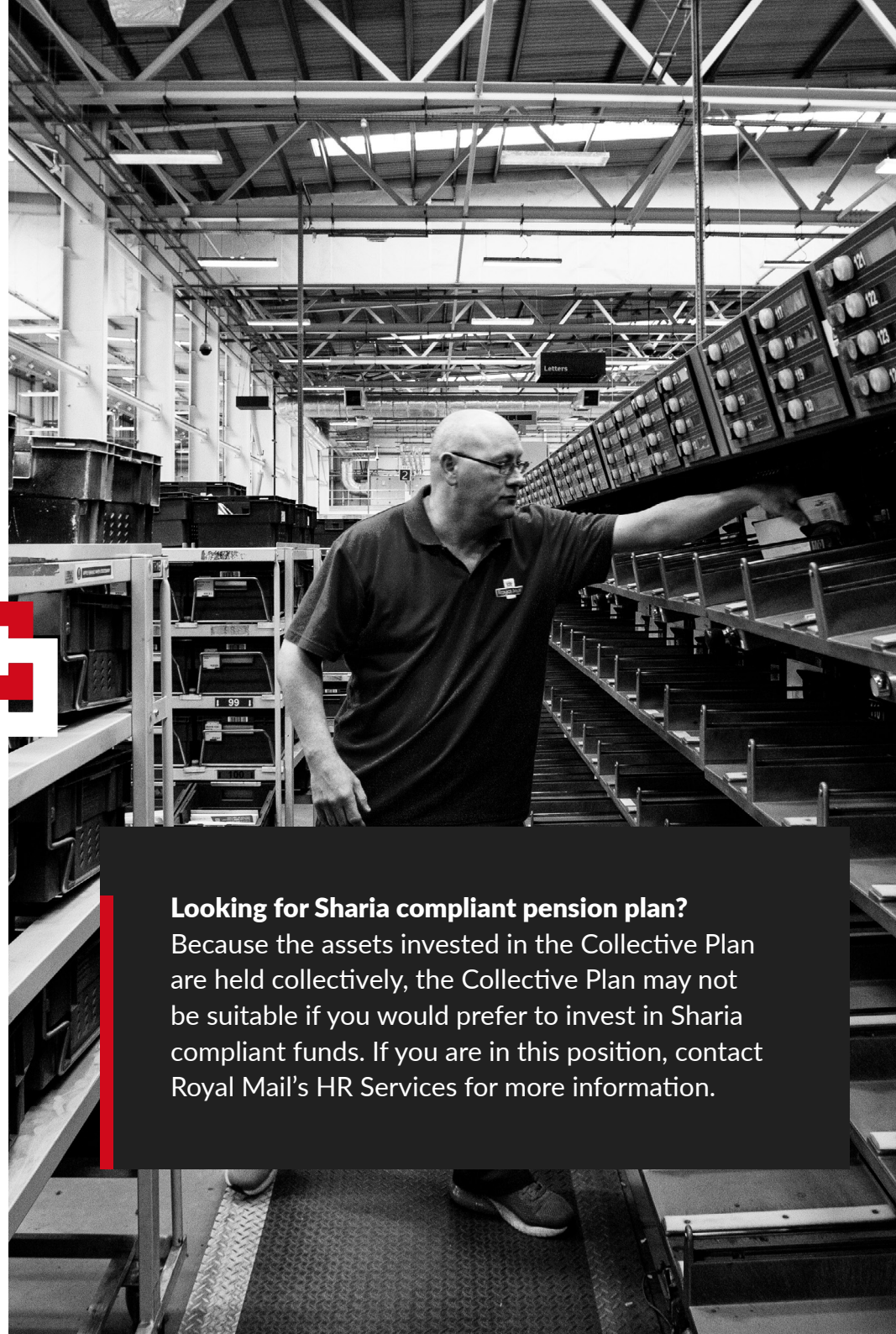


If you reached one years' continuous service before 7 October 2024, you will have been automatically admitted into the Collective Plan if:

- You were an active member of the Cash Balance Section of the Royal Mail Pension Plan (RMPP)
- You were an active member of the Standard Section of Royal Mail Defined Contribution Plan (RMDCP)

If you were in the Entry Level Section of RMDCP or were not an active member of a Royal Mail pension plan before 7 October 2024, you will not have been automatically admitted into the Collective Plan. Royal Mail wrote to you offering you the option to join and you remain eligible to join in the future. You can contact Royal Mail's HR Services to request a Collective Plan opt-in form.

If you opt-out of the Collective Plan and qualify for benefits under the Collective Plan (where transferring or receiving your benefits also counts as opting-out) and remain eligible, you have the option to re-join once. You cannot re-join if you opt-out of the Collective Plan a second time.



Looking for Sharia compliant pension plan?

Because the assets invested in the Collective Plan are held collectively, the Collective Plan may not be suitable if you would prefer to invest in Sharia compliant funds. If you are in this position, contact Royal Mail's HR Services for more information.

What it costs

Start paying in

What you pay

You pay 6% of your pensionable pay (remember, that's your basic pay, plus any other payments such as allowances or bonuses that count towards your pension). But you can save a bit more if you want to.

You can usually get tax relief on what you pay in, which means the cost to you could be lower.

There are some limits, see page 25 for more information.

What Royal Mail pays

Royal Mail pays a total of 13.3% of your pensionable pay (+ Royal Mail pays 0.3% of your pensionable pay towards your ill health premiums).

Boosting your Retirement Savings

You can't pay less than 6%, but you can pay in more to get more when you retire. There are two ways to get more from the Collective Plan.

1. Boost: You can pay 1% more towards your **lump sum**. If you do, Royal Mail will also pay an extra 1% to boost your **lump sum**. Have a look on www.rmcollectiveplan.com/save-boost for more information.

2. Additional Voluntary Contributions (AVCs): You can also pay Additional Voluntary Contributions (known as AVCs) into a separate pot – it doesn't count towards your **income for life** or **lump sum**. It also won't be matched by Royal Mail, but you can usually get tax relief on what you pay.

You'll save these AVC payments up in a separate pot in the Collective Plan. They'll have different rules about how you can take them.

Visit www.scottishwidows.co.uk/save/rmcollectiveplanavc and download our AVC Handbook for more information.



The full breakdown of what is paid into the Collective Plan

	Contributions as % of pensionable pay		
	Royal Mail	Employees	Total
Income for life – CDC Section			
Income for life (including operational expenses & continuity reserve)	11.2%	4%	15.2%
Lump sum – DBLS Section			
Lump sum (including operational expenses, risk reserve & Collective Plan death benefits)	2.1%	2%	4.1%
Total	13.3%	6%	19.3%
Lump sum booster (optional)			
Lump sum booster	1%	1%	2%
Total	14.3%	7%	21.3%
Ill health premiums*			
Ill health premiums	0.3%	0%	0.3%

*These payments do not form part of the Collective Plan (and the Trustee is not responsible for the payment of the benefits they will provide).

Income for Life - CDC Section

CDC Available Assets

The money held in the Available Assets of the CDC Section is used to provide your **income for life**. 10.9% of pensionable pay is allocated to the CDC Available Assets from Royal Mail's contributions.

CDC Operational Expenses

A sum equal to 0.2% of pensionable pay is taken from Royal Mail's contributions and is allocated to build a reserve for operational expenses. This is expected to cover each year's operational expenses, with the balance building a reserve for future expenses. If expenses are higher than this, money will be taken from the Collective Plan, Royal Mail will not make additional contributions.

CDC Continuity Reserve

A sum equal to 0.1% of pensionable pay is also taken from Royal Mail's contributions and allocated to build a reserve which can be used if an event occurs that threatens the ongoing existence of the Collective Plan and it needs to be discontinued (see page 60 for more information).



Lump Sum - DBLS Section

Contributions to the DBLS Section are held in a general fund which is used to pay members' benefits in line with the provisions of the Collective Plan's Trust Deed & Rules. Some of Royal Mail's contribution is allocated into a "Risk Reserve" as described below and any Additional Voluntary Contribution (AVC) payments are dealt with separately. Operational expenses for the DBLS Section and the Collective Plan death benefits are also paid from the general DBLS fund.

DBLS Risk Reserve & DBLS Booster Risk Reserve

At the Collective Plan's launch, a sum equal to 0.2% of pensionable pay will be allocated to the DBLS Risk Reserve and a sum equal to 0.2% of pensionable pay will be going into the DBLS Booster Risk Reserve in respect of members who have made booster contributions. In each case, they will be paid from Royal Mail's contribution.

Ill Health Premiums

On top of the 13.3% (or 14.3% if you choose to pay the **lump sum** booster) that Royal Mail pays into the Collective Plan, Royal Mail also allocates a sum equal to 0.3% of pensionable pay to pay ill health premiums. These are paid to a health insurer to provide ill health benefits to eligible Royal Mail employees. These payments do not form part of the Collective Plan (and the Trustee is not responsible for the payment of the benefits they will provide). For more information about these benefits, contact Royal Mail's HR Services.

The Trustee understands that Royal Mail intends to pay into the **lump sum** (DBLS) Section of the Collective Plan whatever is not needed from the 0.3% of pensionable pay, to pay ill health premiums. Anything paid in will be pooled with everyone else's money and invested together.



How you pay

If eligible, the payments you make into the Collective Plan are made through something called **Pension Salary Exchange (PSE)** - sometimes known as salary sacrifice.

The way it works is that your wage is reduced, and your employer pays the equivalent amount into the Collective Plan on your behalf. As, under PSE, you agree to reduce your wage, you can make Income Tax and National Insurance savings. For more information about PSE and to check if you're eligible, contact Royal Mail's HR Services.



Here are some examples of how this works using Pension Salary Exchange (PSE)

If your pensionable pay is **£12,500 a year** -> about **£240 a week**

What you pay		+Tax you would otherwise have paid**		What Royal Mail pays		Total paid into the Collective Plan	
The 6% cost to you after tax relief*	The 1% cost to you of your booster after tax relief*	on your normal 6%	on your 1% booster	Royal Mail's 13.3%	+ Royal Mail's 1% booster match	Without the booster:	With the booster:
£14.42 a week	+ £2.40 a week	+ £0 a week	+ £0 a week	+ £31.97 a week	+ £2.40 a week	£46.39 a week	£51.19 a week

If your pensionable pay is **£25,000 a year** -> about **£481 a week**

What you pay		+Tax you would otherwise have paid**		What Royal Mail pays		Total paid into the Collective Plan	
The 6% cost to you after tax relief*	The 1% cost to you of your booster after tax relief*	on your normal 6%	on your 1% booster	Royal Mail's 13.3%	+ Royal Mail's 1% booster match	Without the booster:	With the booster:
£20.77 a week	+ £3.46 a week	+ £8.08 a week	+ £1.35 a week	+ £63.94 a week	+ £4.81 a week	£92.79 a week	£102.41 a week



If your pensionable pay is **£40,000 a year** -> about **£769 a week**

What you pay		+Tax you would otherwise have paid**		What Royal Mail pays		Total paid into the Collective Plan	
The 6% cost to you after tax relief*	The 1% cost to you of your booster after tax relief*	on your normal 6%	on your 1% booster	Royal Mail's 13.3%	+ Royal Mail's 1% booster match	Without the booster:	With the booster:
£33.23 a week	+ £5.54 a week	£12.92 a week	+ £2.15 a week	+ £102.31 a week	+ £7.69 a week	£148.46 a week	£163.84 a week

*The values shown are worked out based on what you would pay, less the tax you would otherwise have paid if it was taken as pay. Your entitlement to tax relief depends on your personal tax circumstances, such as other taxable income you might receive, and so could be different to the figures shown.

**The 'Tax you would otherwise have paid' has been worked out using England, Wales and Northern Ireland Income Tax and National Insurance bands for the 2024/25 tax year. It assumes your pensionable pay is equal to your total taxable income and that you are not making any other pension contributions. If you're based in Scotland, the amount of tax you'll pay will be different to what's shown here.



Tax relief & Annual Allowance

The minimum contribution you must pay into the Collective Plan is 6% of your pensionable pay. But, you can pay more as a **lump sum** booster or Additional Voluntary Contributions (AVCs). There are some limits on how much you can save and still receive tax relief.

The tax rules are complicated and how they apply to you will depend on your personal circumstances.

As an overview, you usually pay tax if savings in your pension pots go above:

- 100% of your earnings in a year - this is the limit on tax relief you get www.gov.uk/tax-on-your-private-pension/pension-tax-relief.
- Your 'Annual Allowance' - which for most people will mean pension payments of more than £60,000 during a tax year. Contributions include both payments made by the person and their Employer, and payments across all pension arrangements they may have.

The Annual Allowance may be less if you:

- have a significant amount of annual income (high earners with income over £200,000 could have a lower Annual Allowance)
- cash out a pension in a certain way, known as taking flexible retirement income (such as receiving benefits as a type of **lump sum** called an "uncrystallised funds pension **lump sum**")

If you're thinking about saving more into the Collective Plan, make sure you're clear on the tax implications, and how they might affect you.

You can find more information on MoneyHelper's website - www.moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions.

There's no getting around it, pension tax rules can be complicated. If you think you might be affected – now or in the future – or if you just want to know more, we'd recommend speaking to a financial adviser.



How your other pensions **fit in**

The Collective Plan is the future of pensions at Royal Mail, but for plenty of people it's just one part of a bigger pensions picture.

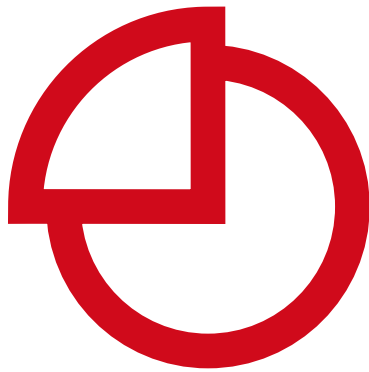
You'll probably have benefits saved in other Royal Mail pensions. And if you've worked elsewhere or saved into your own personal pension, you may have other pension benefits too.

Knowing how these all fit together is an important part of planning for your future.

The Collective Plan is something different – it's a fresh, innovative pension that aims for simplicity and security through collective investments, providing everyone an **income for life** and a **lump sum** at retirement.

So, the question is: how will your other pension plans fit in with this approach?





Other Royal Mail pension plans

If you have paid into any other pensions with Royal Mail, they will still be there for you when you come to retire if you haven't already taken them or transferred them out.

They'll be paid according to the Trust Deeds & Rules of those individual plans, which means you may want to take them at a different time to your **income for life** and **lump sum** from the Collective Plan.

Here's an overview of some of the Royal Mail pension plans.



If you joined a Royal Mail pension plan before 1 April 2008:

Royal Mail pension	Service	What this is
Royal Mail Statutory Pension Scheme (RMSPS)	Before 1 April 2012	These are the benefits that transferred to RMSPS from the RMPP under the Postal Services Act 2011. You stopped building these benefits up in 2012 but they will continue to be paid in the same way. For more information, go to www.royalmailsps.co.uk.
Royal Mail Pension Plan (RMPP)	1 April 2012 to 6 October 2024	These are benefits you built up after 2012. You stopped building these benefits up on 6 October 2024 but they will continue to be paid in the same way. For more information, go to www.royalmailpensionplan.co.uk.



If you joined a Royal Mail pension plan between 1 April 2008 and **6 October 2024**

Royal Mail pension	Service	What this is
The Royal Mail Defined Contribution Plan (RMDCP)	1 April 2008 to 6 October 2024	You and Royal Mail stopped paying into the RMDCP on 6 October 2024*, but your pot is still invested to give it a chance to grow. If you paid in any AVCs to this plan, they would have gone into the same pot. For more information, go to rmdcp.uk or log into your account to see the current value of your pot at money4life.scottishwidows.co.uk/employee.
Royal Mail Pension Plan (RMPP) Cash Balance Fund	Available to people after 5 years' service and who chose to join	You stopped building these benefits up on 6 October 2024 but they will continue to be paid in the same way. For more information, go to www.royalmailpensionplan.co.uk.

*You could have remained in the RMDCP longer if you had less than 12 months service with Royal Mail on this date.



If you joined a Royal Mail pension plan on or after **7 October 2024**

Royal Mail pension	Service	What this is
NEST	Available to people with less than 12 months' service, or who have opted out	You and Royal Mail pay into a savings pot and it is invested to give it a chance to grow. For more information, and to log into your account go to www.nestpensions.org.uk .
Royal Mail Collective Pension Plan	Available to people with more than 12 months' service	This Handbook contains information about the Collective Plan, or you can visit www.rmcollectiveplan.com .



Transferring other pensions into the Collective Plan

Currently, you are not able to transfer other pensions into the Collective Plan. If this changes in the future, we will update the information shown here.

Don't forget about the State Pension

Most people are entitled to the State Pension, which is funded by your National Insurance contributions. The amount you get depends on how many years you've been paying National Insurance when you reach your State Pension Age.

You can check your State Pension Age at www.gov.uk/state-pension-age.

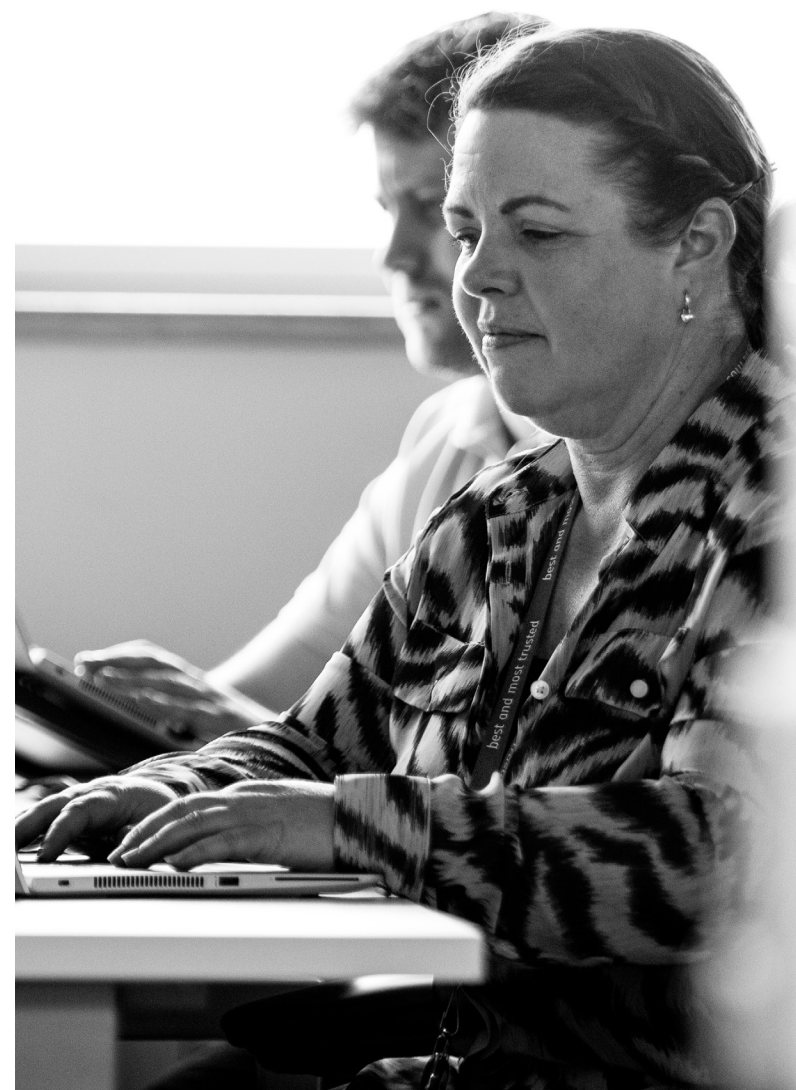
The State Pension can be a complicated area. How much you'll get and when you'll be entitled to it depends on when you were born and how much National Insurance you've paid.

Thankfully, the Government has got a handy calculator to help you work out what you'll get and when: www.gov.uk/check-state-pension.

Any other pension savings you may have

Don't forget to think about any other workplace pensions you may have – if you've lost touch with them, you can attempt to track them down at:

www.gov.uk/find-pension-contact-details.



Looking after your money

How we look after your money: how we work out adjustments to your **income for life** and **lump sum**, and our approach to investing.



Who we are

The Trustee that looks after the Collective Plan and the money you and everyone else pays into it is made up of a board of Trustee Directors.

We're independent of Royal Mail and work together to manage the Collective Plan and make important decisions about how the Collective Plan is run.

We're a group of people from a range of different backgrounds, some of us are from Royal Mail, some from the Trade Unions and some of us are pensions professionals.

The Trustee board will usually have 9 Trustee Directors, 4 member-nominated and 5 nominated by Royal Mail, including the Chair. The Unions must also approve the Chair.

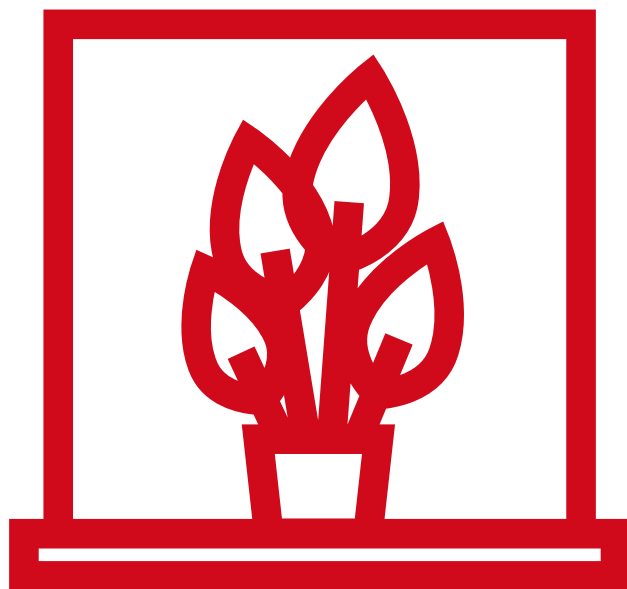
More information about the Trustee board, and structure, can be found by visiting www.rmcollectiveplan.com/the-trustee.



The role of the Collective Plan's advisers

We also work with expert advisers and service providers who help us make sure the Collective Plan is well looked after, and that your money is working hard for you.





Working out how your **income for life** is adjusted

Each year, we the Trustee, and some of the Collective Plan's advisers will look at the Collective Plan's investments and estimated future spend to work out how much we have to adjust everyone's **income for life** by.



In line with the Collective Plan's Trust Deed & Rules, we'll evaluate three main things for your **income for life**:

- the **ups and downs** of the Collective Plan's investments for the past year
- the **estimates** of how the Collective Plan's investments will perform in the future
- how much we think it's going to **cost** to manage the Collective Plan and pay everyone's **income for life**

Once we've worked that out, we'll then work out how much to change your income for life by.

The aim is that we'll increase everyone's **income for life** over time to help keep up with the cost of living, but in some years, we could have to decrease your **income for life**. It doesn't matter if you've already started getting your **income for life** or not, everyone's **income for life** will go up, or down, by the same percentage.

For more information about how your **income for life** is adjusted each year, see page 67.

If there are increases to be made, or if decreases are less than 5%, the Collective Plan will make these changes on 31 March in the relevant year.

In the event that decreases of more than 5% are needed, they'll be spread over two or three years (on 31 March each time), so the reduction in everyone's **income for life** won't happen all in one year.

The first-year decrease would usually be 5%, with any balance applied in year 2, and any balance over 5% of that applied in year 3. The exception to this is if three 5% decreases are not enough, in which case all three years will be at the same level (for example, a 6% decrease would be applied each year for three years if the overall decrease was 18%).

It is important to note that if, in one year, it is decided that decreases of more than 5% are needed (so that the decreases are split over two or three years) and in the next year it is decided that further decreases are necessary, these can apply in addition to the decreases which are already due to be applied.



Working out how your lump sum is adjusted

Unlike your **income for life**, your **lump sum** amount is guaranteed.

We'll aim to increase your **lump sum** each year, to help keep up with the cost of living. You're not guaranteed to get an increase each year, but your **lump sum** will never decrease. And once an increase is given to your **lump sum**, it is guaranteed and can't be taken back.

It's likely that adjustments made to your **income for life** and **lump sum** will be different – so one may increase while the other does not, or they may change by different amounts.

We'll tell you every year as things change

Every year we'll let you know whether your **income for life** will go up, down or stay the same. We will aim to make sure you've got at least 6 weeks' notice to adjust your planning if your **income for life** is changing.





It's important to remember that this is how the Collective Plan is designed to work

We expect there to be years where your **income for life** goes down, this is part of the design. The aim is that, over time, there will be more ups than downs.

By accepting that your **income for life** can go down, the aim is to invest the money in a way which creates a greater income for you over your lifetime, although this is not guaranteed.

How the Collective Plan's money is invested



There are a set of investment rules which the Trustee must follow. We set the Collective Plan's investment strategy within the bounds of these rules after taking advice from our investment advisers.

All the money that everyone pays in towards their **income for life** and **lump sum** is invested in a mix of investments, including investing in companies around the world, and in things like property and loans to companies or governments. We use a range of different investments to help us balance risk.



How the money towards your **income for life** is invested

Some of Royal Mail's contribution goes towards operational expenses and a continuity reserve (see page 20 for more information). The rest of the money is pooled together into one collective investment. Every member of the Collective Plan shares the ups and the downs of this collective investment.

One of the benefits of having everyone in it together is that we're able to balance risk across all members. As a result, we can target higher return investments that might go down in the short-term but are estimated to deliver higher growth over the long-term.

This is why in some years you could see your **income for life** go down, or not keep up with the cost of living. The aim is that by accepting short-term risk and that there might be some years where your **income for life** could go down, we're able to provide a greater overall income for you in your lifetime. Though, all investments come with risk and this is not guaranteed.



The investments will change as the membership of the Collective Plan changes. For example, as members get older and retire, the Collective Plan will start paying more and more members their **income for life**. Therefore, the investment strategy will need to change to align with the need to pay more members their **income for life**.

It's important that you understand that the adjustments to your **income for life** are linked to the performance, and expected performance, of these investments (see page 67 for more information on how the **income for life** is adjusted and other factors which influence those adjustments).

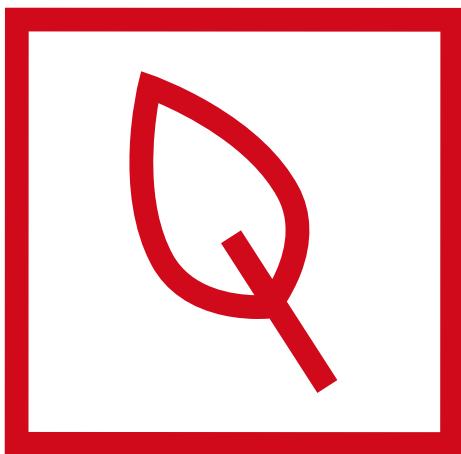


Investing sustainably

How the Collective Plan's money is invested plays an important role in the future of our society and planet.

The Trustee is committed to a sustainable investment strategy, which considers the environmental, social and governance practices of the organisations the Collective Plan invests in and the impact they have. This is part of our overall objective of considering long term risks in order to optimise financial returns.

You can go to www.rmcollectiveplan.com/investments to find out more about how your money's invested and explore the topics that matter most to you.



How the money towards your **lump sum** is invested

Your **lump sum** is guaranteed by Royal Mail to be a minimum of 3/80th of your pensionable pay for each year you pay into the Collective Plan. Like with your **income for life**, the payments from you and Royal Mail towards this are collected and invested. There is an aim to deliver growth so that we can increase your **lump sum** to help keep up with the cost of living.

The Collective Plan's Trust Deed & Rules set out how the Trustee will invest your **lump sum**. Remember that, unlike your **income for life**, your **lump sum** is guaranteed by Royal Mail. If investment performance is worse than estimated, your **lump sum** won't go down. Instead, Royal Mail could have to make additional payments into the Collective Plan. This is why, in line with the Collective Plan's investment rules, there is likely to be a greater emphasis on lower risk investments that are considered less likely to go down in the short-term but might not deliver as much growth over the long term.



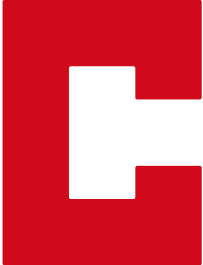


Some of Royal Mail's contributions towards your **lump sum** are held in a reserve (see page 21). This reserve is not used to pay your **lump sum** or considered when applying any adjustments. If it's estimated that there is not enough money to pay everyone's **lump sum**, then money from the reserve can be used. From time to time, if Royal Mail determine the reserve has enough in it, money can be released from the reserve towards your **lump sum**.

If you choose to pay the extra 1% booster, this money and Royal Mail's matching 1% contribution will be invested in the same way as the other **lump sum** investments, with 0.2% of pensionable pay from Royal Mail's contribution going towards the reserve.

More information about our investment strategy and investment returns will be shared in the Collective Plan's audited Report & Accounts, which will be provided on request, once available, and our Statement of Investment Principles. All Plan documents are available on the website, www.rmcollectiveplan.com/documents-forms.





When life changes



The good, the bad, and everything
in between - how the Collective Plan
works when life changes.



Leaving the Collective Plan

We understand that circumstances change, and so do priorities. It's not always possible to keep paying into a pension plan, even if you're still working at Royal Mail.

If you decide to leave the Collective Plan, stop work, or move to a new employer, how the money that you've paid in is treated depends on how long you've been a member of the Collective Plan and when you started working for Royal Mail.

If you're working for Royal Mail and are thinking about leaving the Collective Plan, including transferring out or getting your **income for life** and **lump sum**, it's important you know that you will only be able to leave and then re-join the Collective Plan once.

If you would like to receive further information in relation to your options on leaving the Collective Plan, contact Royal Mail's HR Services.



If you were working for Royal Mail on 7 October 2024

You'll become a 'deferred' member of the Collective Plan. You can't have a refund of your payments, or Royal Mail's, but you'll have other options instead.

You can:

- leave your **income for life** and **lump sum** in the Collective Plan until you decide to get them or transfer out
- get your **income for life** and **lump sum** if you're over 55 (or 57 from 2028) although you might be able to get these benefits earlier if you are in ill-health (see page 58 - 59)
- transfer your value out – see the next section "transferring out of the Collective Plan" on page 50 for more information

Please note that it is not currently possible to get your **income for life** as a lump sum from the Collective Plan, even if it is a very small amount or you're suffering from serious ill health.





If you started working for Royal Mail after 7 October 2024

If you've been a member of the Collective Plan for **less than 3 months** when you leave the Collective Plan

The payments you've made towards the Collective Plan will be refunded to you by Royal Mail, including any booster and Additional Voluntary Contributions (AVCs) you've made. This will be done through Payroll if you were using Pension Salary Exchange (PSE) to pay into the Collective Plan. You won't get a refund for the payments Royal Mail has made into the Collective Plan.



If you've been a member of the Collective Plan for **3 months to 1 year** when you leave the Collective Plan

You'll have the option to:

- get a **refund** of the payments you've made towards the Collective Plan, including any booster or Additional Voluntary Contributions (AVCs) you've made (this will be done through Payroll if you were using Pension Salary Exchange (PSE) to pay into the Collective Plan)
- **transfer** the full value, including any booster or Additional Voluntary Contributions (AVCs) you've made (plus Royal Mail's payments) to another registered pension scheme



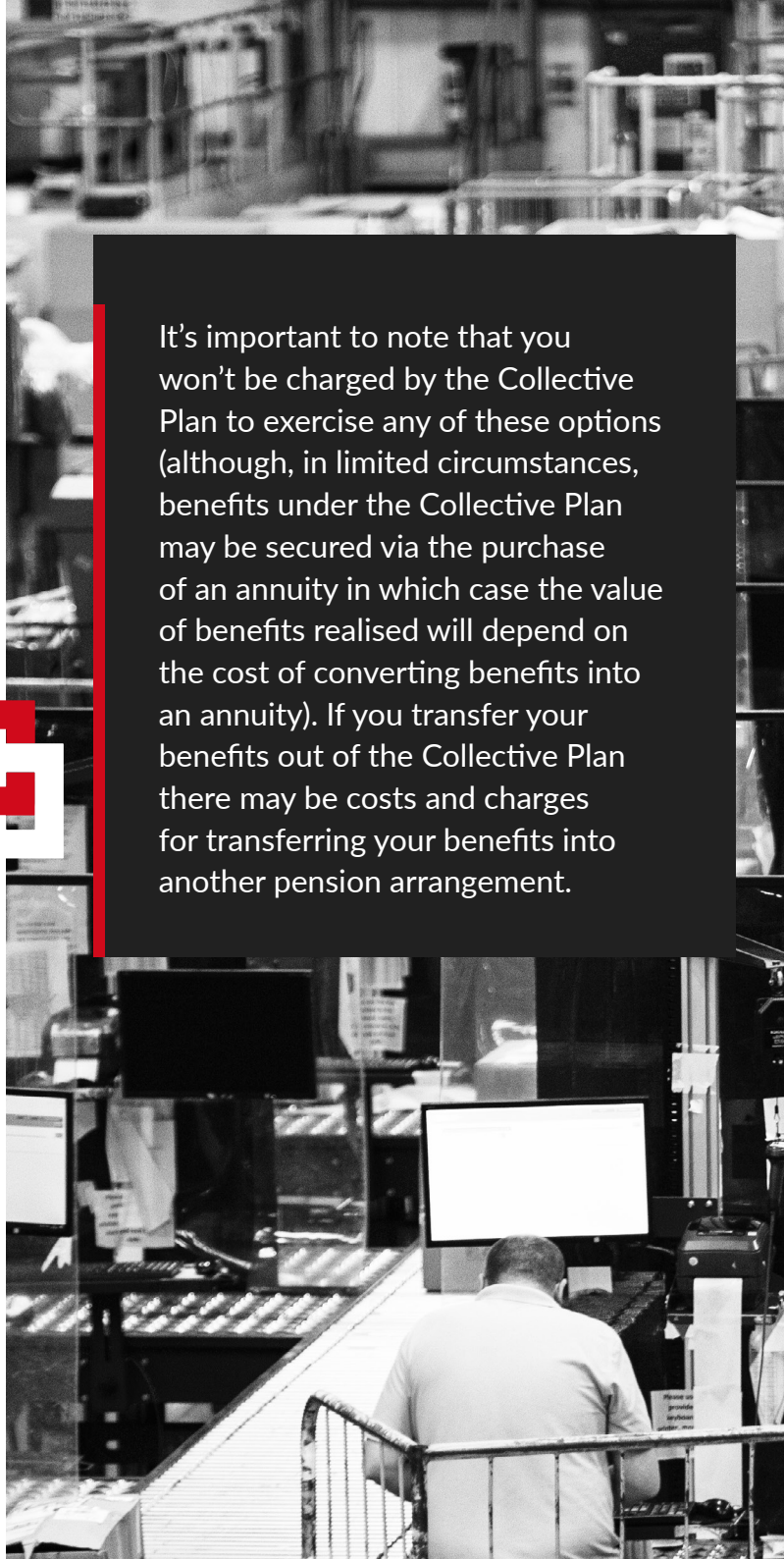
If you've been a member of the Collective Plan for **more than 1 year** when you leave the Collective Plan

You'll become a 'deferred' member of the Collective Plan. You can't have a refund of your payments, or Royal Mail's, but you'll have other options instead.

You can:

- leave your **income for life** and **lump sum** in the Collective Plan until you decide to get them or transfer out
- get your **income for life** and **lump sum** if you're over 55 (or 57 from 2028) although you might be able to get these benefits earlier if you are in ill-health (see page 58)
- transfer your value out – see the next section “transferring out of the Collective Plan” on page 50 for more information

Please note that it is not currently possible to get your **income for life** as a lump sum from the Collective Plan, even if it is a very small amount or you're suffering from serious ill health.



It's important to note that you won't be charged by the Collective Plan to exercise any of these options (although, in limited circumstances, benefits under the Collective Plan may be secured via the purchase of an annuity in which case the value of benefits realised will depend on the cost of converting benefits into an annuity). If you transfer your benefits out of the Collective Plan there may be costs and charges for transferring your benefits into another pension arrangement.



Transferring out of the Collective Plan

If you leave the Collective Plan before you get your **income for life** and **lump sum**, you could choose to transfer out what you've built up in the Collective Plan, including any lump sum booster or Additional Voluntary Contributions (AVCs) you've made.

It's possible to transfer out individual parts of what you have in the Collective Plan. For example, you could transfer out what you've built up towards your **income for life** but keep what you've built up towards your **lump sum**. However, you must transfer your entire **income for life** or **lump sum** benefit. You cannot transfer a percentage of what you've built up towards your **lump sum** or **income for life**, unless Royal Mail permits otherwise.

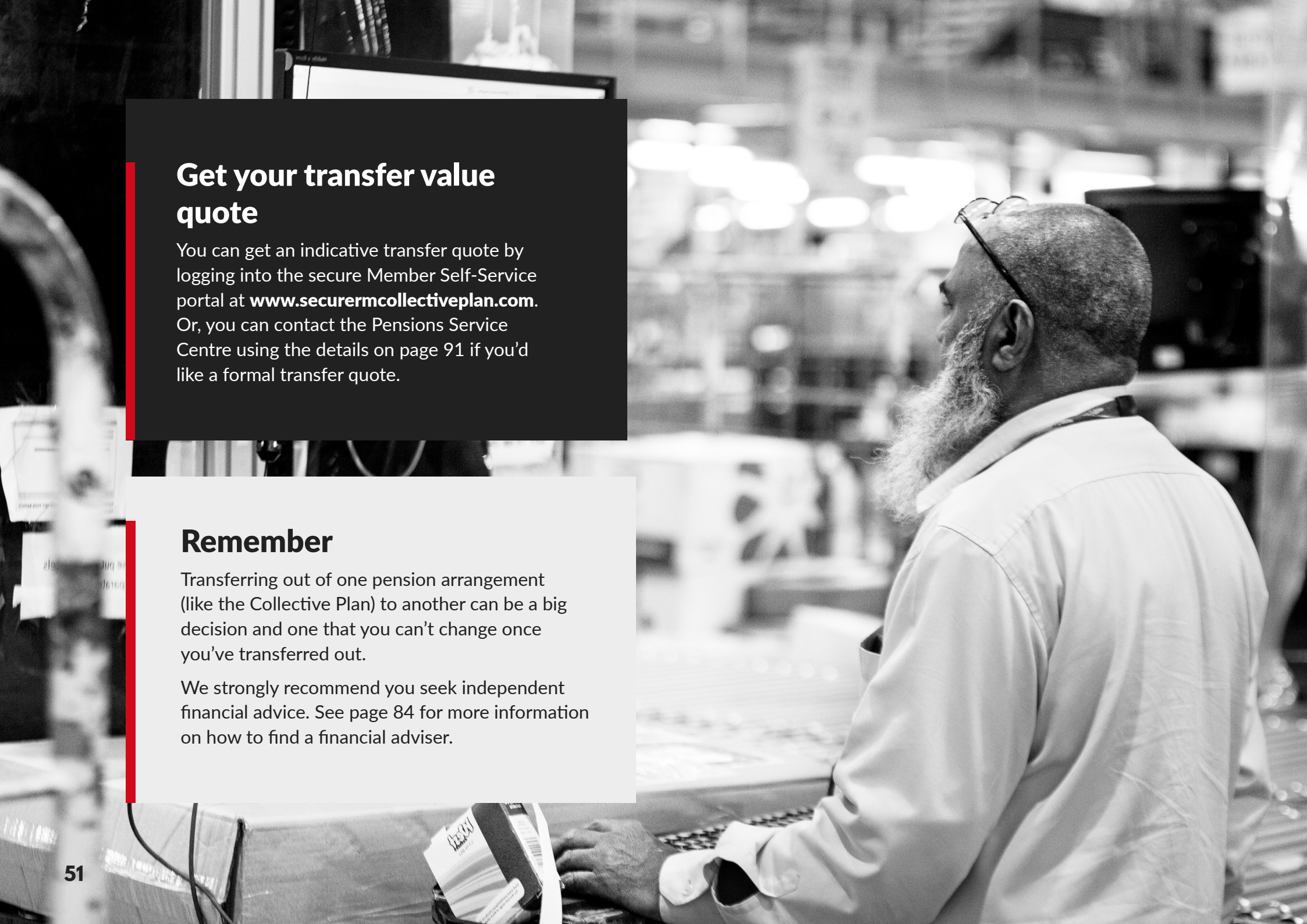
Any lump sum booster payments you've made would need to be transferred out with the **lump sum**.

If you decide to transfer out what you've built up towards your **income for life** and you've made Additional Voluntary Contributions (AVCs), then these AVCs must be transferred out at the same time.

To transfer out, you'll need to transfer your pension to a HMRC UK registered pension scheme or Qualified Registered Overseas Pension Scheme (or benefits can be transferred to an insurer for the purpose of purchasing an annuity).

The amount of the transfer value will be your share of the Collective Plan's assets at that time. It is worked out by the Trustee as the amount of money estimated to be needed to pay your benefits compared to how much is estimated to be needed to pay everyone's benefits. This is based on your age and size of benefits built up, as well as estimates set by the Trustee of what will happen in the future, including how the Collective Plan's investments will perform. These estimates are reviewed regularly by the Trustee and will change from time to time. For a given amount of **income for life** or **lump sum** built up to date, the transfer value is usually higher for older members, as the Collective Plan would have needed to start paying benefits sooner for older members.

There's no maximum age for transferring your pension if you're still paying into the Collective Plan. But if you stop paying into the Collective Plan after age 67 (the Collective Plan's Normal Retirement Age), you'll need to let us know then that you want to take a transfer immediately on leaving, otherwise you'll get your **income for life** and **lump sum**.



Get your transfer value quote

You can get an indicative transfer quote by logging into the secure Member Self-Service portal at **www.securermcollectiveplan.com**. Or, you can contact the Pensions Service Centre using the details on page 91 if you'd like a formal transfer quote.

Remember

Transferring out of one pension arrangement (like the Collective Plan) to another can be a big decision and one that you can't change once you've transferred out.

We strongly recommend you seek independent financial advice. See page 84 for more information on how to find a financial adviser.



Beware of scams

Scammers are increasingly trying to persuade savers to transfer their pension savings to unregulated or fraudulent schemes to steal their money.



To help you spot the signs and protect yourself from a scam, the FCA and The Pensions Regulator suggest the following four steps:

1. Reject any unexpected offers

This can be offers like free pension reviews or investment opportunities for your savings, and often originate from unsolicited text or social media messages.

Remember, a genuine adviser will never cold call you.

2. Check who you're dealing with

The FCA's website allows you to search for independent financial advisers and companies authorised by the FCA: www.fca.org.uk/consumers/pension-scams.

If you're using online resources, always double-check the website address is the same as the address shown in any official communications.

3. Don't feel pressured into making any quick decisions

If you're contacted out of the blue by someone you don't know offering you a "safe haven" for your pension, please don't make any rushed decisions.

4. Get impartial information and financial advice before making any changes to your pension

MoneyHelper, a government-backed service, provides free, independent, and impartial information and guidance, and offers a list of registered financial advisers. Visit www.moneyhelper.org.uk.

It's important to consider getting impartial financial advice from a financial adviser authorised by the FCA before making any changes to your pension, especially if you're looking to transfer out of the Collective Plan.

Visit the FCA's Scam Smart website for more information on staying safe from scams: www.fca.org.uk/scamsmart Or visit The Pensions Regulator's website: www.thepensionsregulator.gov.uk/en/pension-scams.



You can also download their leaflet by visiting: www.thepensionsregulator.gov.uk/media/0tcl0mj4/16423_pensions_consumer_leaflet_screen.pdf



Looking after your **loved ones**

An important part of planning for your future is thinking about what will happen to the **income for life** and **lump sum** you've built up when you die.

This can be a difficult aspect of pension planning to think about, but it's an important part of looking after your loved ones, and their future too.

Making the Collective Plan work for you

Let us know who your Dependants are and how you'd like your money to be split between them if you die by visiting the secure Member Self-Service portal. Visit **www.securemcollectiveplan.com** to login. Once you've logged in, select 'More' in the top bar, and then click 'Dependants'.

You can update the details at any time – if your circumstances change.



If you die while still working for Royal Mail (known as 'death in service') and are paying into the Collective Plan

4x your pensionable pay* will be paid at the discretion of the Trustee to your Dependants. If you die within three years of ill health early retirement from active membership in the Collective Plan, your Dependants will also receive 4x your pensionable pay (see page 6 for definition of pensionable pay).

*If you are a member of the Royal Mail Pension Plan (RMPP) and/or Royal Mail Statutory Pension Scheme (RMSPS), and you receive any death in service benefit which is due from the RMPP and/or RMSPS, the Collective Plan will only top up any difference, if the amount due from the RMPP and/or RMSPS is lower than the 4x your pensionable pay due from the Collective Plan. For example, if the death in service benefit due from RMPP was £90,000 and the death in service due from the Collective Plan was £100,000, you would receive a total death in service benefit of £100,000 – with £90,000 being paid from RMPP and £10,000 paid from the Collective Plan. If the RMPP and/or RMSPS benefit is more than the Collective Plan benefit, then no benefit is payable from the Collective Plan.





Here's what would happen to your income for life and lump sum...

...If you die **before** you've
started getting your...



income for life

If you have eligible Dependants, part of the **income for life** you have been building up would be used to pay an income to them. It will go up or down in the same way as explained on page 37.

If you have an eligible Dependant (other than a child*)

50% of what you've built up at your date of death would go to your Dependant(s).

If you have children

Plus, if you have an eligible child*, they'll get 25% of what you've built up. If you have more than one child who's eligible, 50% of what you've built up will be shared between them.

These incomes are payable for as long as the children remain eligible.



lump sum

The part that had been building up to give you a **lump sum**, and any booster payments you've saved, would be paid as a **lump sum** to your Dependant(s) too. The amount paid would be the value at your date of death, without any reduction.

...If you die **after** you've started getting your...



income for life

If you have eligible Dependants, part of the **income for life** you have built up would be used to pay an income to them. It will go up or down in the same way as explained on page 37.

If you have an eligible Dependant (other than a child*)

50% of what you were being paid at your date of death would go to your Dependant(s).

If you have children

Plus, if you have an eligible child* they'll get 25% of what you were being paid at the date of your death. If you have more than one child who's eligible, 50% of what you were being paid will be shared between them. These incomes are payable for as long as the children remain eligible.



lump sum

When you start getting your **income for life**, your **lump sum** is paid at the same time (they can't be taken separately), so there will be no **lump sum** paid by the Collective Plan when you die.

***A child must be either:** Under 18, under 23 and in full-time education, or any age and assessed to be dependent because of physical or mental impairment.

A note on Dependants

Some of your loved ones will be referred to as your 'Dependants' in the Collective Plan. It aims to help those who are dependent on you financially or because of physical or mental impairment.

When we say "Dependant" this means:

- (a) a member's spouse (of any gender) or Civil Partner (of any gender), or Qualifying Child
- (b) any person who was not married to, or a Civil Partner of, the member at the date of the member's death and is not a Qualifying Child of the member and, in the opinion of the Trustee, was at the date of the member's death:
 - (i) financially dependent on the member
 - (ii) in a financial relationship with the member of mutual dependence
 - (iii) dependent on the member because of physical or mental impairment



Ill health benefits





Royal Mail ill health benefits

If you work for Royal Mail you could be covered for an ill health benefit - depending on if you meet certain criteria. Please contact Royal Mail's HR Services for more information.

Collective Plan ill health benefits

If you're a member of the Collective Plan and you're in ill health, you could get your **income for life** and **lump sum** from the Collective Plan early if you meet the criteria for ill health, even if you've stopped working for Royal Mail. How much you get will depend on if you're paying into the Collective Plan or not.

If you're still paying into the Collective Plan...

If you qualify for an ill health benefit and are still paying into the Collective Plan, you'll get your **income for life** and **lump sum** that you've saved so far. Normally, this would be paid without any reduction for early payment, even if you're under the Minimum Pension Age (currently 55).

If you're not paying into the Collective Plan...

If you qualify for an ill health benefit after you've stopped paying into the Collective Plan, you can get your **income for life** and **lump sum**, even if you're under the Minimum Pension Age - but it will be a reduced amount if you're under age 67.

How is ill health decided?

If you're still paying into the Collective Plan, Royal Mail will be responsible for deciding if you meet the ill health criteria, taking into account medical advice.

If you're not paying into the Collective Plan, The Trustee of the Collective Plan will be responsible for deciding if you meet the ill health criteria, taking into account medical advice.

If circumstances **change**

Life changes for all sorts of reasons – good or bad, expected or unexpected, long-term or short-term.

What happens if I change to working part time or change my hours?

If you move to working part time or change your hours during your employment, you'll still pay into the Collective Plan.

The **income for life** and **lump sum** that you've already saved towards your retirement will not be affected.

The **income for life** and **lump sum** you build up in the Collective Plan is based on your pensionable pay (see page 6 for a definition of pensionable pay). Any changes to your pensionable pay will affect the amount you build up each year – but you'll still be saving towards your retirement. Check out our case study on page 73 for an example of how changes to your working hours can impact the amount you build up each year.

What happens if I'm sick?

If you're away from work for a short period of time and receive contractual or statutory sick pay and will be returning to work, you'll continue to pay into the Collective Plan based on your actual pensionable pay received in the period. For a reminder on the definition of pensionable pay, go to page 6.

What happens if I take family leave?

During both ordinary family leave and any additional family leave whilst you're getting either statutory maternity, adoption, shared parental leave pay or contractual pay, you'll continue to be a member of the Collective Plan.



You'll continue to build up your **income for life** and **lump sum** as if you were working normally. This means that your pensionable pay for the purpose of calculating how much **income for life** and **lump sum** you build up will be based on the pensionable pay that would have applied had you not been absent. However, the actual payments you make into the Collective Plan during this time will be based on the actual pensionable pay you receive. For a reminder on the definition of pensionable pay, go to page 6.

If you take unpaid family leave, except any unpaid ordinary maternity leave, then all payments, including any Additional Voluntary Contributions (AVCs), will be stopped until your pay begins again. You will no longer be building up your **income for life** and **lump sum** during this period.

What happens if the Collective Plan is discontinued?

The Collective Plan has been designed with the intention that it will be open for the long term. However, as with any pension scheme, there are some circumstances in which one or both of the CDC (**income for life**) or DBLS (**lump sum**) Sections could be discontinued.

In this event, contributions into the affected Section would stop and everyone would stop building up benefits in that Section. The Trustee then determines whether to continue operating the Section as a 'closed' Section or to 'wind-up' the Section.

If the Trustee decides to continue to run a Section as a 'closed' Section, then no new benefits would build up, but generally nothing else would change and your **income for life** or **lump sum** would be paid to you at retirement based on the period of time you paid into the Collective Plan. The Trustee would also continue to perform valuations each year (see page 67) to see if benefits need to be adjusted.

If the Trustee decides to (or has to) 'wind up' a Section, no new benefits will build up, and the assets of the Section will usually be split up to provide every member with a replacement retirement benefit. This could take up to two years to make the necessary arrangements. The Trustee will be responsible for calculating every member's share of the assets, and this will be periodically updated until the assets are moved or paid out of the Collective Plan.

More information and a summary of the process that would be followed in these circumstances are outlined in the Scheme Design Statement, which can be found at www.rmcollectiveplan.com/documents-forms.

Looking at the future

Getting your **income for life** and **lump sum**,
and the things you need to think about.

When to get your **income for life** and **lump sum**

The Collective Plan has what's known as a 'Normal Retirement Age'. It's the age that the Collective Plan uses to calculate the **income for life** and **lump sum** that you'll get.

The Collective Plan's Normal Retirement Age is 67.

You don't have to get your **income for life** and **lump sum** at that age though – you could get them any time from age 55* (or 57 from 2028).

Regardless of the age you choose, when you decide to get your **income for life** and **lump sum** paid to you, it'll be both elements at the same time – it's an all or nothing thing (unless you've already transferred out one element). If you're still working for Royal Mail, you would have to leave the Collective Plan to get your **income for life** and **lump sum**. This would mean that Royal Mail (and you) would stop making payments to the Collective Plan and you'd stop building up your **income for life** and **lump sum**.



*Please note that, depending on your circumstances, either Royal Mail or the Trustee have the right to refuse payment of your **income for life** and **lump sum** before age 67.

If you want to get your **income for life** and **lump sum** at age 67 - the Collective Plan's Normal Retirement Age (NRA)

You must get your **income for life** and **lump sum** by age 67, unless you're still working for Royal Mail and paying into the Collective Plan. It doesn't happen automatically. You'll be contacted around 4-5 months in advance to let you know how to start the process and provide an estimate of what you could get. We've also outlined that on page 79.

If you want to get your **income for life** and **lump sum** before age 67

You can choose to get your **income for life** and **lump sum** any time from age 55* (or age 57 from 2028).

However, they're both likely to be lower than if you did so at the Collective Plan's Normal Retirement Age.

This reasons for this are:

- We'd expect to pay your **income for life** for more years if you take it earlier, so the payments are reduced to help balance your income out over your lifetime.
- You'll have been paying in for a shorter period of time, so the total amount built up will be less than if you stayed in the Collective Plan until the Normal Retirement Age.
- There's less potential for investment growth to enhance your **income for life** and **lump sum** (including any booster payments), so your **income for life** and **lump sum** are reduced.

*Please note that, depending on your circumstances, either Royal Mail or the Trustee have the right to refuse payment of your **income for life** and **lump sum** before age 67.



If you want to get your **income for life** and **lump sum** after age 67

You can only choose to get your **income for life** and **lump sum** after age 67 if you continue to work for Royal Mail and pay into the Collective Plan.

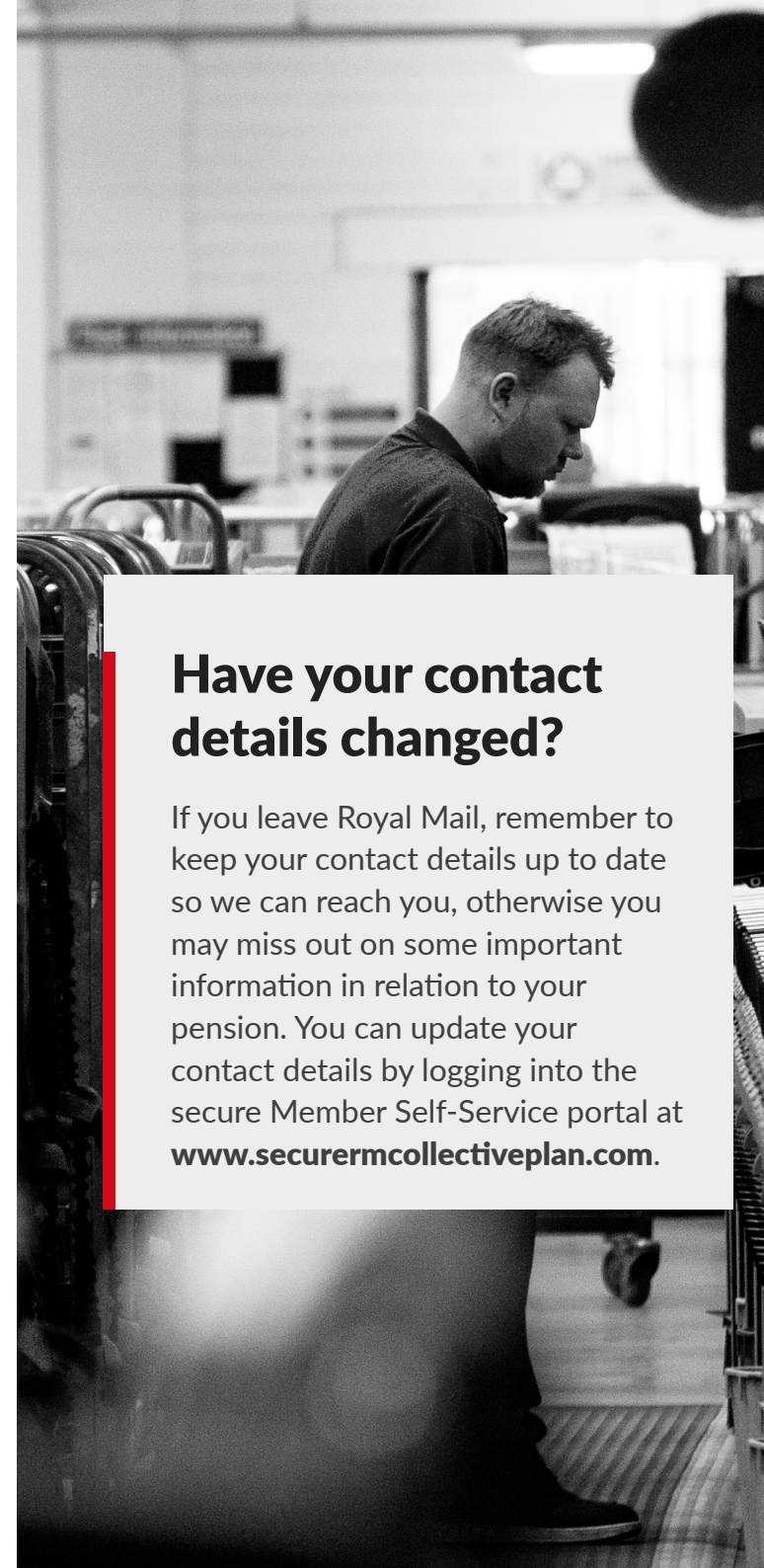
You can continue to build up your **income for life** and **lump sum** after age 67, until you stop working for Royal Mail or paying into the Collective Plan. However, you won't get any enhancement to the **income for life** or **lump sum** built up to age 67 by getting them after age 67. Once you've stopped paying in, as long as you've been in the Collective Plan longer than a year, you can then get your **income for life**, and a **lump sum**. There's no limit on what age this could be.

If you leave Royal Mail or stop paying into the Collective Plan before age 67, you'll get your **income for life** and **lump sum** when you turn age 67. If we're unable to put your **income for life** into payment at age 67, you will not get anything extra. You could receive backdated payments for missed payments up to a period of six years.

Remember that you will need to tell us when you want to get your **income for life and **lump sum** and where to pay it to - this won't happen automatically.**

Have your contact details changed?

If you leave Royal Mail, remember to keep your contact details up to date so we can reach you, otherwise you may miss out on some important information in relation to your pension. You can update your contact details by logging into the secure Member Self-Service portal at www.securermcollectiveplan.com.



Knowing **how much** you've got so far

What you'll get from the Collective Plan is built up in two ways:
an **income for life**, and a one-off **lump sum**.



Your **income for life**

For each year you pay, this will be:

1/80th

of your pensionable pay in that year,
based on you getting it at age 67.

Each year, your **income for life** is likely to change.

The **aim** is to provide increases to help keep up with the cost of living, but your income **could go down** as well as up, even after you've retired.



Your one-off **lump sum** at retirement

For each year you pay, this will be:

3/80th

of your pensionable pay in that year,
based on you getting it at age 67.

The amount is guaranteed if you get it at age 67.

The aim is to increase this to help keep up with the cost of living. At any time, the guaranteed amounts include only any increases already given.

Every year, we'll give you a snapshot that shows how much **income for life** and **lump sum** you've got so far and what that could look like if you get them at age 67.

We will also let you know whether your **income for life** **has gone up or down or stayed the same**.

Remember, you can also pay a **booster towards your lump sum** and/or pay Additional Voluntary Contributions (AVCs) into a personal pot if you want to increase what you'll get when you come to retire. You can find out more about how to do this on page 19.

Your **income for life** and **lump sum** will then be adjusted in most years

For your **income for life** (also known as the 'CDC Section'), this adjustment is calculated each year following a process set out in the Collective Plan's Trust Deed & Rules. It is a complicated process but in summary it works as follows:

- The Trustee will carry out an exercise each year with the Scheme Actuary, called a 'valuation.'
- The valuation looks at whether there are enough assets in the Collective Plan's **income for life** Section to increase every member's **income for life** in every future year that the income is expected to be paid. This looks across the whole membership (so includes members who haven't yet got their **income for life** as well as those who already have).
- To do this, the Trustee must make some assumptions about what will happen in the future, for example the assumed investment returns on the **income for life** Section's assets, and how long members will live on average. These assumptions must be the Trustee's central estimate of what they think will happen in the future.
- The valuation looks at the **income for life** earned by all members. If it shows that there are enough assets to support an increase to those in every future year that the incomes are expected to be paid, the next step is to work out the level of that increase. This is worked out as a rate with reference to assumed future inflation, by considering what future increases in the Consumer Prices Index (CPI inflation) are assumed to be e.g. the rate of increase could be worked out to be 1.5% a year above assumed future CPI inflation, or 1% a year below the assumed future CPI inflation.
- The actual increase awarded on 31 March each year is then calculated by reference to CPI inflation over the year to the previous 30 September. For example, if the assets are shown to support increases at 1% above assumed future inflation, and CPI inflation in the year up to the last 30 September was 2%, then the increase on 31 March in the current year would be $1\% + 2\% = 3\%$.

- If there are not enough assets to pay the current level of **income for life**, then the income must decrease this year. In the event that decreases of more than 5% are needed, they'll be spread over two or three years (on 31 March each time), so the reduction in everyone's **income for life** won't happen all in one year*.
- It is important to note that if, in one year, it is decided that decreases of more than 5% are needed (so that the decreases are split over two or three years) and in the next year it is decided that further decreases are necessary, these can apply in addition to the decreases which are already due to be applied.
- It doesn't matter if you've already started getting your **income for life** or not, everyone's **income for life** will go up, or down, by the same percentage.
- Regardless of whether **income for life** already earned is being increased or decreased, members who are paying into the Collective Plan will still earn an **income for life** of 1/80th of pensionable pay for each new year of membership. This earned **income for life** will be adjusted the following year, on 31 March. It could go up, down or stay the same, in line with other members' **incomes for life** which have already been earned.

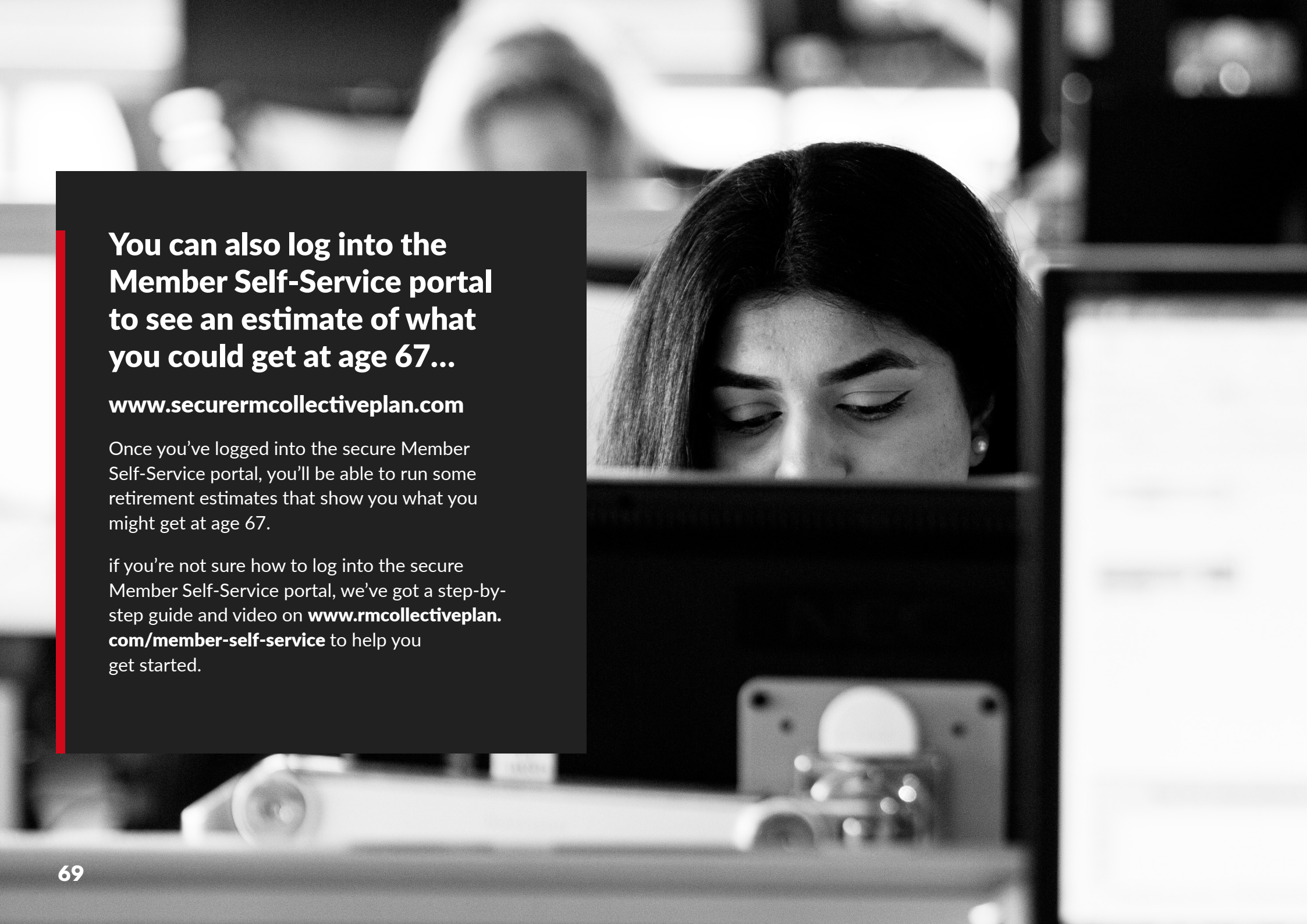
Lump sum

The process is similar for your **lump sum**, except it cannot decrease.

It is based on the assets in the **lump sum** Section, (also known as the 'DBLS Section') and cost of paying everyone's lump sums in the future. These can change in different ways to the assets and benefit costs in the **income for life** Section. Therefore, the **lump sum** Section adjustments each year will usually be at a different rate to the adjustments applied in the **income for life** Section.

If there are not enough assets to pay the current **lump sum** for all members at age 67, the assets of the **lump sum** Section must be topped up by Royal Mail.

*The first-year decrease would usually be 5%, with any balance up to 5% applied in year 2, and any balance over that of up to 5% applied in year 3. The exception to this is if three 5% decreases are not enough, in which case all three years will be at the same level (for example, a 6% decrease would be applied each year for three years if the overall decrease was 18%).

A black and white photograph of a woman with dark hair, looking down at a computer screen. The background is blurred, showing other people in an office environment. A dark grey text box with a red vertical bar on the left side is overlaid on the left side of the image.

**You can also log into the
Member Self-Service portal
to see an estimate of what
you could get at age 67...**

www.securemcollectiveplan.com

Once you've logged into the secure Member Self-Service portal, you'll be able to run some retirement estimates that show you what you might get at age 67.

if you're not sure how to log into the secure Member Self-Service portal, we've got a step-by-step guide and video on **www.rmcollectiveplan.com/member-self-service** to help you get started.

Knowing **how much** income you'll get when you retire

When you come to retire from the Collective Plan, you'll get your **lump sum** on or around your retirement date and you'll start to get your **income for life** too.



Your **income for life**

This will be paid to you monthly, directly into your bank account.

Every year we'll let you know whether your income for life will go up, down, or stay the same.

+



Your **lump sum**

This will normally be paid directly into your bank account shortly after your retirement date.

This is a one-off payment at retirement.

Every year, we'll adjust your **income for life** on 31 March. We'll aim to let you know at least 6 weeks before what that the change is going to be and, if you are already receiving your **income for life**, what your **income for life** will be for the next 12 months. Remember, it could go up, down, or stay the same. You can read more about how this is worked out on page 67.



Will I receive a payslip and P60?

We'll upload your payslip each month onto your secure Member Self-Service portal and you'll receive a P60, summarising the total amount of income you've received from the Collective Plan and tax you've paid for each tax year.

Is my **income for life** and **lump sum** taxed?

Your **income for life**

As a high level, simplified summary, your regular monthly income payments from the Collective Plan are taxed, just like your pay.

But, unlike your pay, you won't pay any National Insurance on your **income for life**. The tax you pay depends on your own personal circumstances.

Your **lump sum**

You may be able to get your **lump sum** tax-free. For example, if you haven't transferred out your **income for life** and aren't subject to any tax restrictions.

Under current tax rules, most people can take up to a quarter (25%) of the total value of their savings under a pension scheme as a tax-free **lump sum** at retirement.



You can access your payslips and P60s by logging into the secure Member Self-Service portal at www.securemcollectiveplan.com.

If you're not sure how to log into the secure Member Self-Service portal, we've got a step-by-step guide and video on www.rmcollectiveplan.com/member-self-service to help you get started.



In summary, under the current tax rules, if your **lump sum** (including any booster payments) represents 25% or less of the total value of your **lump sum** + your **income for life** (expressed as a **lump sum**) from the Collective Plan, and if you aren't subject to any tax restrictions, you should normally be able to receive your **lump sum** tax-free.

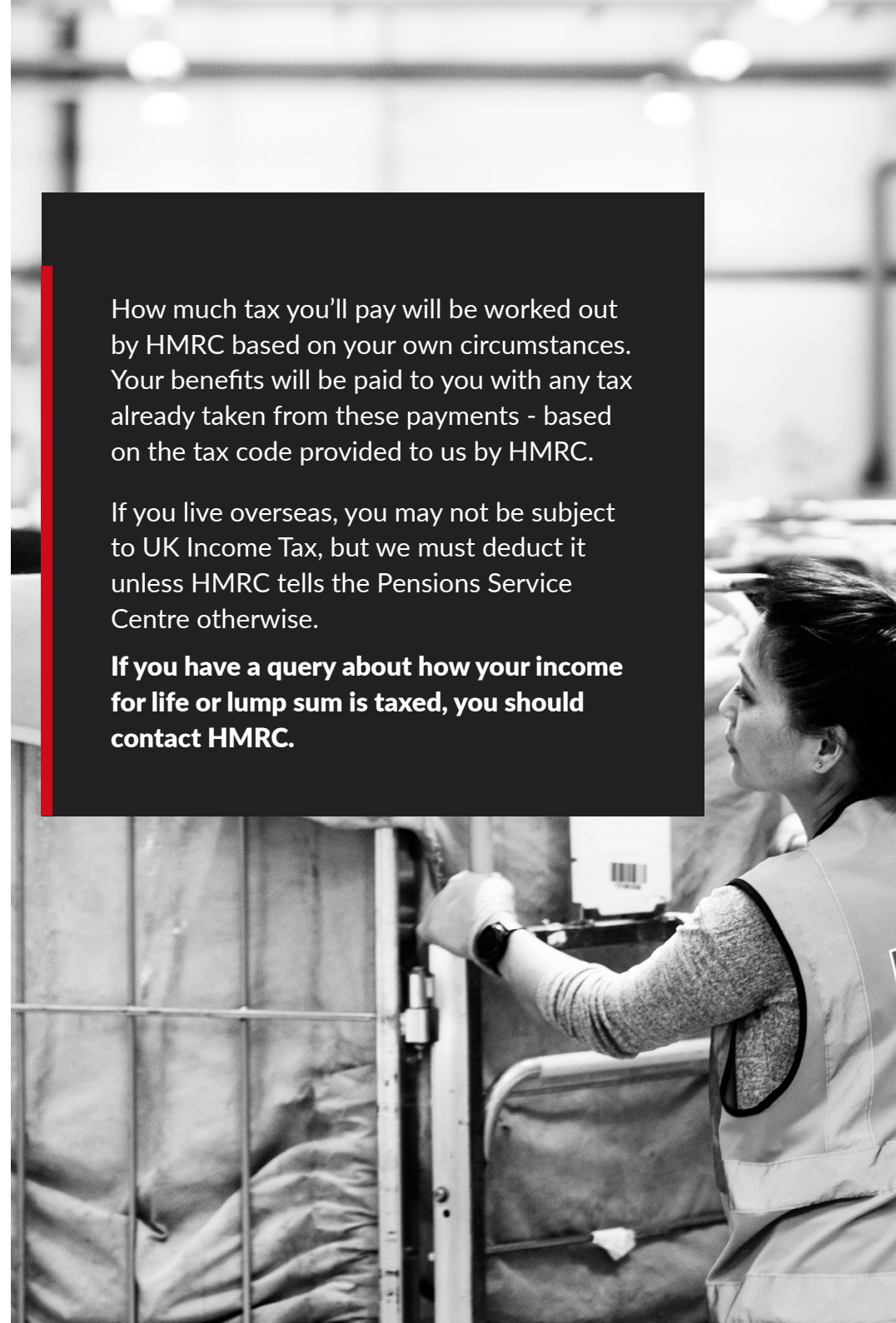
The Trustee cannot provide you with advice in relation to tax and your tax position will depend on individual circumstances. If you're unsure about your tax position, you can get independent financial advice. See page 84 for more information on how to find a financial adviser.

Note that if you have made Additional Voluntary Contributions (AVCs), you may be able to receive some or all of these tax-free alongside the **lump sum**, depending on your circumstances. Further details are given in the Collective Plan's AVC Handbook which can be found at www.scottishwidows.co.uk/save/rmcollectiveplanavc.

How much tax you'll pay will be worked out by HMRC based on your own circumstances. Your benefits will be paid to you with any tax already taken from these payments - based on the tax code provided to us by HMRC.

If you live overseas, you may not be subject to UK Income Tax, but we must deduct it unless HMRC tells the Pensions Service Centre otherwise.

If you have a query about how your income for life or lump sum is taxed, you should contact HMRC.



Case Study

Below is a case study of what you could build up and get as your **income for life** and **lump sum** from the Collective Plan, based on a fictional Royal Mail person, over a five-year period.

The **aim** is to increase both your **income for life** and **lump sum** every year, to help keep up with the cost of living. However, increases are not guaranteed and your **income for life** can go down.

The adjustments used in these case studies are made-up examples to demonstrate the design of the scheme. They are not an indication of what the actual adjustments to your **income for life** and **lump sum** will be. The adjustments are made at the end of each year, and only apply to the **income for life** and **lump sum** built up to the end of the previous year.

Please note that these case studies do not consider any previous Royal Mail pension arrangements.



Keith, 64 years old

Keith works full time at Royal Mail as a vehicle technician. He is 64 years old and has been paying into the Collective Plan for 35 years.

Keith has built up an **income for life** of £13,000 per year and a **lump sum** of £40,000.

The income for life and lump sum he builds up and is then paid, over the next five-year period, is detailed below.

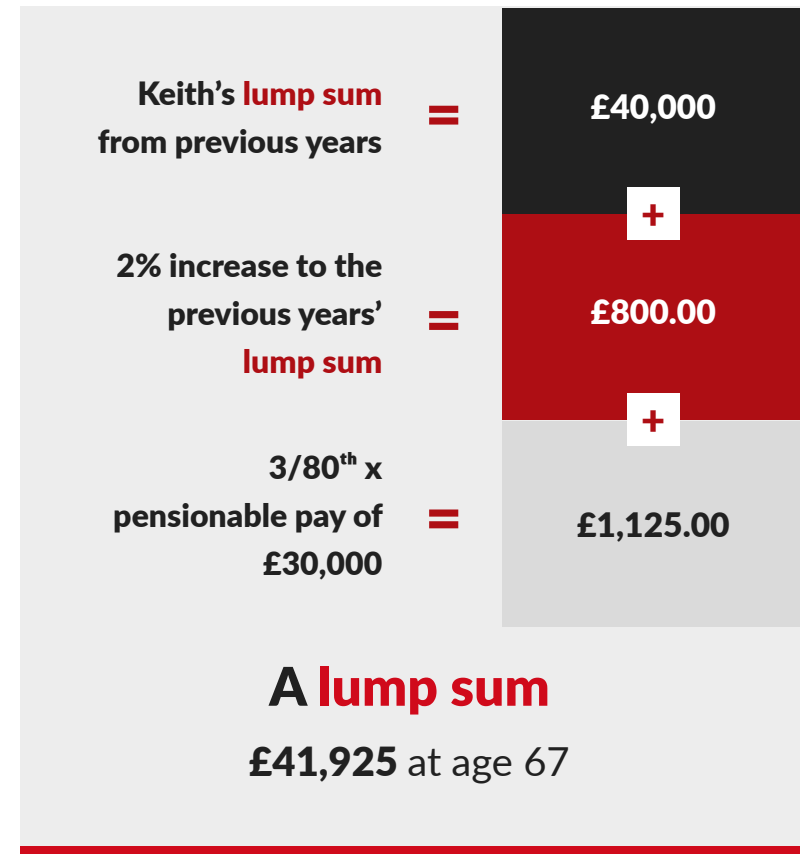
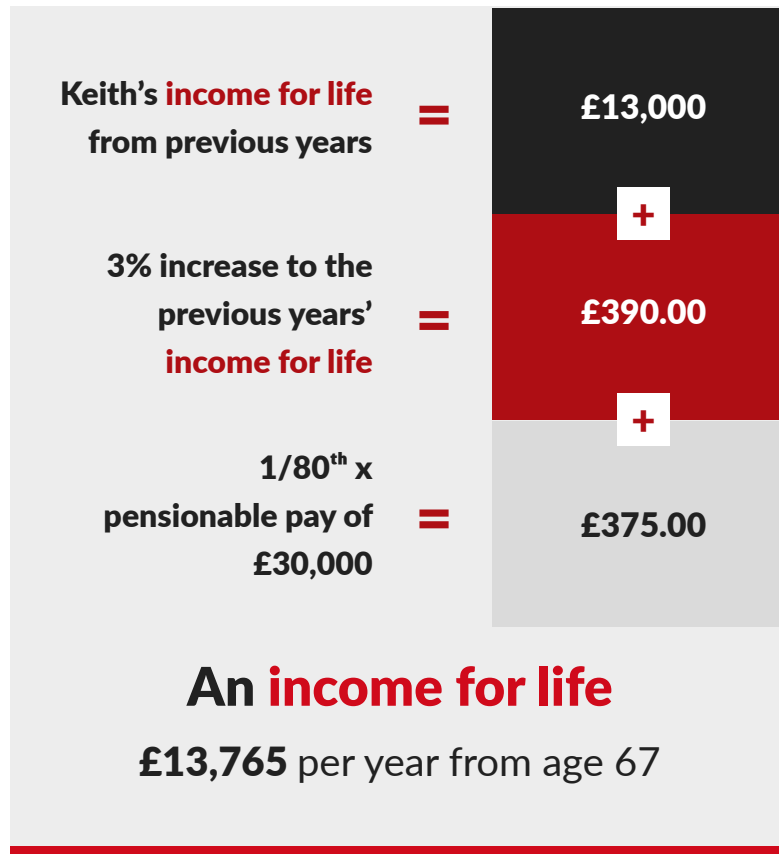
Year 36... Keith continues to build up his **income for life** and **lump sum**

Across the entire year, Keith's pensionable pay (see page 6 for definition for pensionable pay) totals £30,000.

Every year, everyone's **income for life** built up so far is adjusted. It could go up, down or stay the same. This year, the adjustment to everyone's **income for life** is an increase of 3%.

The **lump sum** can never go down, but each year it is also assessed to determine if it can go up or not, and by how much if it can be increased. This year, the Collective Plan is able to provide everyone with a **lump sum** increase of 2%.

Therefore, the **income for life** and **lump sum** built up at the end of year 36 are:



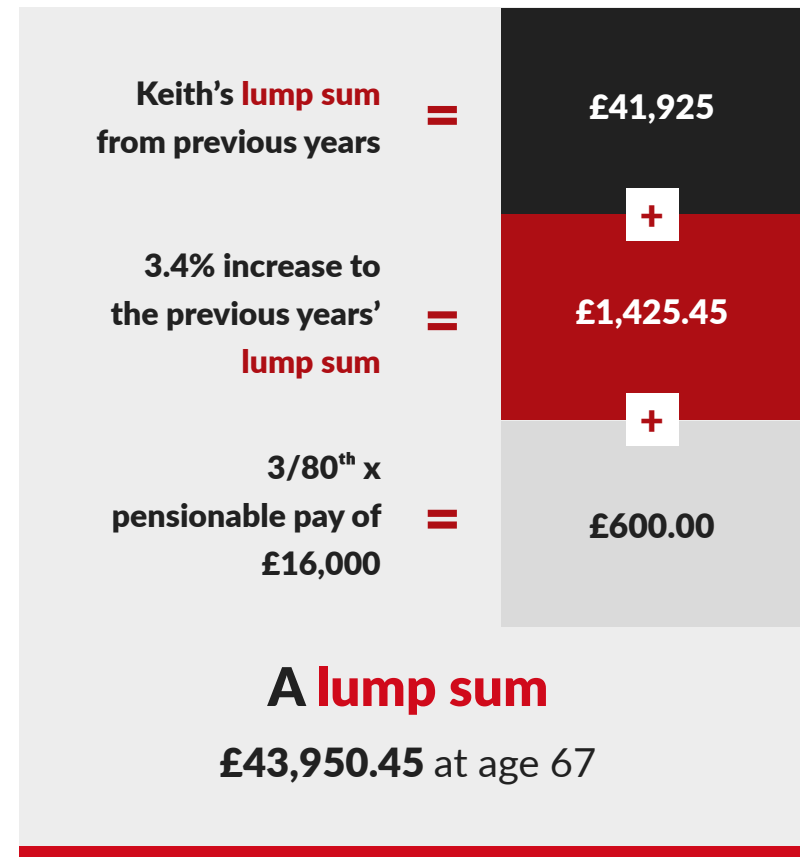
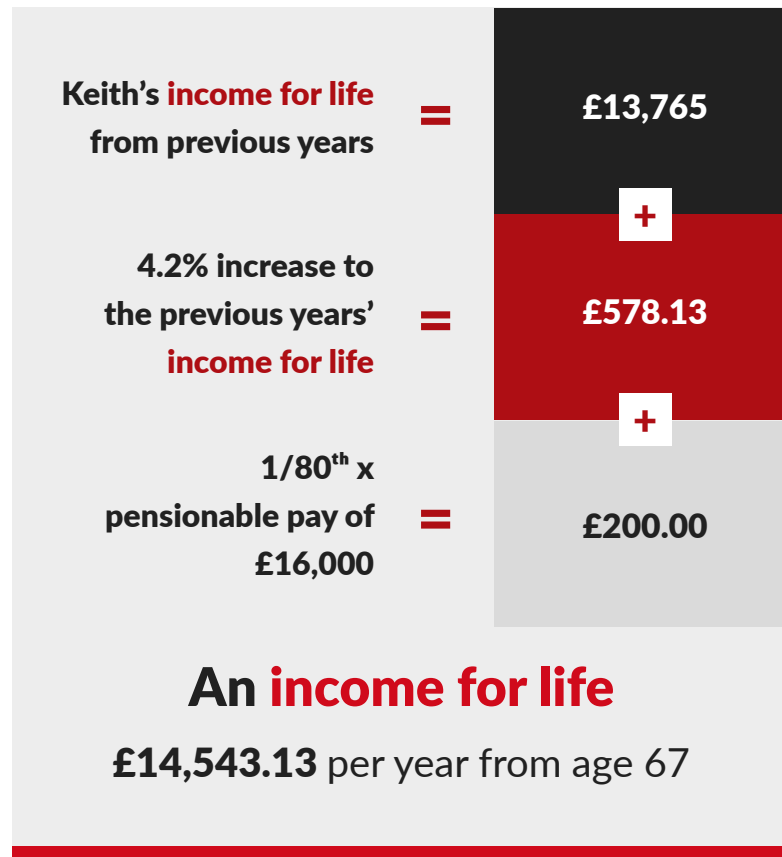


Year 37... Keith moves to part-time hours

Keith has decided to reduce his hours and only works part-time now, so his **pensionable pay for this year is £16,000**.

This year, everyone's **income for life** is increased by 4.2% and everyone's **lump sum** is increased by 3.4%.

Therefore, the **income for life** and **lump sum** built up at the end of year 37 are:



Year 38... Keith's **income for life** from previous years goes down

This year, everyone's **income for life** is **decreased by 2.5%** and **no increase** has been given to the **lump sum**.

Keith is still working part-time but has been working some overtime hours and his **pensionable pay for the year** totals **£21,000**.

Therefore, the **income for life** and **lump sum** built up at the end of year 38 are:

Keith's income for life from previous years	=	£14,543.13
		-
2.5% decrease to the income for life	=	£363.58
		+
1/80 th x pensionable pay of £21,000	=	£262.50
An income for life £14,442.05 per year from age 67		

Keith's lump sum from previous years	=	£43,950.45
		+
No increase to the lump sum	=	£0.00
		+
3/80 th x pensionable pay of £21,000	=	£787.50
A one off, lump sum of £44,737.95 at age 67		



Year 39... Keith retires

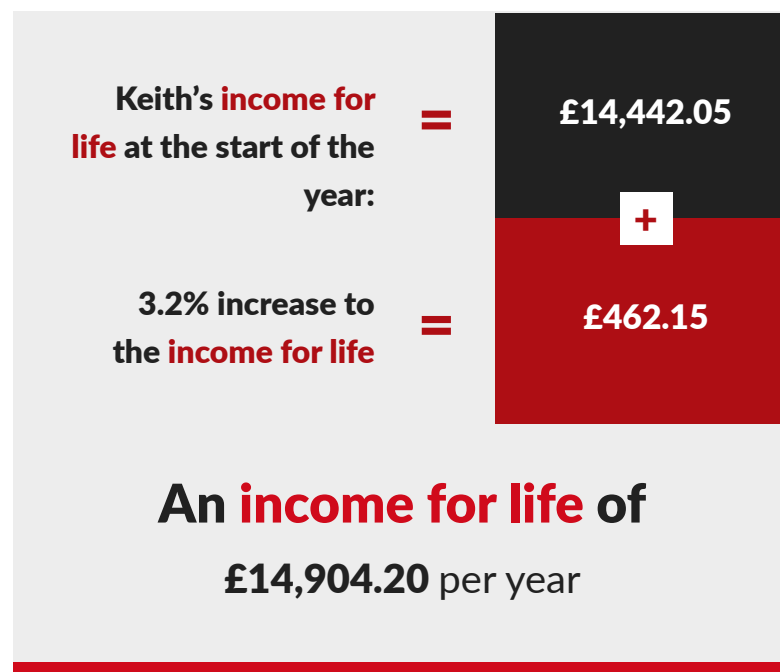
Keith turned 67 years old at the end of year 38 and decided to retire from work and get his **income for life** and **lump sum**.

A **lump sum** of £44,737.95 is paid directly into his bank account. As this is within his tax-free-cash allowance, and Keith isn't subject to any other tax charges (see page 25 for more information), Keith is able to take this tax free.

He starts to receive his yearly **income for life** of £14,442.05 in monthly payments to his bank account.

His yearly **income for life** continues to be adjusted, the same as everyone else's. This year, everyone's **income for life** is increased by 3.2%.

Therefore, Keith's **income for life** at the end of year 39 is:

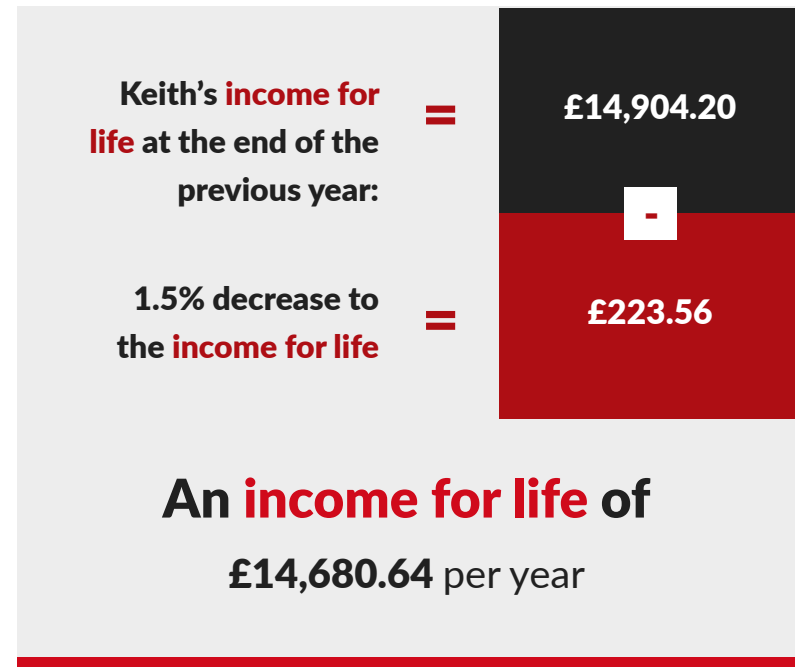




Year 40... Keith's **income for life** goes down

This year, everyone's **income for life** is decreased by 1.5%.

Therefore, Keith's **income for life** at the end of year 40 is:



What you need to do when you're ready to get your **income for life** and **lump sum**

Around 4-5 months before age 67

You'll receive an estimate of your **income for life** and **lump sum** payable at age 67 and the options available to you. At this point, you might want to seek guidance or get independent financial advice (see page 82).

You will need to complete and return some forms before anything can be paid. We recommend responding to the Pensions Service Centre at least 2 months before your 67th birthday to allow plenty of time for the process to be completed.

When you reach age 67

If given enough notice, once you've returned all the required forms fully completed, and any information requested, we'll aim to pay your **lump sum** shortly after you turn 67.

If given enough notice, we'll aim to start your **income for life** payments no later than 4 weeks after your 67th birthday. If you're still working for Royal Mail and paid monthly, we'll aim to start your payments no later than 8 weeks after your 67th birthday.

It could take longer if the final instructions aren't received until near to or after your 67th birthday, or if there are any complications.

If you don't hear from the Pensions Service Centre by around 3 months before your 67th birthday, contact them. It might be that we don't have your correct contact details.



If you want to get your **income for life** and **lump sum** before age 67

You will need to contact the Pensions Service Centre to tell them the date you would like to get your **income for life** and **lump sum**. We recommend doing this at least 2 months before the date you want, to allow plenty of time for the process to be completed.

The Pensions Service Centre will send an estimate of your **income for life** and **lump sum** and the options available to you. Remember that your **income for life** and **lump sum** will probably be reduced if you're getting them before age 67 (see page 64 for more information).

If you haven't already, at this point, you might want to seek guidance or get independent financial advice (see page 82).

You will need to complete and return some forms before anything can be paid.

If given enough notice, once you've returned all the required forms fully completed, and any other information requested, we'll aim to pay your **lump sum** shortly after the date you've chosen.

If given enough notice, we'll aim to start your **income for life** payments no later than 4 weeks after the date you've chosen. If you're still working for Royal Mail and paid monthly, we'll aim to start your payments no later than 8 weeks after the date you've chosen.

It could take longer if the final instructions aren't received until near to or after the date you've chosen, or if there are any complications.

If you want to get your **income for life** and **lump sum** after age 67

You can only choose to get your **income for life** and **lump sum** later than age 67 if you're continuing to work for Royal Mail.

Once you finish working for Royal Mail, you have to take your **income for life** and **lump sum** at the same time you end your employment.

We recommend contacting the Pensions Service Centre at least 2 months before the date you end your employment to allow plenty of time for the process to be completed.

You will need to complete the retirement forms, so that we can set up your **income for life** and one-off **lump sum** payment. This will not happen automatically when you end your employment, you must complete and return the forms and provide any other information requested.

You can find the Pensions Service Centre's contact information on page 91.

Help & support

There's plenty of help at hand if you need it
– find out how to get guidance or advice and
where to go if you want more information.



Getting guidance or advice



The Collective Plan has been designed so you don't need to make many decisions. But, if you do want to talk to someone, seeking guidance or advice might be a step to consider.

Guidance and advice are different things, so it's important to work out what you need.



Getting some guidance

Guidance is often free, and it's not always tailored to you. It points you in the right direction, but doesn't tell you what to do, or what you need to do next.

You can find guidance on the government's website or through the government-backed service MoneyHelper - **www.moneyhelper.org.uk**.

If you have a pensions question and want to speak with someone for free and who is impartial, you can contact MoneyHelper for guidance. They have a national pensions helpline you can call on 0800 011 3797 Monday-Friday 9-5pm. Full contact details, including live webchat, can be found within their 'pensions guidance contact us' section here: **www.moneyhelper.org.uk/en/contact-us/pensions-guidance**.

Their registered address is:

Money and Pensions Service, Bedford Borough Hall,
138 Cauldwell Street, Bedford, MK42 9AB

Guidance

Although the information isn't always tailored to you, this can still be a useful starting point. They give you some things to think about, resources to use and places to go for more help.

Guidance can be all you need to get you on the right track, but you might want to consider taking advice before you make any decisions.

Getting financial advice

Financial advice is tailored to you and your circumstances. An independent adviser will give unbiased and unrestricted advice and can consider products from a wide range of firms across the market that could meet your needs and objectives. It costs money, and it might not be the right option for everyone, but it can be a good investment.

A restricted adviser or firm is usually cheaper than an independent adviser but can only recommend certain products, product providers, or both.

An adviser will take everything into consideration – all your pension savings, your retirement plans and your options. They'll work with you closely and advise on what they think is the best thing to do.

If you don't have a financial adviser, MoneyHelper has guidance to help you find a financial adviser. Visit **www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser**.

As the Collective Plan is a new type of pension scheme in the UK, you will need to think carefully about finding the right financial adviser who can help you understand what the impact of any decisions you make mean for you.

It will take time for financial advisers to become ready to advise people on this type of pension scheme.



Beware of Scams

Scams are on the rise in the UK, particularly scams targeting people's pension savings. To help you stay safe from scams, the FCA and The Pensions Regulator recommend that you:

1. Reject any unsolicited calls or texts
2. Check who you're dealing with
3. Don't feel pressured into making any quick decisions
4. Get impartial financial advice before making any changes to your pension

See page 52 for more information about this, or visit the FCA's ScamSmart website for more information on staying safe from scams: www.fca.org.uk/scamsmart.

You can also visit The Pensions Regulator's website: www.thepensionsregulator.gov.uk/en/pension-scams.

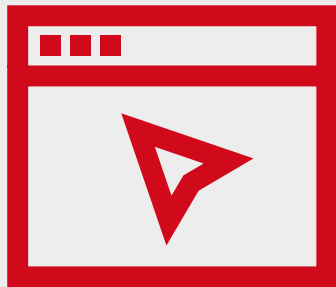


Download their leaflet by visiting:
www.thepensionsregulator.gov.uk/media/0tcl0mj4/16423_pensions_consumer_leaflet_screen.pdf



Find out more

Here is where to find out more information.



The Collective Plan's website

Visit the Collective Plan's website for more information about the Collective Plan, how it works, and things to think about.

There are also videos and helpful tips, as well as information and resources to help you plan for your retirement.

Visit: www.rmcollectiveplan.com.



The Collective Plan's secure Member Self-Service

The portal is a secure, online system managed by the Pensions Service Centre on behalf of the Trustee. You can access this through the 'Login' button from the Collective Plan's website or at www.securemcollectiveplan.com.

Here you can:

If you are paying into the Collective Plan	If you've stopped paying into the Collective Plan and are not yet getting your income for life and lump sum	If you're getting your income for life
• check what contact details we have for you - if these are wrong you can ask for them to be updated through Royal Mail's HR Services • run estimates of what you might get at age 67 • see your yearly benefit statement and any other correspondence • update your Dependants	• check what contact details we have for you - if these are wrong you can update them through the portal • run estimates of what you might get at age 67 • see your yearly benefit statement and any other correspondence • update your Dependants	• check what contact details we have for you - if these are wrong you can update them through the portal • view your payslips and p60s • see details about your income for life – whether it's going up, down or staying the same • update your Dependants



To log into the secure Member Self-Service portal for the **first time** you'll need:

- Your **Royal Mail Employee ID** and **Personal Identification Code** from the postcard we sent to you when you joined the Collective Plan.
 - Your **National Insurance (NI) number** and you'll need to verify other personal information, like your **date of birth**.
1. Go to **www.securermcollectiveplan.com** and then the 'Register' link, then enter your **Royal Mail Employee ID** and **Personal Identification Code** exactly as they are written on the postcard we sent to you (be careful with capital letters as they are case sensitive).
 2. Once you have verified your identity you will then be asked to choose your username and password and set your security questions.
 3. Complete your registration – it's important that you validate your email address at the end of these steps. An email will be sent to your email address – please click on the link to complete registration.

This step is required should you need to reset your password at a later date. For further support with registering for and using the Member Self-Service Portal, visit **www.rmcollectiveplan.com/member-self-service**.





To log into the secure Member Self-Service portal once you've registered, you'll need:

- The username and password you created when you registered for your account.
- Access to the authenticator app or telephone number you provided for two-factor authentication.

If you have any problems registering, or you would like more information on how the secure Member Self-Service portal works, you can contact the Pensions Service Centre using the contact details on page 91.





Additional Voluntary Contributions (AVCs)

If you've made any Additional Voluntary Contributions (AVCs) into the Collective Plan, excluding for the 1% booster towards your lump sum, you can get more information and the AVC Handbook at www.scottishwidows.co.uk/save/rmcollectiveplanavc.



The Pensions Service Centre (PSC)

The Pensions Service Centre are on hand to help you with your questions and give you information about the Collective Plan.

Call them on: 0345 604 3741

Email them at: collectiveplanhelpline@royalmail.com

Write to them at:

PO BOX 6148
2nd Floor Pensions Service Centre
Pond Street
Sheffield
S98 6AD

Royal Mail's HR Services

For help with your payments into the Collective Plan, you can call the Pay helpline on **0345 6060 603**.

Or you can message Royal Mail's HR Services using the Royal Mail People App or My PSP.

Making a complaint

If there is an issue relating to the Collective Plan, you should at the earliest opportunity discuss the matter with the Pensions Service Centre as the Collective Plan's administrator.

On occasions when you cannot resolve the matter that way, there are two options available to resolve your complaint. You may ask for your complaint to be looked at informally via The Pensions Ombudsman's Early Resolution Service or formally by the Collective Plan's Internal Dispute Resolution Procedure. Please read the following pages for more on this process.

The Collective Plan's Internal Dispute Resolution Procedure (IDRP)

This procedure is available to:

- members of the Collective Plan, including, deferred and pensioner members
- the surviving spouse or civil partner and Dependants of deceased members
- persons who are entitled to benefits on the death of a member, whether or not Dependants
- prospective members of the Collective Plan
- persons claiming to fall within any one of these categories, if that is the subject of the dispute

If a person is no longer in any of these categories (for example, if a member has transferred benefits from the Collective Plan), they may still use the procedure, but only if they apply under the IDRP below within six months of ceasing to be in the category.

This procedure is not available if any proceedings have already started in a court or tribunal or the Pensions Ombudsman has started an investigation into a complaint made or a dispute.

The Collective Plan's IDRP has two stages:

If you wish to make a complaint under stage 1 of the Collective Plan's IDRP, you, or an authorised person acting on your behalf, must write to the Secretary to the Trustee:

Address:

Secretary to the Trustee of the Royal Mail Collective Pension Plan
4th Floor
185 Farringdon Road
London
EC1 1AA

Email: collectiveplanexecutive@royalmail.com

Note that the full IDRP sets out who may be treated as authorised to act on your behalf.

In the application, you should:

- set out details to show what you think the problem is
- state your full name and address and date of birth (and of the member, if different)
- state the national insurance number of the member
- where you are claiming based on your relationship to the member, state your relationship with the member
- where a representative is acting for you, the representative should give his or her full name and address and state whether that address is to be used to send documents to you
- sign the application or have your representative sign it

Where possible, the Secretary to the Trustee will make a decision within four months of receiving a complete application.

If you do not accept the decision of the Secretary to the Trustee, then you may apply to the Trustee to have the matter reconsidered by them under Stage 2 of the IDRP. Applications for a review by the Trustee must be received by them within six months of the date of the decision of the Secretary to the Trustee under Stage 1.

To assist individuals in making a complaint under the IDRP, a standard application template and guide is also available.

MoneyHelper, provided by Money & Pensions Service

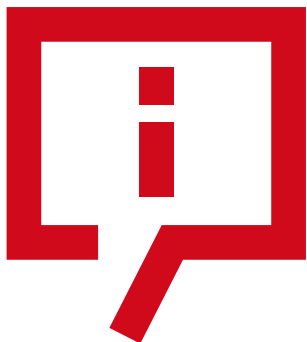
If you require any free and impartial guidance about your pension arrangements, you can contact MoneyHelper's national pensions helpline:

Telephone: 0800 011 3797, Monday to Friday 9-5pm
Website: www.moneyhelper.org.uk

The Money and Pensions Service registered address and website are:

Money and Pensions Service,
Bedford Borough Hall, 138 Cauldwell Street,
Bedford, MK42 9AB

Website: www.maps.org.uk



The Pensions Ombudsman

The Pensions Ombudsman may investigate and determine certain complaints or disputes about pensions that are referred to the Ombudsman in accordance with the 1993 Act. The Pensions Ombudsman can be contacted at:

Website: www.pensions-ombudsman.org.uk

Email: enquiries@pensions-ombudsman.org.uk

Helpline:

Local: 0800 917 4487

Overseas: +44 (0) 207 630 2200

Address:

10 South Colonnade
Canary Wharf
London
E14 4PU10

The Pensions Regulator

The Pensions Regulator may intervene in the running of schemes where trustees, managers, employers or professional advisers have failed in their duties.

Website: www.thepensionsregulator.gov.uk

Address:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW



We're all together **now**

www.rmcollectiveplan.com

