



Joint Statement from CWU, Unite and Post Office

Pensions Update – 24th April 2020

Dear Colleague,

We jointly feel that pensions are a really important part of your benefits, therefore we wanted to make everyone aware of a number of activities that are happening over the coming weeks.

Who this Communication applies to?

This joint communication is aimed at all Post Office employees and there are a number of separate messages:

1. Members of the Royal Mail Pension Plan (Employed prior to April 2008 – approx. 1400 colleagues)
2. Members of the current Post Office Pension Plan with Scottish Widows (approx. 3400 colleagues)
3. Not currently a member of our pension scheme (approx. 190 colleagues)

There is also a fourth section at the end of this statement about Pensions and the Covid-19 outbreak

1. Members of the Royal Mail Pension Plan (RMPP) - Newsletter

We wanted you to be aware that the latest RMPP newsletter is due to be despatched via post and should reach members over the weekend and throughout next week.

This newsletter is sent by the Trustee of the RMPP and will provide information on a number of areas including an update on the recently communicated Rothesay Life buy-in project. It will also include useful information on a number of other topics such as member nominated trustee election results, Annual Fund Value statements for Additional Voluntary Contributions and tips on how to avoid being caught up in a pension scam. The newsletter also includes useful contact details to support your pension queries and is also available on the Post Office section of the RMPP website: <https://www.royalmailpensionplan.co.uk/post-office-library>

2. Members of the current Post Office Pension Plan – our Scottish Widows Scheme

Newsletter

For members of the Scottish Widows plan, the Post Office Governance Committee, which is made up of Post Office, CWU and Unite representatives are

pleased to let you know that we're launching a newsletter in May to highlight important information to you regarding the plan. This will include information on how the scheme is governed, as well as useful tips to help you find out more about your Scottish Widows pension plan and explain some of the latest developments. This is our first newsletter and we are jointly really pleased to be communicating this to you.

Details of how this will be distributed will be shared in due course.

Annual Benefit Statements

Every year members of the Scottish Widow plan receive a statement showing the value of the funds in their defined contribution Post Office Pension Plan with Scottish Widows. This will also include a statement of contributions paid in by both employee and employer, an outline of options available to members as they near retirement and an illustration of future pension entitlement. If you pay your contributions via salary sacrifice then all of your contributions will show as employer contributions.

Your statement will be posted to your home address and will be with you around the middle of May.

3. Employees not currently in our Pension Scheme – Automatic Re Enrolment Process

Under auto enrolment legislation, every three years, all UK based employers have a statutory duty to re-enrol eligible employees who have opted out of the pension scheme or ceased active membership (i.e. paused their contributions). This forms part of the Government strategy to encourage people to save for their retirement.

Individuals who have decided to opt out or cease active membership of the Post Office Pension Plan will be assessed in May and if they meet certain criteria set by the Pension Regulator, will be re-enrolled back into the Post Office Pension Plan on **1st May 2020** at our agreed default level of 5% of monthly salary, employee contribution, which also includes a 9% employer contribution. This will mean that a pension contribution will be deducted from your end of **May salary payment**.

Post Office will be writing to those individuals who are impacted to explain this in more detail and to outline their options following re-enrolment.

Auto re-enrolment will not impact employees who are existing members of the Post Office Pension Plan and are currently contributing each month.

We jointly encourage colleagues to remain in the pension scheme if you are automatically re-enrolled.

4. Pensions & COVID-19

We appreciate that it's a difficult time as the whole world faces uncertainty around the outbreak of the Coronavirus and disruption as we go about our daily lives. Over the recent weeks, global markets have been experiencing a downturn due to the outbreak of the Coronavirus pandemic and in light of this we have

understandably received a number of questions from members about the potential impact Coronavirus may have on their pensions.

RMPP Members - We'd like to reassure you that both Unions and Post Office have been working closely with the RMPP Trustee since this outbreak unfolded, to understand how the Trustee is ensuring the continued running of the RMPP during these unprecedented times and to understand what levels of reassurance can be given about the security of member's pensions in light of the outbreak.

The RMPP Trustee have issued the following update to us:

In respect of the dramatic movements in the world stock markets in the aftermath of the Coronavirus pandemic, the Trustee wants to reassure you that the actions taken in 2017 in purchasing the insurance policy with Rothesay Life have significantly reduced the risk to the Post Office Section of the RMPP of these fluctuations in the stock markets. As a result the funding level of the POL section remains stable, minimising any changes to the surplus previously reported. The Trustee will next be calculating its annual update of the funding position at 31 March 2020, which is expected will be ready to be communicated to members in September.

Post Office Pension Plan - We have also been working closely with Scottish Widows for continued updates and will endeavour to keep members posted with any new information. We have put together a COVID-19 FAQ that can be found on the Coronavirus Intranet Pages which gives information about pensions in the current climate.

The Coronavirus has created uncertainty in the stock markets and as a result your pension may have fallen in value. Scottish Widows have set up a dedicated website with tailored Coronavirus content which members can access here www.scottishwidows.co.uk/global/coronavirus/. Scottish Widows will keep this site updated to help guide you through how the markets are impacted and will cover some of the key questions you may have now and over the next few weeks and months.

Members should remember that your pension investment should be seen as a **long term investment**, and that the default fund is invested in a lifestyle strategy. This means your money is automatically moved into **less volatile funds as you approach your selected retirement age**, which is defaulted to 65. This can be useful to help defend against unexpected falls in fund prices as you near retirement when there may be little time for prices to recover before you retire. You can find out more about how this works by looking at the Plan Guide on the Post Office Pension Plan info site at <https://www.scottishwidows.co.uk/save/postoffice/>.

You can obtain an up to date value of your pension from your own personal Scottish Widows account at

<https://money4life.scottishwidows.co.uk/employee/#>.

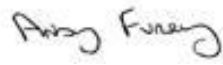
Conclusion and next steps

We jointly believe that pensions are a really important part of your Post Office benefits and we encourage all colleagues to be members of our pension scheme.

If you have any questions about this communication please do not hesitate to contact a member of the Post Office Reward Team at RewardTeam@postoffice.co.uk or your Union representative.



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