

No. 276/20

28<sup>th</sup> May 2020

Dear Colleagues,

## **Pay Increases and Pension Contributions for the Defined Benefit Scheme in Royal Mail Group**

A number of enquiries have been received in the DGS(P) department regarding information published on an individual's pay slip which confirmed that their particular pension contribution had increased to a greater degree than that of their actual pay. Whilst the department has dealt with these individual enquiries, after discussions with the CWU Pensions Working Group it was considered appropriate to publish an LTB to remind Branches of the agreed process for calculating pensionable pay contributions.

Branches may recall that under the terms of the pension agreement that formed part of the 2013 Agenda for Growth national agreement, actual pay and pensionable basic pay were decoupled, meaning that in future they would increase independently of each other. For ease of reference the relevant section of the 2013 pension agreement is reproduced below:

### *THE RMPP: AGREED CHANGES.*

2. *Both parties note that the rules of the RMPP have been amended to the effect that from 1 April 2014:*

2.1 *Members' basic pensionable pay (after the deduction of the LED for Section C members) will increase by the higher of RPI (up to 5%) each year, or any promotion or increment that is a greater amount within members' current pay grade group as at 31 March 2014.*

2.2 *The current pay grades of CWU represented members will be combined into two groups for pension purposes as follows:*

*Group 1: Postal, Administration and Fleet*

*Group 2: Engineering*

Following the endorsement of this agreement pensionable pay for RMPP members would increase by the RPI inflation figure as of 30<sup>th</sup> September each year and the revised contribution rate implemented the following April.

To clarify, this recalculation only applies to RMPP members which means that it now only applies to those in the interim Cash Balance scheme that was introduced in April 2018 as part of the Four Pillars agreement. The RPI increase will not apply to any members of the RMDC Plan.

As a result of this calculation, pensionable pay contributions for RMPP members went up by 3.3% in April 2020 as this was the inflation figure as of 30<sup>th</sup> September 2019. However colleagues will recall that basic pay increased by 2% in April 2019, although this figure is still part of the current dispute on the funding formula for the second hour off the working week.

Therefore for members of the RMPP scheme their pension contributions for this year did increase more than their April 2019 pay award. However, colleagues are further reminded that the union has submitted a pay claim for a one year deal to be applied for April 2020 and further updates on this claim will be circulated in due course.

Any enquiries in relation to the content of this LTB should be addressed to the DGS(P) Department.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Terry Pullinger', with a stylized flourish at the end.

Terry Pullinger  
**Deputy General Secretary (Postal)**