

**Guide to RMSPS
pension payments
and increases**
For Section A/B members

Introduction

The Royal Mail Statutory Pension Scheme (RMSPS) provides valuable benefits to members on retirement.

This guide provides information on how pensions from the RMSPS are paid, taxed and increased.

The RMSPS is governed by statutory Rules. The day-to-day responsibilities for the RMSPS are delegated to a Management team, led by the Scheme Manager. The Scheme Manager's role is to ensure that the scheme is working well, make discretionary decisions, and deal with the most serious complaints. If there is a conflict between the Rules and this guide (insofar as it relates to benefits payable from the RMSPS), the Rules will prevail.

This guide reflects current tax laws.



How will my pension be paid?

Your pension will normally be paid on the last working day of each month. Your pension will usually be paid by direct credit to your bank or building society account. You can opt to receive your pension quarterly instead, if you would prefer.

When your pension is first paid, you will receive a pension payslip showing your membership number and the amount that has been paid into your account. After this, pension payslips are provided only if your net pension (after tax and any deductions) changes by £1 or more. You should keep your last pension payslip until the next one arrives in case you have a query.

Will I pay tax on my pension?

We will tell HM Revenue & Customs (HMRC) when you start receiving your RMSPS pension. You may have to pay income tax on your pension depending on your circumstances and your tax code. If so, tax will be deducted through the Pay As You Earn (PAYE) system. Until HMRC notifies us of your tax code, you may be taxed using an emergency tax code. Once we receive your new tax code, any adjustment for tax already paid will normally be applied to your next pension instalment.

If you are in paid employment after you take your benefits, or if your P45 is requested in connection with unemployment benefit, you should:

- Advise the organisation concerned that you are a Royal Mail pensioner; and
- Notify HMRC (quoting the RMSPS employer reference **475/FA 69338**) at:

HM Revenue & Customs
475/FA 69338
PO Box 1970
LIVERPOOL
L75 1WX

Telephone: 0300 200 3300

Please note: We cannot answer specific questions about your tax. If you need advice, please contact HMRC at the address or telephone number above.

How does my pension increase?

Until you reach age 60 (for women) or 65 (for men), we will increase your pension in line with Pension Increase (Review) Orders which are issued each year by the government.

If you reached State Pension Age before 6 April 2016

From age 60 (for women) or 65 (for men), the responsibility for increasing your pension is shared between us and the State (as part of your State Pension).

- The State will pay all increases due on your Guaranteed Minimum Pension (GMP) earned between 6 April 1978 and 5 April 1988;
- The first 3% of any increase due on GMP earned between 6 April 1988 and 5 April 1997 is paid by us, the State pays any further increases due;
- We pay increases in respect of the part of your pension above any GMP.

If you reach State Pension Age on or after 6 April 2016

From April 2016, the new single tier State Pension was introduced. The government is currently consulting on how to manage GMP liabilities under the new State Pension scheme. As an interim measure, public sector pension schemes will take on paying all GMP increases until 5 April 2021. We will be able to confirm what happens after that once a decision has been made following the consultation. Pension above any GMP will continue to be increased by us in line with Pension Increase (Review) Orders.

If you begin receiving your pension part way through a Plan Year (i.e. a date other than 31 March), your first pension increase may be lower than the full year's increase.

Section A

If you take your benefits early under Section A for any reason, other than ill health, then you will not receive annual increases until you reach age 55. The first increase will raise your pension to the level it would have reached had normal increases been applied from the start.

Section B

If you take your benefits under Section B, your pension is normally increased annually, whatever the reason for you taking your benefits.

Widow(er)'s, children's, dependant's and civil partner's pensions

Where pensions are paid to any of your dependants following your death, and you were receiving a pension increase, your dependant's pensions will also be increased. Normally this will be each April, in line with the annual increase in Pension Increase (Review) Orders.

What if I don't live in the UK?

If you are a permanent resident in a country where there are no arrangements to pay increases to your State Pension then the State will not pay increases to the GMP element of your pension. In such cases the RMSPS retains responsibility for increasing your whole pension (including the GMP element). You can find out more about how your residence abroad affects your State Pension at www.gov.uk/state-pension-if-you-retire-abroad

Change of details

You should inform us of any change in your address or bank/building society details as soon as possible. If we are not made aware of a change to your address, your pension may be suspended until your whereabouts can be established. Any withheld pension will not accrue any interest.

You should also inform us of any changes in your personal circumstances so that we can make sure that any pensions are paid to the right people when you die. The changes you should make us aware of are as follows:

- marriage
- registration of a civil partnership
- divorce
- the dissolution of a civil partnership

You will find the necessary contact details on page 7 of this guide.

Is there anything else I should know?

National Insurance Retirement Pension (NIRP) and Graduated Pension Scheme (GPS) abatement

If you take your benefits under Section A, your pension will be reduced at State Pension age (SPA) to take account of the NIRP and, in some cases the National Insurance GPS.

NIRP reduces your annual pension by £1.70 for each year, and part year, of service up to, and including, 31 March 1980. This reduction is made to your original basic pension – that is the pension you received when you took your benefits. The pension increases between the date you took your benefits and SPA are then recalculated.

GPS ran from 3 April 1961 to 5 April 1975. The Post Office, at that time, did not take part in the scheme so only a small number of RMSPS members would be affected. If you did contribute to the GPS, your pension will be reduced by the amount of pension you receive from the GPS.

Please note: The above reductions apply only to members who take their benefits under Section A.

Guaranteed Minimum Pension (GMP)

If you have reckonable service between 6 April 1978 and 5 April 1997, part of your pension is called the GMP. The GMP is part of your RMSPS pension – it is not a supplement. It is roughly the same as any pension you would have received from the state second Pension (S2P), formerly known as the State Earnings Related Pension Scheme (SERPS), for the same period, if you had not been in contracted-out employment.

You can find out more about contracting out via www.gov.uk/contracted-out

Because you were in contracted-out employment, you paid a lower rate of National Insurance (NI) contribution. HMRC works out the GMP which is based on:

- Your contracted-out NI contributions up to 5 April 1987; and
- Your contracted-out earnings between 6 April 1987 and 5 April 1997.

When you reach SPA, the Department for Work and Pensions (DWP) will send you a statement showing your weekly GMP and the name of the pension scheme providing your GMP. At age 65 (for men) or 60 (for women), if your GMP is greater than your annual pension (for pre 6 April 1997 service) the RMSPS will pay your GMP.

However, the following conditions may apply:

- If you are a male pensioner and you die, your widow will receive a GMP equal to half of your GMP.
- If you are a female pensioner, your widower will receive a GMP equal to half of your GMP on and from 6 April 1988 only.
- If you die and leave a registered civil partner, they will receive a GMP equal to half of your GMP (for female members this is half your GMP on and from 6 April 1988).

Declaration of entitlement

We may occasionally send you, or anyone else receiving a pension from us, a declaration form to complete and have witnessed. The form is to check that you are still entitled to receive your RMSPS pension. If you do receive a form, you should complete and return it as soon as possible or payment of your pension could be delayed.



Get in touch

For further information on pension payments and increases or for more general information about the RMSPS, you can contact us using the details below.

Royal Mail Statutory Pension Scheme
PO Box 551
Darlington
DL1 9TX
United Kingdom

Telephone: 0333 222 0078

Email: enquiries@rmsps.co.uk

Please quote your full name, date of birth and either your National Insurance number or membership number when you get in touch.

All RMSPS booklets are also available to download from www.royalmailSPS.co.uk

