



# Guide to RMSPS pension payments and increases

For Section C 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 and pension supplement (if applicable) 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 other deductions) changes by £5 or more. You should keep your last pension payslip until the next one arrives in case you have a query. You can access your payslips in your secure online pensions account at [www.royalmailsp.co.uk/sign-up](http://www.royalmailsp.co.uk/sign-up)

## 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 usually 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.



## What happens if I return to work for Royal Mail?

If you return to work for Royal Mail, your pension will continue to be paid and any changes to your tax code will be notified to us by HMRC.

As you will have returned to work for Royal Mail, any pension supplement you were receiving will be stopped. If you leave Royal Mail, and are under State Pension age, please contact us to reinstate your pension supplement.

## How does my pension increase?

We have full responsibility for your pension increases until you reach age 60 (for women) or 65 (for men). The part of your pension above any Guaranteed Minimum Pension (GMP) will be increased each year by the annual increase in the rate of the Retail Prices Index over the preceding year, or 5%, whichever is lower.

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

- The State pays all increases due on your GMP earned between 6 April 1978 and 5 April 1988;
- The first 3% of any increase due on your GMP earned between 6 April 1988 and 5 April 1997 is paid by us, the State pays any further increase due;
- We pay increases on the balance of your pension above the GMP in the same way as before age 60 (for women) or 65 (for men).

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.

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

Where pensions are paid to any of your dependants following your death, these will also be increased, generally in accordance with the same rules as for your own pension, as set out above.







## 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](http://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 attract 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 at the end of this guide.

## Is there anything else I should know?

### 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](http://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 State Pension age (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. Your GMP also affects how your RMSPS pension increases when you reach age 60 (for women) or 65 (for men).



These conditions may also 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 after 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 after 6 April 1988).

A 2018 High Court judgment ruled that pension schemes are required to equalise pension benefits between men and women for the effect of GMP which were accrued on or after 17 May 1990. If any of your GMP was accrued on or after 17 May 1990, the calculation of your benefits has been equalised for the effect of GMP.

#### Declaration of entitlement

We may occasionally send you (or anyone else receiving a pension from the RMSPS) 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, please complete and return it as soon as possible or payment of your pension could be delayed.

## Glossary

**Pension supplement** – An additional amount of pension based on service and the Lower Earnings Deduction. It may be paid in addition to your RMSPS/RMPP pensions but ends when you reach SPA. Under the rules of the RMSPS/RMPP, any pension supplement would not be paid while you are working for Royal Mail.

The pension supplement is calculated as follows:

- **For service before 1 April 2008:**  
1/60th of the average Lower Earnings Deduction over the period during which final pensionable pay is calculated, with an additional pro-rata amount for part years.
- **For service on or after 1 April 2008:**  
For each Plan Year you would get 1/60th of the Lower Earnings Deduction for that year (reduced appropriately if you worked part-time and for part years of service).

The maximum service used to calculate the pension supplement is 45 years.

**Service** – This is the period when you were building up benefits in the scheme and is used to work out your pension benefits. It includes time spent in the RMSPS and RMPP up until 1 April 2018 and additional time added from benefits transferred in from other pension schemes and/or additional contributions paid by you or your employer. The maximum service used to calculate benefits is 45 years.

**RMPP** – Royal Mail Pension Plan.

**RMSPS** – Royal Mail Statutory Pension Scheme.





# 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

Overseas number: +441325 271 861

Email: [enquiries@rmsps.co.uk](mailto: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](http://www.royalmailSPS.co.uk)





