

Any questions?

For more information on the changes please contact the Zurich Royal Mail Service Team – contact details are set out below – or look at the information on the consultation website:

www.myroyalmail.com/pensions/seeking-agreement

Contact details

If you need more information about these changes or the Company's decision, please use the contact details set out below:

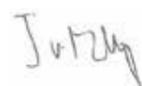
	By email:	royalmailserviceteam@uk.zurich.com
	By post:	Zurich Royal Mail Service Team PO Box 1073 Cheltenham Gloucestershire GL50 9NN
	You can also call the Helpline on 0800 092 8263 (Monday to Friday, 8.00am – 5.30pm).	

If you wish to discuss the changes or the decision with your union representatives then you should contact them through the normal channels.

More information

If you have any general questions about the DC Plan, you can contact the Zurich Royal Mail Service Team by calling 0800 092 8263 (Monday to Friday, 8.00am – 5.30pm), by emailing royalmailserviceteam@uk.zurich.com.

Yours sincerely



Jon Millidge
Group HR Director
Royal Mail Group Limited

Important legal note: This document confers no right to benefits. Rights to benefits under any Royal Mail pension arrangement arise only under the governing documents of the arrangement as in force from time to time.



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about the
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Dear colleague

Helping you save more for retirement - the Company's decision

In February 2014, I wrote to all members and prospective members of the Royal Mail Defined Contribution Plan (the 'DC Plan') enclosing a booklet about the Company's proposal to make changes to the level of contributions that you and the Company pay to the DC Plan.

The consultation closed on 2 May and the Company has considered all of the responses to the consultation. I am pleased to say that the overwhelming majority of the responses received were in favour of the proposed changes. The changes to the DC Plan described in the consultation booklet were agreed with the trade unions.

The Company's decision is that these changes will take effect on **1 June 2014**.

Please note that the changes only affect members who have reached 12 months' continuous service with the Company. The new rates and further details of the changes are set out on the next page.

For members at the 'Interim Level' of contributions, i.e. members with between three months and 12 months' continuous service, the changes will take effect when they reach the 12 months' continuous service anniversary and start to pay 'Standard Level' contributions. Members will receive more details before they reach their 12-month anniversary point.

Building up a pension is a key way of saving for your retirement, and the Company is keen to support you in doing that. Although the pension that you ultimately receive from the DC Plan will depend on a number of factors, a major one is the amount contributed by both you and the Company. I hope that the Company's decision will encourage you to save more and to make adequate provision for your retirement. If you have completed 12 months' service and now wish to increase your pension contributions, please get in touch with the Zurich Royal Mail Service Team using the contact details shown on the back page.

Finally, if you want to find out more about your retirement benefits and the options available to you, the Trustees will be updating the DC Plan website and member guides in due course, or you can visit the Plan website at www.zurich.co.uk/royalmaildcplan/home/introduction.htm.

1. Please refer to the DC Plan guide for further details and an explanation of the terms used.

What is this letter about?

This leaflet describes the Company's decision about the changes to the level of contributions that you and the Company pay to the Royal Mail Defined Contribution Plan (the 'DC Plan') following the consultation that closed on 2 May 2014.

Building up a pension is a key and tax efficient way of saving for your retirement and the Company wants to support you in doing that. Although the pension you ultimately receive from the DC Plan will depend on a number of factors, a major one is the amount contributed by both you and the Company. By increasing contributions, the Company is helping you to increase your retirement benefits.

These changes were agreed with the unions, but we needed to consult you about our proposal and considered the responses carefully before we made any changes.

Who is affected?

The changes affect all active and prospective members of the DC Plan from 1 June 2014. The Company's decision does not affect members of the Royal Mail Pension Plan (RMPP).

Our decision – the details

- We will increase the Company's contributions to the DC Plan for current and prospective members (employees who have not joined the DC Plan yet). This is a significant improvement in the Company's commitment to your retirement benefits.
- The minimum level of contributions that you pay (after 12 months' continuous service) will increase from 3% to 4% of pensionable pay on and from 1 June 2014.
- We can implement this change because we have reached agreement with our unions about how to deal with the increased costs of the Royal Mail Pension Plan (RMPP). The RMPP changes were effective on 1 April 2014.

Our decision – key points

The DC Plan already provides valuable benefits. It means that the Company contributes to your retirement saving if you do as well. There are also membership benefits such as life assurance for all members so that your dependants would receive a lump sum if you die.

We received positive feedback during the consultation about the changes to the DC Plan, so the Company is now increasing our contributions to the DC Plan. The new rates are set out below:

YOU PAY	THE COMPANY PAYS
4%	7%
5%	8%
6% (or more)	9%



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What is the impact on you?

DC Plan members are currently enrolled at the lowest Standard Level contribution rate after 12 months' continuous service with the Company. If you do not choose a higher contribution rate, you automatically pay contributions at the minimum level. From 1 June 2014:

- If you have 12 months' service or more and currently pay the minimum Standard Level contribution, your contribution will increase from 3% to 4% of pensionable pay automatically in June 2014. The Company will pay the increased level of 7%.
- If you have 12 months' service or more and currently pay the middle Standard Level contribution, your contribution will remain the same at 4%. The Company will pay the increased level of 7%.
- If you have 12 months' service or more and currently pay the higher Standard Level contribution, your contribution will remain the same at 5%. The Company will pay the increased level of 8%.
- If you currently pay extra contributions above the maximum Standard Level contribution, you will not automatically move to the new higher rate of 6%.
- If you have 12 months' service or more and want to pay a higher contribution, or to move to the new higher Standard Level contribution rate of 6% of pensionable pay, please contact the Zurich Royal Mail Service Team.

Don't forget that:

- If you have at least 12 months' service and pay a Standard Level contribution of 6% or more, the Company will pay the new rate of 9%.
- You can also pay extra contributions if you want to save more for your retirement, subject to payroll limits and the relevant tax legislation.

Contact details for the Zurich Royal Mail Service Team are set out on the back page of this letter.

You don't pay income tax on these pension contributions, which means that it may cost you less than you think to provide better retirement benefits.

What is the impact on my retirement benefits?

If you want to know what impact the changes will have on your retirement benefits, please refer back to the examples and illustrations in the consultation booklet for general guidance.

If you don't have a copy any more, it is available on myroyalmail at:
www.myroyalmail.com/sites/default/files/document_library/RMDCPBrochure.pdf

There are no proposed changes to the Interim Level contribution rate for you or the Company in your first 12 months' continuous service.

The contribution rate for 'Entry Level' members is also unchanged. Entry Level members are employees who worked for the Company for more than a year before they were enrolled into the DC Plan.



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