

## PENSION PLAN INFORMATION

### The Royal Mail Defined Contribution Plan (the Plan)

#### Colleagues who started work before 1 April 2008

If you were employed by Royal Mail Group on a fixed term contract prior to 1 April 2008 and have now:

- had your contract extended;
- transferred to a new fixed term contract; or
- transferred to a new permanent contract without a break in your service

you were eligible to apply to join the Plan and become a contributing member until April 2009 when the Plan starts accepting contributions (and you may only apply to join if you are over age 18 and under age 64 at that point). Unless and until you join the Plan, you will be covered for death in service benefit of **two** times your basic pay. Please see the "Life Cover" section below for further information about death in service benefits.

#### Colleagues who start work on or after 1 April 2008

If you have just joined (or, after a break, have been re-employed by) Royal Mail Group on a permanent or fixed-term contract, and you are under the age of 63, you will have automatically joined the Plan. For the first year, (called the "waiting period"), you will have death in service cover only through the Plan. After you have been employed for a year and the waiting period has ended, contributions to your pension account will then be taken out of your pay and Royal Mail will start making pension contributions for you too (that is, you will become a contributing member).

You can choose not to continue in the Plan after the waiting period is over. This is called "opting out". If you choose to opt out of the Plan, then no contributions will be taken from your pay, and no contributions will be made by Royal Mail to your pension account. However, if you opt-out you will be covered for a **lower** death in service benefit after the end of the first year.

If you are not yet 18 when you are automatically enrolled in the Plan, you will have to wait until you are at least 18 and have been working for us for one year before pension contributions will begin. You are not eligible to be enrolled in the Plan if you are aged 63 or over.

If you are automatically enrolled in the Plan, during your first year of employment (or until you reach age 18 if you are under 17 when you join us), you will be covered for death in service benefits only. No pension contributions will be taken from your pay during this time. The death in service cover will be a lump sum of **four** times your basic salary plus, if you have dependants, **two** times basic pay for those dependants.

## All employees - membership of the Defined Contribution Plan as a contributing member

If you become a contributing member of the Plan:

- You must contribute at least 3% of your pre-tax basic pay to your pension account in order to build up a pension. This is automatically taken from your wages.
- Royal Mail Group will contribute at least 5% of your pre-tax basic pay **on top of** your contributions.
- You can choose to contribute more than 3% of your pay. If you do, the Royal Mail will contribute more, too.
- The Plan will give you a choice about the way the contributions to your pension account are invested.
- You will have cover for death in service benefits of four times your basic pay. If you have dependants, they may also receive a lump sum of two times basic pay.
- When you retire, some or all of the money in your pension account will be used to purchase a pension. You may also be able to take a tax-free lump sum.

A booklet with full details of the Plan will be sent to you when it is time for you to choose the way your contributions will be invested.

## Life Cover

If you:

- opt out of the Plan;
- are not eligible to join the Plan because you are over the maximum age for joining;
- are not eligible to join the Plan now because you have transferred from a fixed term to a new fixed term or permanent contract and cannot join the Plan until April 2009;

you will be covered for a death in service benefit of **two** times basic pay.

If you have not opted out of the Plan, or if you join once you become eligible to do so, you will have a death benefit of **four** times basic pay (plus an extra **two** times basic pay for dependants) under the Plan.

An Expression of Wish form is included with this information. You must complete this form if you want the trustees to consider who you would like to receive the benefits in the event of your death when they are deciding who will receive the benefits. From time to time, it will be necessary for you to update this form, for example, if you get married.

Death in service lump sum benefits are payable up to age 75 but you would not be covered for any lump sum death in service benefits if you are still working after that age. Also, in some circumstances you may be required to have a medical before you will be covered for the death in service lump sum and you will be told if this is necessary. If the insurer who provides the death in service cover restricts the amount that is payable on your death, your beneficiaries may receive less than the amount of death benefits stated above.

If you have preserved benefits from another pension arrangement (including one provided by Royal Mail Group), death in service benefits from the Plan may be offset against any other death benefits payable from such arrangements.

Please note that this information is only intended to be a brief summary of the pension and death in service benefits which you may be entitled to and it does not create any contractual entitlement. The legal documents which govern these arrangements will prevail in the event of any discrepancy. Royal Mail Group reserves the right to withdraw or amend the benefits provided by its pension and death in service arrangements at any time.