



April 2023

Post Office
Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

Dear member

Royal Mail Pension Plan review of “pensionable pay” data

I have asked for this letter to be included with your pension update from the Trustee of the Royal Mail Pension Plan (RMPP) to give you a final update on the “pensionable pay” data review exercise undertaken by Post Office over the last three years.

Background

In 2013, in response to concerns about the increasing cost of its defined benefit pension scheme, the Royal Mail Pension Plan, Post Office consulted employees about breaking the link between actual pay and “pensionable pay” for members of the RMPP. Post Office reached agreement with the unions on the detailed changes, including introducing an alternative form of protection from inflation, which took effect on 1 April 2014. The changes brought additional complexity to the calculation of “pensionable pay”. Implementation of those changes unfortunately resulted in incorrect pay data being passed to the Trustee of the RMPP. The RMPP administrators, Royal Mail, used this incorrect pay data to calculate pension benefits, with neither party being aware of the errors. This issue was compounded when, in 2018, Post Office’s HR administration system, SAP HR, was replaced by SuccessFactors, and unfortunately, as a result of the migration to the new system, additional errors were introduced to the pay data being passed to the Trustee.

Identifying and correcting the errors

The errors went undetected until 2020 when, during some pension scheme project work, Post Office identified some “pensionable pay” increases that looked unusual. Post Office therefore reported the issue to the Trustee. On review, Post Office found that some of the “pensionable pay” information that it had provided to the Trustee was unfortunately incorrect. As a result, benefit entitlements recorded by the Trustee were also incorrect.

The issue was reported to the Pensions Regulator, which has been kept updated on the investigation and remediation process by Post Office and the Trustee.

Post Office worked with the Trustee, the Pensions Service Centre and Post Office unions to check processes and rebuild “pensionable pay” data for approximately 4,800 RMPP members. This was not a straightforward exercise and we quickly brought in independent expert help and advice to undertake it. Once Post Office had corrected the pay information, the Trustee had to calculate whether there had been any change in the benefits each member should receive and notify all affected members.

The outcome

The Trustee has a legal duty to restore a member’s benefits to the correct amount so that everyone receives the amounts they are legally entitled to under the Rules of the RMPP. This means that adjustments will be made to impacted members’ benefits where applicable. The Trustee is writing to each Post Office member to set out the detailed impact for them.

Whilst for many members this will mean no change, it will mean an increase to benefits for some members and a decrease in benefits for other members.

Post Office apologises for the errors made in compiling and transmitting pay data to the Trustee. We understand the distress the corrections to benefit entitlements may cause affected members. To help limit the impact, Post Office has agreed to pay additional money into the RMPP to ensure that there is no need for the Trustee to

ask members to repay money to the RMPP where the pension paid to date has been higher than it should have been.

We also appreciate that the review has taken a long time because of the sheer complexity of the exercise. The wait to understand the outcome and any potential impact on you personally may have made it difficult to make plans.

How do I know if my pension benefits have been impacted by the data errors?

The data errors **did not** affect any members who either joined Post Office after 31 March 2008 or left before 1 January 2011.

There are two groups of members who may have been impacted by the data errors:

Members who joined Post Office before 1 April 2008 and either left after 31 March 2014 or are still in Post Office employment:

If you are a **deferred member or pensioner**, details of any change to your pension are shown on your personalised statement from the RMPP.

For **current employees not yet drawing any pension**, the latest illustration of your benefits in the RMPP is shown in your personalised statement from the Trustee. To understand this illustration further, please contact the Trustee's Pensions Service Centre (PSC) using the details provided on your statement.

Members who joined Post Office before 1 April 2008 and left between 1 January 2011 & 31 March 2014 and had Cash Van in Transit (CViT) allowances:

A small number of members with CViT skills allowances may have been affected by the data errors and see changes to their benefits. Please see your personalised statements from the RMPP and Royal Mail Statutory Pension Scheme (RMSPS) for details.

We have provided information in Frequently Asked Questions (FAQs) which can be found on the Post Office document library at royalmailpensionplan.co.uk/post-office-library. Please refer to these FAQs for further details in the first instance.

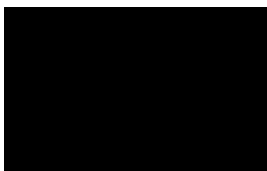
If you then have additional queries regarding your benefits as they now appear on your personalised statement, including the impact the correction exercise may have had on this and the underlying "pensionable pay" figures actually used in your pension calculation, please contact the Pensions Service Centre (PSC). The PSC may also be able to help you with any concerns you may have about the resulting impact on your financial circumstances.

If, after you have spoken to the PSC, you have questions about how your pensionable pay was reconstructed by Post Office that have not been answered by the FAQs, please contact the Post Office People Support team. To do so, those no longer employed by Post Office should email PeopleSupport@PostOffice.co.uk, and current employees should raise a case on PeopleHub as a 'Pension Query' request.

I apologise once again that these errors occurred and that it has taken a long time to ensure that the necessary corrections have been identified and made. We understand the uncertainty this may have caused and the impact the resulting changes may have on some of you.

Please accept our assurance that we have now put robust processes in place to prevent any further errors of this type in the future.

Kind regards



Jane Davies

Group Chief People Officer
Post Office Limited