

SCHEDULE 1

The Royal Mail Statutory Pension Scheme Rules

PART IV

SECTION B RULES OF THE SCHEME

Benefits payable to Members on retirement

3.—(1) The following benefits (RMSPS NRA60 Benefits) will be paid to every Member on retirement after the Cut-Off Date at or after age 60—

- (a) an annual pension (RMSPS NRA60 Pension) for life of the sum of—
 - (i) $\frac{1}{80}$ th of the Member's RMSPS Pensionable Salary for each year and proportionately for part of a year of RMSPS Reckonable Service before 1 April 2008; and
 - (ii) the sum of the Member's RMSPS Revalued Pension Blocks, as calculated under sub-paragraph (7) below, for RMSPS Reckonable Service on and after 1 April 2008 but before 1 April 2010,subject to sub-paragraph (3) below; and
- (b) a lump sum (RMSPS NRA60 Lump Sum) of the sum of—
 - (i) $\frac{3}{80}$ ths of the Member's RMSPS Pensionable Salary for each year and proportionately for part of a year of RMSPS Reckonable Service before 1 April 2008; and
 - (ii) the sum of the Member's RMSPS Revalued Lump Sum Blocks, as calculated under sub-paragraph (7) below, for RMSPS Reckonable Service on and after 1 April 2008 but before 1 April 2010,subject to sub-paragraph (4) below.

(2) The following benefits (RMSPS NRA65 Benefits) will be paid to every Member on retirement after the Cut-Off Date at or after age 65—

- (a) an annual pension (RMSPS NRA65 Pension) for life of the sum of the Member's RMSPS Revalued Pension Blocks, as calculated under sub-paragraph (7) below, for RMSPS Reckonable Service on and after 1 April 2010 up to the end of the Cut-Off Date, subject to sub-paragraph (3) below; and
- (b) a lump sum (RMSPS NRA65 Lump Sum) of the sum of the Member's RMSPS Revalued Lump Sum Blocks, as calculated under sub-paragraph (7) below, for RMSPS Reckonable Service on and after 1 April 2010 up to the end of the Cut-Off Date, subject to sub-paragraph (4) below.

(3) For the purpose of calculating the Member's pension under this Rule 3, the total amount of RMSPS Reckonable Service for Paragraphs (1)(a)(i), (1)(a)(ii) and (2)(a) above combined shall not exceed 45 years, including for these purposes the Member's "Pre-Cut-Off Date AVC FS Added Years Service" (if any) as referred to in General Rule 2 (RMSPS Reckonable Service).

(4) For the purpose of calculating the Member's lump sum under this Rule 3, the total amount of RMSPS Reckonable Service for Paragraphs (1)(b)(i), (1)(b)(ii) and (2)(b) above combined shall not exceed 45 years, including for these purposes the Member's "Pre-Cut-Off Date AVC FS Added Years Service" (if any) as referred to in General Rule 2 (RMSPS Reckonable Service).

(5) All Members will be entitled to both RMSPS NRA60 Benefits in respect of RMSPS Reckonable Service on or before 31 March 2010 (calculated in accordance with sub-paragraph (1)

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above) and RMSPS NRA65 Benefits in respect of RMSPS Reckonable Service on and after 1 April 2010 (calculated in accordance with sub-paragraph (2) above).

(6) The lump sum of a Member will, where applicable, be reduced in accordance with General Rule 12 (Members' choice of methods of payment of contributions) and General Rule 13 (Plan M), General Rule 14 (Plan U) or General Rule 15 (Plan L) (as applicable).

- (a) (7) (a) In respect of RMSPS Reckonable Service on or after 1 April 2008 to the earlier of completion of 45 years' RMSPS Reckonable Service and the Cut-Off Date (inclusive), the benefits of each Member shall be determined on the following basis.
- (b) At each Renewal Date up to and including the Cut-Off Date—
 - (i) the Member accrued under the RMPP a pension of $\frac{1}{80}$ th of the Member's CSDB Pensionable Salary for the year up to and including the Renewal Date (an RMSPS Pension Block) coinciding with the Cut-Off Date; and
 - (ii) the Member accrued under the RMPP a lump sum of $\frac{3}{80}$ ths of the Member's CSDB Pensionable Salary for the year up to and including the Renewal Date (an RMSPS Lump Sum Block) coinciding with the Cut-Off Date.
- (c) The RMSPS Pension Block and the RMSPS Lump Sum Block accrued at each Renewal Date were revalued under the RMPP, first at the Renewal Date at the end of the subsequent year and then at each subsequent Renewal Date thereafter up to and including the Cut-Off Date by the annual increase in the Government index of retail prices for all items for the 12 months to the preceding September subject to a maximum increase of 5% and a minimum increase of 0% a year.
- (d) Each RMSPS Pension Block, as successively revalued under Paragraph (c) above, will be an RMSPS Revalued Pension Block. Each RMSPS Lump Sum Block, as successively revalued under Paragraph (c) above, will be an RMSPS Revalued Lump Sum Block.

(8) The benefits payable under this Rule 3 will be deferred until the Member reaches the Normal Retiring Age applicable to them at which point they will (subject to any increases applicable under Rule 19 (Pensions increase)) be brought into payment, subject to Rule 4 (Payment of RMSPS benefits, retirement options and flexible retirement) and to the following—

- (a) If the Member dies before payment (whether of RMSPS NRA60 Benefits, RMSPS NRA65 Benefits, or both) the death, family and Dependants' benefits will be paid under—
 - (i) Rules 9(2), (3) or (4) (Lump sum benefits payable on death of a Member);
 - (ii) Rule 11 (Spouse's pension) and, where applicable, Rule 12 (Spouse's pension for Relevant Members);
 - (iii) Rule 14 (Children's pensions); and
 - (iv) Rule 15 (Dependants' pensions).
- (b) A Member whose benefits (whether RMSPS NRA60 Benefits, RMSPS NRA65 Benefits, or both) are deferred under this sub-paragraph (8) will (if the payment of immediate benefits is not contrary to the provisions of Part IX (Overriding Finance Act Provisions) of this Schedule) receive early payment before Normal Retiring Age of either or both of those tranches of benefits in the circumstances set out in—
 - (i) Rule 4(2), (4) or (5) (Payment of RMSPS benefits, retirement options and flexible retirement);
 - (ii) Rule 5 (Benefits payable to Members who retire on ill-health grounds or compassionate grounds);
 - (iii) Rule 6 (Benefits payable to Members who retire under the RMPP in the interests of efficiency);

- (iv) Rule 7 (Benefits payable to Members who retire under the RMPP on redundancy);
and
- (v) Rule 8 (Benefits payable to Members who take early voluntary retirement under the RMPP).

(9) Any benefits paid early under this Rule (including the other Rules referred to in sub-paragraph (8) above) shall, unless these Rules provide otherwise, be reduced for early payment on a basis determined by the Secretary of State on the advice of the Actuary so that, as far as reasonably practicable, they are equal in value to the benefits that would have been paid to the Member at age 60 in respect of RMSPS NRA60 Benefits and age 65 in respect of RMSPS NRA65 Benefits.

(10) Nothing in this Rule (or the other Rules referred to in sub-paragraph (8) above) shall enable the Secretary of State to reduce a Member's pension below that Member's GMP or any widow's or widower's pension payable on that Member's death below the widow or widower's GMP.

(11) Rules 9(3)(a)(i), (4)(a)(i) or (5) (Lump sum benefits payable on death of a Member) shall apply to the reduced pension payable under sub-paragraph (9) of this Rule.