

No. 304/24

11th September 2024

Dear Colleague

Royal Mail Group - The Collective Plan

Further to LTB 282/24 dated 23rd August.

As previously reported, there are two key attributes to the new Collective Plan that if members wish to activate in time for the commencement of the scheme on the 7th October, will need to be done by this Friday 13th September. This date is required in order for payroll to process the necessary arrangements.

Specifically, this applies to both the Lump Sum Booster and Additional Voluntary Contributions (AVC's) which can be activated via the People App.

Lump Sum Booster: Members can pay an extra 1% of pensionable pay into the guaranteed lump sum and Royal Mail will match this 1% making an extra 2% going into your lump sum. There is also an extra benefit as you will get tax relief on your 1% by paying via Pension Salary Exchange (PSE).

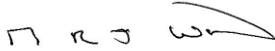
Additional Voluntary Contributions (AVC's): Members can also pay AVC's into the scheme and this will also be subject to tax relief by paying via Pension Salary Exchange (PSE). It should be noted, if members are currently paying an AVC into another Royal Mail pension scheme, this will stop once The Collective Plan is introduced. Members will therefore need to restart the AVC for The Collective Plan.

We are pleased to report that over 20,000 people have already registered to pay the 1% Lump Sum Booster and very nearly 4,000 AVC's have been applied via the People App. We fully expect these numbers to continue to rise, however to make this happen in time for the commencement of the scheme, applications must be logged on the People App by this Friday. Members can of course apply after this date; it just means these attributes will start at a later date.

A helpful slide that amplifies these benefits has been produced by Royal Mail and is attached.

Branches are encouraged to bring these benefits to the attention of our members and to remind them that to activate either of these attributes in time for the commencement of the scheme will need to be done by this Friday via the People App. More information on The Collective Plan can be found at <http://www.myroyalmail.com/collective-plan>

Your sincerely,



Martin Walsh
Deputy General Secretary (P)



Andy Furey
Assistant Secretary

The Collective Plan



How can I save extra?



Lump Sum Booster

You can pay 1% more towards your lump sum. As well as the tax relief you can get, Royal Mail will also pay in 1% more, matching the amount you pay in and boosting your lump sum. **Currently, these extra payments will boost your lump sum by 2.2% of your pensionable pay**, though this could change in the future.

This means that **if you paid £100 towards your lump sum booster, you'd build up £220 as a lump sum**, payable at age 67. You'd also get any increases awarded before you get it. In this example you could also **get tax relief on your £100, bringing the actual cost down to about £72** if you're a basic rate taxpayer and paying by Pension Salary Exchange.



Additional Voluntary Contributions

You can also pay Additional Voluntary Contributions, or 'AVCs', into a separate pot that is held just for you – it doesn't count towards your income for life or lump sum, and it won't be matched by Royal Mail, but you can usually get tax relief on what you pay. This means if you paid £100 into your AVC account, **you could get tax relief on your £100, bringing the actual cost down to about £72** if you're a basic rate taxpayer and paying by Pension Salary Exchange. There are limits on tax relief.

If you are currently paying AVCs into another Royal Mail pension scheme, they will stop and you will need to start them again in the Collective Plan. This can be done in the People App.