Royal Mail celebrates the launch of UKâ€™s first ever Collective Defined Contribution Pension Plan

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Royal Mail today announces the launch of the UKâ€™s first Collective Defined Contribution pension plan (â€˜the Royal Mail Collective Pension Planâ€™ or â€˜the Collective Planâ€™). The innovative scheme will offer over 100,000 Royal Mail employees a cash lump sum and an income in retirement.

Royal Mail, the Communications Workers Union and Unite CMA have worked together to design and implement a scheme that would provide the right pension arrangement for its people and the company.

At the outset, the parties agreed that any scheme had to provide one pension for all employees with at least 12 months service. It had to be affordable for Royal Mail and its people and would provide an income in retirement.

The Collective Plan pools members' contributions and provides everyone with both an income in retirement and a lump sum.

The key benefits of the Collective Plan are:

An automatic income for life, in addition to a cash lump sum, making it easier for people to manage their money in retirement.
Employees pay 6% of pensionable pay into the collective pot each payday, as Royal Mail tops that up with a contribution of 13.6%1.
One plan for everyone – every employee with at least a year's service is eligible to join.
The vast majority of Royal Mail employees will join the Collective Plan automatically.

Angela Gough, Director of Group Pensions, Royal Mail said: "The Collective Plan is the future of pensions at Royal Mail and we believe it is the right scheme for our people and our company.

"Today heralds an exciting development for Royal Mail and for the pensions industry. We have worked hard with our unions, the Government, the Pensions Regulator, and the Trustee of the Collective Plan to make it possible and we are delighted to have reached this point."

Andy Furey, National Officer, CWU said: "The CWU is pleased to see the introduction of the UK's first Collective Pension Plan which heralds a new pensions era and applies to all

of our Royal Mail and Parcelforce members once they have a year's service. We are confident the innovative benefits within the Collective Plan will provide a better outcome for our members than a traditional Defined Contribution scheme. The twin attributes of an income for life and a guaranteed lump sum at retirement are important benefits for our members."

Gary Sassoon-Hales, Chair of the Unite CMA FTR committee said: "We are proud to have played a key role in the creation of the Royal Mail Collective Pension Plan, a pioneering scheme that breaks the mould of existing UK pension schemes and shows that there is indeed another way. It exemplifies the power of collaboration between unions, Royal Mail, and other stakeholders, reflecting our commitment to safeguarding the financial well-being of our members while ensuring the long-term viability of the company."

Venetia Trayhurn, Chair of Trustees of the Royal Mail Collective Pension Plan, said: "With over 100,000 members at launch, the Collective Plan will immediately become one of the biggest single-employer, private-sector schemes in the UK. As chair of the corporate trustee that will oversee the new scheme, I would like to thank all our advisers, service providers and the executive team for their support throughout the authorisation process, and in preparing for this moment. The Trustee Directors are looking forward to putting this new model into action and delivering for our members."

Source: Royal Mail

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