

SCHEDULE 1

The Royal Mail Statutory Pension Scheme Rules

PART III

SECTION A RULES OF THE SCHEME

Application

1. These Section A Rules shall only apply to Members who are Section A Actives, and they do not apply to Members who are Cut-Off Date Non-Actives or to any other Wholly Transferred Beneficiaries. References to Member in these Section A Rules shall be read accordingly.

Benefits of Section A Actives under the RMSPS

2.—(1) Subject to Rule 3 (Pensions increase) and Rule 4 (Payment of RMSPS benefits), and to General Rule 7 (Application of Sections A and B – election for Section B benefits), the benefits in respect of a Section A Active are calculated as the benefits that would have been provided in respect of such a Member under the RMPP, as if such Member had opted-out of membership of the RMPP under General Rule 1A (Optional membership) of the RMPP Rules at the end of the Cut-Off Date.

(2) For the purposes of determining the rights and entitlements of Section A Actives under this Rule—

- (a) any duty of the RMPP Trustees or an employer under the RMPP, or any power or discretion which may be exercisable by the RMPP Trustees or such employer, howsoever expressed, shall be a duty, power or discretion of the Secretary of State; and
- (b) any role or function which would under the RMPP have been performed by the “Actuary” (as defined in the RMPP) shall be, to the extent relevant to the RMSPS, performed by the Secretary of State on the advice of the Actuary.

(3) Where a pension or lump sum benefit payable under these Section A Rules following a Member’s death is calculated by reference to the Member’s actual or prospective entitlement under these Section A Rules, that actual or prospective entitlement shall be determined applying the principles set out in sub-paragraphs (2) and (3) above and Rule 3 (Pensions increase) and Rule 4 (Payment of RMSPS benefits) below.

Pensions increase

3.—(1) Any pension payable under the Section A Rules shall be increased from time to time in accordance with the 1971 Act and Sections 59 and 59A of the 1975 Act, as if it was a pension beginning on the Member’s COD Beginning Date and it were payable under the Principal Civil Service Pension Scheme 1974 and any amendment or replacement thereof, subject to the modifications set out in and the additional provisions of this Rule.

(2) Where the Member’s COD Beginning Date is before the start of the Member’s RMPP Terminal Revaluation Year, in respect of the period from the Member’s COD Beginning Date to the start of that Member’s RMPP Terminal Revaluation Year, the Member’s benefit shall be increased by the percentage specified in each Pension Increase Order coming into force on or before the Member’s RMPP Beginning Date.

(3) In respect of the period from the start of the Member’s RMPP Terminal Revaluation Year to that Member’s RMPP Beginning Date, the Member’s benefit shall be revalued by the factor of $(1+A\%)$ divided by $(1+B\%)$, or by a factor of one, if greater, where—

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A% = the percentage increase (if any) specified in the Pension Increase Order which came into force at the end of the Member's Applicable Revaluation Year; and

B% = (A% multiplied by: ((i) the number of complete months in the period from the Member's RMPP Beginning Date to the end of that Member's RMPP Terminal Revaluation Year; plus (but only where the Member's RMPP Beginning Date falls in the same Revaluation Year as that Member's COD Beginning Date) (ii) the number of complete months in the period from the start of that Member's RMPP Terminal Revaluation Year to that Member's COD Beginning Date)) divided by 12,

and an incomplete month is to be treated as a complete month if it would have been so treated for the purposes of the Pension Increase Order coming into force at the end of the Member's Applicable Revaluation Year.

(4) In respect of the period from the Member's RMPP Beginning Date, the Member's benefit shall be increased in accordance with the 1971 Act as if it were a pension beginning on the Member's RMPP Beginning Date.

(5) Where different parts of the Member's benefits are for the purposes of Section 8(2) of the 1971 Act deemed to begin on different days, then for the avoidance of doubt—

(a) the revaluation process under this paragraph will apply separately to the Member's benefit in respect of each such part, as will the definitions of "Applicable Revaluation Year", "COD Beginning Date" and "RMPP Terminal Revaluation Year";

(b) in respect of each such part of the RMSPS benefit, the "RMPP Beginning Date" will refer to the date on which the Member's Relevant RMPP Margin Benefit in respect of that part of the RMSPS benefit is deemed to begin under Section 8(2) of the 1971 Act; where—

(i) the "Relevant RMPP Margin Benefit" means, in respect of a part of the Member's RMSPS benefit, the part of the Member's RMPP benefit in the calculation of which the Corresponding RMPP Amount in relation to that part of the RMSPS benefit is being used; and

(ii) "Corresponding RMPP Amount" means, in respect of a part of the Member's RMSPS benefit, the corresponding part of the "RMSPS Deductible" (as that term is defined in Rule 1XA(3) (Overriding provision) of Section A of the RMPP Rules) in respect of the Member's RMPP benefit.

(6) Any pension payable prior to Normal Retiring Age will receive annual increases (where payable) as if it were a pension payable on or after Normal Retiring Age.

(7) In this Rule—

"1971 Act" means the Pensions (Increase) Act 1971(1);

"1975 Act" means the Social Security Pensions Act 1975(2);

"1992 Act" means the Social Security Administration Act 1992(3);

"Applicable Revaluation Year" means the Revaluation Year ending immediately before a Member's RMPP Terminal Revaluation Year unless the Member's RMPP Beginning Date falls in a Revaluation Year before the Revaluation Year in which the Member's RMPP Exit Date falls, in which case references to that Member's "Applicable Revaluation Year" should be read as references to that Member's RMPP Terminal Revaluation Year;

"COD Beginning Date" means the date on which a Member's pension under the RMSPS is deemed to begin for the purposes of Section 8(2) of the 1971 Act, which is the date that his or her corresponding Section B pension under the RMPP would have been deemed to begin for

(1) 1971 c.56.
(2) 1975 c.60.
(3) 1992 c.5.

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the purposes of that section if that Member had opted out of the RMPP under General Rule 1A (Optional Membership) of the RMPP Rules at the end of the Cut-Off Date;

“pension” has the same meaning as it has in the 1971 Act;

“Pension Increase Order” means an order made under Section 59 of the 1975 Act, by virtue of a direction given under Section 151 of the 1992 Act that the sums mentioned in Section 150(1) (c) of the 1992 Act are to be increased by a specified percentage;

“Revaluation Year” means, in respect of a Member’s benefit under the RMSPS, the “base period” in relation to any Pension Increase Order, as defined in section 59 of the 1975 Act;

“RMPP Beginning Date” means the date a Member’s benefit under the RMPP is deemed to begin under Section 8(2) of the 1971 Act;

“RMPP Terminal Revaluation Year” means the Revaluation Year during which a Member’s RMPP Beginning Date falls.

Payment of RMSPS benefits

4.—(1) Despite any other provision of these Section A Rules but subject to General Rule 7 (Application of Sections A and B – election for Section B benefits) and to sub-paragraph (3) below, the benefits of a Section A Active under the RMSPS—

- (a) will come into payment automatically under the RMSPS when that Member draws or is paid his or her benefits from the RMPP; and
- (b) may not come into payment under the RMSPS until that Member draws or is paid his or her benefits from the RMPP.

(2) Where the benefits of a Section A Active under the RMSPS—

- (a) should have come into payment automatically under sub-paragraph (1) but have not come into payment, the Member shall be paid the relevant RMSPS benefits in arrears, with such Interest, if any, as the Secretary of State considers appropriate; and
- (b) have come into payment but the RMPP benefits have not come into payment, the relevant RMSPS benefits will be treated as having been paid in error, and the Secretary of State must take whatever action he deems appropriate in his absolute discretion to correct the error.

(3) In the event that a Section A Active ceases to be a member of the RMPP by reason of a transfer of that Member’s benefits out of the RMPP or a discharge of the Trustee’s obligations to provide benefits to that Member (in either case, other than money purchase benefits)—

- (a) sub-paragraphs (1) and (2) above will not apply in respect of that Member if and to the extent that any benefit under the RMSPS has not yet or should have) come into payment under sub-paragraph (1); and
- (b) the Member may or will draw his or her benefits in the circumstances provided for in the provisions applicable under Rule 2(1) (Benefits of Section A Actives under the RMSPS) above.

(4) While the Member remains in employment to which the RMPP relates, the Member’s consent will not be required to defer payment of that Member’s GMP after age 65 (being the expiration of five years from the date on which that Member attains Normal Retiring Age in respect of his or her Section A benefits). Section 13(5)(b) of the Pension Schemes Act 1993 (as applied to the RMSPS by the Contracting-out Laws) shall apply accordingly.