NEST and the State Pension

A guide to NEST and the new State Pension.

Booklet 3 of 6

Welcome from CWU

Pension benefits represent an important element in the remuneration package for postal workers. The CWU has always seen "pensions as deferred pay" and as we continue to develop policy, our primary objective must be the long-term sustainability and certainty around the pension benefits due to our members.

The long-awaited Royal Mail Collective Pension Plan ("the Collective Plan") launched in October 2024. We are proud of the role CWU has played in the development of the Collective Plan, which is the first of its kind in the UK. We believe it to be significantly better than the viable alternatives available and going forwards we will work closely with Royal Mail to support the interests of members.

However, we recognise that pensions are a complex subject, and the addition of the Collective Plan increases the complexity. We wanted to prepare a set of booklets, incorporating the new information on the Collective Plan, to help members understand their Royal Mail pensions.

We are keen to have your feedback. Please let us know what you think of these booklets by emailing dgspdepartment@cwu.org General enquiries regarding pensions can be sent to the same email address.

Martin Walsh
Deputy General Secretary (Postal)

How to use this booklet

This is the third booklet, in a set of six created by CWU – all about Royal Mail pensions.

This booklet is designed to act as a guide to **NEST** and the **new State Pension**.

How to use this booklet

The Royal Mail Group (RMG) has provided many different pension schemes over the years. RMG employees, both past and present, could be a member of one or more of these pension schemes.

CWU has produced a set of six booklets for RMG members, and Representatives, to help explain the Royal Mail Group's different pension arrangements and to promote a better understanding of RMG's pension schemes, as well as the State Pension.

These booklets explain what you might get when you retire and the different options open to you in each of the schemes.

Not every booklet will apply to you, but if you've worked for Royal Mail for a while, it's likely that more than one booklet will be useful for you.

The table on the next page shows you the breakdown of the six booklets.

If you're not sure which Royal Mail pension schemes you're a member of, **Booklet 1: Understanding your Royal Mail pensions** is the best place to start.

Booklets 2 to 6 in this set cover information about one or two pension schemes, to keep the content in each booklet short.

How to use this booklet

Booklet	Booklet name	What's inside?
1	**Understanding your Royal Mail pensions**	A summary of all Royal Mail pensions, past and present. It's designed to help you get to grips with which Royal Mail pension schemes you're likely to be a member of and find the right booklet to take a deeper dive into your pension
	Current pension schemes: these booklets will be relevant for most current employees.	
2	**Royal Mail Collective Pension Plan**	A guide to the **Royal Mail Collective Pension Plan** ('the Collective Plan' or 'RMCPP')
3	**NEST and the State Pension**	A guide to **NEST** and the **new State Pension**
	Past pension schemes: different booklets will be relevant for different members, depending on their period of service.	
4	**Royal Mail's Cash Balance Section**	A guide to the **Cash balance Section** of the Royal Mail Pension Plan ('RMPP')
5	**Royal Mail's other pre-2018 Defined Benefit (DB) pension schemes**	A guide to: The **pre-2018 sections of the Royal Mail Pension Plan** ('RMPP'), including the interaction with the **Royal Mail Statutory Pension Scheme** ('RMSPS') covering : • Final Salary Sections A & B • Final Salary Section C • Career Salary (CARE) Section
6	**Royal Mail's past Defined Contribution (DC) pension scheme**	A guide to the **Royal Mail Defined Contribution Plan** ('RMDCP')

NEST

This section applies to you if:

- You started working for Royal Mail, including Parcelforce, on or after 7 October 2024 and have less than 12 months service.

Or

- You work for Royal Mail Property & Facilities Solutions (PFSL) and were not paying into the Royal Mail Pension Plan (RMPP) on 6 October 2024.

Or

- You have opted out of the Royal Mail Collective Pension Plan (the 'RMCPP' or the 'Collective Plan').

In this section...

NEST at a glance

NEST is a kind of workplace pension scheme, that builds up an individual pension pot for you to use as you choose when you retire - called a 'Defined Contribution' or 'DC' pension.

Most people will automatically join NEST in their first three months of joining Royal Mail Group (RMG) - and they will normally pay into their NEST pension pot until they reach one years' service. After one year's continuous service, most people will stop paying into NEST and will automatically join the Collective Plan and start paying into that instead.

If you're paying into NEST, you'll pay in 5% of your Pensionable Pay from each pay packet and Royal Mail will pay in 4% - meaning 9% of your Pensionable Pay goes into your NEST pension pot every time you're paid. Plus, most Royal Mail members now pay through something called 'Pension Salary Exchange' or 'PSE' - which is a tax-efficient way for you to pay into your NEST pension pot and means your take-home pay will usually be bigger than if you didn't pay through PSE.

This money is paid into an individual pension pot (that's held in your name) and is invested, with the aim of it growing over time through investment returns until you're ready to take the money from it. If you've paid into NEST in the past, but don't any longer – your pension pot is still invested and will be there for you to use when you're ready to retire.

You can find out more about NEST in the rest of this section of the booklet.

We've started off with short summary. As you go through this section of the booklet, you'll find more detailed information about NEST.

Plus, you can explore NEST's website: https://nestpensions.org.uk

Or find out more on Royal Mail's pension website www.myroyalmail.com/pensions (you'll need to select 'NEST' from the homepage).

NEST at a glance

What is NEST and what will it give me at retirement?

NEST is a workplace pension scheme set up by the Government. **It is a type of "Defined Contribution" (or "DC") pension scheme - which gives you a pot of money at retirement.**

Who looks after NEST?

A Trustee Board looks after all the money in NEST – which includes your pension pot.

The Trustee Board that runs the NEST pension scheme, is a public corporation. It's accountable to Parliament through the Department for Work and Pensions but is generally independent of Government in its day-to-day decisions.

Being a public body means that the Trustee Board has no owners or shareholders. As a Trustee Board, they run the scheme in the interests of their members.

How much do I pay?

Once you join NEST both you and Royal Mail will pay into a pension pot that's held in your name.

You pay	Royal Mail pays	Total paid in
5%	4%	9%

Most people will automatically join the Collective Plan once you've been working for Royal Mail for 12 months – and stop paying into NEST.

If you're not eligible to join the Collective Plan after 12 months of service, what you pay into NEST and what Royal Mail pays in might go up. You'll receive a separate communication if this applies to you.

What goes into your pension pot is taken from your Pensionable Pay (this is usually your basic pay) every pay period – that could be weekly or monthly, depending on when you're paid.

As long as you meet some criteria (which we explain on page 15), you'll pay into NEST through 'Pension Salary Exchange' or 'PSE' - which is a tax-efficient way for you to pay into your NEST pension pot and means your take-home pay will usually be bigger than if you didn't pay through PSE.

NEST at a glance

What if I want to pay in more?

You can choose to pay in more by paying Additional Voluntary Contributions (AVCs) – but Royal Mail won't pay anything on top of the 4% that they normally pay in.

You can pay AVCs in three different ways:

1. **As a regular percentage (%)** of your Pensionable Pay (on top of the 5% that you will normally pay in). This additional amount will be taken from your pay each pay period – just like your normal pension payment.
2. **As a regular fixed amount (in £s),** again this is on top of the 5% that you will normally pay in. This additional amount will be taken from your pay each pay period – just like your normal pension payment.
3. **As a one-off payment** - either as a percentage (%) or as a fixed amount (in £s). This additional amount will be taken from your pay for just the pay period you've chosen.

AVCs will be paid into the same pension pot as your regular payments (rather than into a separate pot) – so you will only have the one pot to use when the time is right for you.

As long as you meet some criteria (which we explain on page 15), you'll pay into NEST through 'Pension Salary Exchange' or 'PSE' - which is a tax-efficient way for you to pay into your NEST pension pot and means your take-home pay will usually be bigger than if you didn't pay through PSE.

Do I need to decide how my money is invested?

Your NEST pension pot is invested from the day that you and Royal Mail first start to pay in - with the aim of growing it over time until you're ready to use it.

When you join NEST your pension pot will be automatically invested in the **NEST Retirement Date Fund**. This is a ready-made investment approach that automatically switches how your money is invested as you get closer to retirement – this way of investing is often called 'lifestyling'. 99% of NEST members chose to keep their pension pot invested in this way.

You could also choose your own funds to invest in.

You can find out more about the NEST Retirement Date Fund and the choice of fund's you can pick from on pages 16 to 18 of this booklet.

Remember, investing money always means there's a level of risk. The value of your pension pot will go up and down with the investment markets, but to varying degrees – depending on how your savings are invested.

NEST at a glance

When and how can I take money from my pension pot?

Unless you tell NEST otherwise, they will assume you want to take your pension pot at your State Pension Age. But normally, you can start taking money out of your NEST pension from the age of 55. This will rise to age 57 in April 2028. And you could take money from your NEST pension pot at a different time to when you get any other Royal Mail pensions that you might have.

You can check your State Pension Age at: www.gov.uk/state-pension-age

You'll be able to use your pension pot to do one of the following (or a combination of all three):

Take all (or some) as cash	Buy a guaranteed income	Keep your pension pot invested and take money out as and when you need to in retirement
Cash	**An annuity**	**Income drawdown**
You could take all, or some, of your Cash sum amount as cash. Normally, the first quarter (25%) can be taken tax free. And remember, you can take some tax-free cash first, and then do something different with the rest.	You can use some, or all, of your pension pot to buy an annuity from an insurance company. This will provide you with a guaranteed income during retirement. You can normally choose whether to buy an income that stays the same throughout your retirement or one that increases each year. You can also normally choose to buy an income that could be passed on to your spouse (or other dependants) after your death.	You could keep your money with NEST or transfer your pension pot into a drawdown arrangement through a provider of your choice. Drawdown gives you the option to take your pension pot flexibly, whilst still keeping the money you haven't used invested with the aim that it will grow over time when you're not using it.

NEST at a glance

What if I need more help to decide how to take my pension pot?

You can explore the options for taking your NEST pension pot further on MoneyHelper:
www.moneyhelper.org.uk

> Select 'Pensions & retirement' from the main menu and then 'Taking your pension'.

As NEST gives you a pot of money that you can use flexibly you could use the free Pension Wise service, which is part of MoneyHelper and backed by the Government, to help you decide what's right for you.

If you're aged 50 or over, you can book an appointment with one of Pension Wise's experts to help you better understand the options you have to take your cash sum and/or AVCs.

Go to: www.moneyhelper.org.uk

> Select 'Pensions & retirement' from the main menu and then 'Book your free Pension Wise appointment'.

It's worth noting that Pension Wise will not be able to help you explore any benefits that you might have from the Royal Mail Collective Pension Plan or from the Final Salary or Career Salary Sections of the RMPP – as these provide a yearly pension or income for life (rather than a cash amount that you can use flexibly).

A deeper dive into NEST

You'll find more detailed information about NEST in this section of the booklet.

Here's what's inside, broken down into different topics:

We've used some reference notes - shown as "(x)" - in this section (*A deeper dive into NEST*), rather than go into a lot of technical detail all at once. If you'd like to explore these more, you'll find the supporting reference notes on page 25 of this booklet.

A deeper dive into NEST

Joining

Eligibility	The following employees will join NEST automatically if: • You're aged between 22 and your State Pension Age, • you have at least 3 months' continuous service, and • your weekly pay is at least £192, or your monthly pay is at least £833 (2022/23 figures). **Royal Mail Group employees:** If you started working for Royal Mail, including Parcelforce, on or after 7 October 2024 and have less than 12 months service you will automatically join NEST. **Royal Mail Property & Facilities Solutions (PFSL) employees:** If you work for Royal Mail Property & Facilities Solutions (PFSL) and were not paying into the Royal Mail Pension Plan (RMPP) on 6 October 2024 you will automatically join NEST. **If you have opted out of the Collective Plan:** If you have opted out of the Royal Mail Collective Pension Plan (the 'RMCPP' or the 'Collective Plan') you will have the option to join NEST instead.
Is membership compulsory?	You can choose to opt-out of NEST. But, under the Government's auto-enrolment legislation, Royal Mail has to regularly check your eligibility for auto-enrolment into NEST. If you've already joined automatically and have opted out, you may be enrolled again at Royal Mail's three-year re-enrolment date.

A deeper dive into NEST

Paying in

What you pay	Once you join NEST both you and Royal Mail will pay into a pension pot that's held in your name.

You pay	Royal Mail pays	Total paid in
5%	4%	9%

Most people will automatically join the Collective Plan once you've been working for Royal Mail for 12 months – and stop paying into NEST.

If you're not eligible to join the Collective Plan after 12 months of Service what you pay into NEST, and what Royal Mail pays, in might go up. You'll receive a separate communication if this applies to you.

What goes into your pension pot is taken from your Pensionable Pay (1) (this is usually your basic pay) every pay period – that could be weekly or monthly, depending on when you're paid.

Additional Voluntary Contributions (AVCs)

You can choose to pay in more by paying Additional Voluntary Contributions (AVCs) – but Royal Mail won't pay anything on top of the 4% that they normally pay in. You can pay AVCs in three different ways:

1. **As a regular percentage (%)** of your Pensionable Pay (on top of the 5% that you will normally pay in). This additional amount will be taken from your pay each pay period – just like your other pension payment.

2. **As a regular fixed amount (in £s)** of your Pensionable Pay (on top of the 5% that you will normally pay in). This additional amount will be taken from your pay each pay period – just like your other pension payment.

3. **As a one-off payment** - either as a percentage (%) or as a fixed amount (in £s). This additional amount will be taken from your pay each pay for the pay period you – just like your other pension payment.

You'll find the supporting reference notes for (1) on page 25 of this booklet.

A deeper dive into NEST

Paying in

Pension Salary Exchange (PSE)

If you're paying into NEST (including any Additional Voluntary Contributions that you make) what you pay will be automatically paid through Pension Salary Exchange (PSE).

What is PSE?

PSE is a way for employees who pay National Insurance contributions (NICs) to increase the amount of money they take home each week or month, without changing their Pensionable Pay (1), the overall amount paid into their pension or any other Employer benefits they receive.

By changing the way pension payments are made, employees can make a saving on any NICs paid. As a result, most employees usually receive an increase in take-home pay (also known as your net pay).

Who can pay this way?

You will pay this way automatically and take part in PSE as long as:

- Your pay after PSE (post-PSE pay) is over the PSE minimum amount (which is currently £13,200 a year, around £253 a week if you are paid weekly or £1,100 a month if you are paid monthly).
- The PSE adjustment and any other salary exchange arrangements that you may have, for example childcare vouchers, do not reduce your post-PSE pay below the National Minimum Wage or the PSE minimum amount.
- You are not on unpaid leave, for example a career break or seconded to another employer and paid on another payroll system.
- You continue to be paid from the UK.

You will pay through PSE if you meet the conditions shown above, unless you tell Royal Mail that you wish to opt out.

You'll find the supporting reference notes for (1) on page 25 of this booklet.

A deeper dive into NEST

Investing

NEST Retirement Date Fund	When you join NEST your pension pot will be automatically invested in the **NEST Retirement Date Fund**. If your pension pot is invested in the NEST Retirement Date Fund, your money will move between four phases - depending on how many years you have left to retirement.

Foundation phase (in your early 20s)	This phase aims for steady investment growth to help you start to build your pension pot.
Growth phase (from your mid 20s to your mid 50's)	This phase aims for more rapid growth, but to do this it also takes on more risk – so you'll likely see ups and downs in the size of your pension pot over time.
Consolidation phase (from your mid 50's until your retirement date)	This phase starts to lessen the risk that your money is exposed to. This helps to protect your pension pot from sharper falls if the wider economy or the stock market takes a fall. As a result, you're less likely to see any big rises in the value of your pension pot.
Post-retirement phase (after your retirement date, if you haven't yet taken your pension pot)	**If you have less than £10,000:** NEST will assume that you want to take your pension pot all as cash, and your money will move into lower risk investments until you're ready to take it. **If you have £10,000 or more:** NEST will assume that you want to keep your money invested and take out some money as and when you need it in retirement.

A deeper dive into NEST

Investing

NEST Retirement Date Fund

If you keep your money invested in the NEST Retirement Date Fund, it's important that you regularly review your retirement age as it's used to decide exactly how NEST invests your pension pot, and when your investments will automatically move between different funds.

If your retirement age does not reflect when you aim to retire you could lose out on potential investment growth or be exposed to excessive investment risk.

You can find out more about the NEST Retirement Date Fund on NEST's website: https://nestpensions.org.uk

> Select 'Investing your pension' from the main menu.

A deeper dive into NEST

Investing

Other investment options

If you want full control of your investments, then you have the option of picking your own funds from NEST's full fund range, which include funds that are designed for different beliefs, faiths or risk appetite:

- **Nest Ethical Fund.** This fund is for members with specific concerns about the impact organisations have on the environment and society.
- **Nest Sharia Fund**. This fund is for members who want an approach based on Islamic law as it relates to investing.
- **Nest Higher Risk Fund.** This fund is for members who are prepared to take more investment risk to try and make their retirement pot grow more.
- **Nest Lower Growth Fund.** For members who are very cautious while investing, so their retirement pot will be exposed to less investment risk.
- **Nest Guided Retirement Fund.** An option for members aged between 60 and 70, who have at least £10,000 invested in any of our funds and want to start taking their money out of Nest.

You can find out more about these funds on NEST's website: https://nestpensions.org.uk

> Select 'Investing your pension' from the main menu, and then 'Your fund choices'.

But these funds do not automatically switch your exposure to risk as you approach retirement so it will be your responsibility to decide if, and when, you may wish to switch your investments.

Remember, investing money always means there's a level of risk. The value of your pension pot will go up and down with the investment markets, but to varying degrees – depending on how your savings are invested.

A deeper dive into NEST

Investing

Fees

NEST invests all the money that's held in your pension pot, working to grow it over time. Like most pension providers, NEST charges a fee for this – which is the same for all members.

This fee is made up of two parts:

1. a **contribution charge** of 1.8% on each new payment made into your pension pot (that's on what you and Royal Mail pay in), and
2. an **annual management charge** (known as an 'AMC') of 0.3% on the total value of your pension pot each year.

There are no extra costs - these two charges are all you will pay. NEST don't charge you for switching your fund, changing your retirement date, transferring your pot or any other services.

How does this work?

So, if you paid £1,000 into your pension pot over the year, your contribution charge would be £18. If your pot was then worth £10,000, you'd pay an AMC of £30.

The total charge would come to £48. That's just under 0.5% of the total value of your pension pot.

A deeper dive into NEST

What you'll get at retirement (currently anytime from age 55)

Retirement age	There is no set retirement age with NEST. But NEST will assume that you will take your pension pot at your State Pension Age, unless you tell them a different age. You can start taking money out of your NEST pension pot from age 55. This will rise to age 57 in April 2028. But, remember, the longer you leave your pension pot invested the more time it has to grow through investment returns. You could take money from your NEST pension pot at a different time to when you get any other Royal Mail pensions that you might have
Type of benefit	NEST is a Defined Contribution ("DC") pension scheme which was established by Government following the introduction of Auto Enrolment legislation. This required employees earning over a certain amount to be auto-enrolled into a pension scheme within three months of employment if they are aged between 22 and the State Pension Age. Once you join NEST you will build up a pot of money to use at retirement, made up of what both you and Royal Mail pay in. This pot of money is invested with the aim that it will grow over time. At retirement, you have flexibility on how to use your pension pot. The value of your pension pot is not guaranteed, as it depends on how your investments perform.
Additional Voluntary Contributions (AVCs)	If you pay AVCs these will be paid into the same pension pot as your regular payments (rather than into a separate pot) – so you will only have the one pot to use when the time is right for you.

A deeper dive into NEST

Retiring before age 55 (or age 57 from April 2028)

Minimum age to retire	The minimum age you can take your pension pot is currently age 55 except in the case of ill health. This minimum pension age is set by the Government and will increase from age 55 to age 57 from April 2028, although you may be able to retire earlier in cases of ill health.
Ill health retirement	If you're suffering from serious ill health (3), you might be able to take your whole pension pot as tax-free cash. You may also be able to take your money out early if you're incapable of work due to illness. • **If you have a medical condition that means you've been given a life expectancy of less than a year**, you can take all of your pension pot as tax-free cash. • **If you have a physical or mental impairment which means you're unable to continue to work in any job now or in the future,** you might be able to take your money before age 55. It's possible you won't be able to take your whole pension pot as cash as you may have to use some of it to get a retirement income. **We understand that circumstances like retiring early due to ill health can be difficult. If you'd like to explore ill health retirement, please get in touch with your CWU Representative, who will be able to explain the criteria and process and support you through the steps that you'll need to take.**

You'll find the supporting reference note for (3) on page 25 of this booklet.

A deeper dive into NEST

Death before retirement

If you haven't used all of your NEST pension pot

If you die and leave money in your NEST pension pot
You can choose an individual, several people, a good cause or a few, or any combination of these to leave the value of your pension pot to when you die. Who you select is called your beneficiary or beneficiaries.

There are two different options to do this with NEST:

Option 1. Make an expression of wish
When you choose this option, your pension pot will be paid out under trust law. That means:

- The Trustee Board (2) will take your wishes into account when deciding who to pay your pension pot to, but they will have the final choice.
- The Trustee Board (2) will consider any changes to your personal circumstances before making a payment.
- You can change your listed beneficiaries at any time.
- You'll no longer be able to make a nomination (option 2).

Option 2. Make a nomination
When you choose this option NEST will pay your pension pot only to who you tell them to. That means:

- Your pension pot will usually form part of your estate for inheritance tax purposes.
- You can update your beneficiaries at any time.
- You can change to making an expression of wish at any time (but you can't change back if you change to option 1).

You'll find the supporting reference note for (2) on page 25 of this booklet.

A deeper dive into NEST

Death in service

If you're still working for Royal Mail and paying into NEST	**If you die and are still paying into NEST,** you will also be eligible for a death in service lump sum of 4x your NEST Pensionable Pay (1), plus the money in your NEST pension pot (as shown on page 22).

Death after retirement

The benefits payable on death after retirement will depend on how you decided to use your pension pot when you retired.

If you took all of your pension pot as cash	If you took your pension pot all as cash, there will be no further benefits payable to your beneficiaries but any remaining cash at the date of death can be passed on.
If you took some (or all) of your cash sum all an annuity	If you bought a guaranteed income (an annuity) (4), the benefits payable on death after retirement will depend on the terms of the annuity that you bought. When buying an annuity, you can choose the level of death benefits that's right for you and your circumstances e.g. the pension payable to a spouse or other dependant.
If you took some (or all) of your cash sum into a drawdown arrangement	If you entered into an income drawdown (5) arrangement, the remaining benefits at date of death can be passed on to your beneficiaries.

You'll find the supporting reference note for (1) (4) (5) on page 25 of this booklet.

A deeper dive into NEST

Transferring out

Your pension pot (which includes any Additional Voluntary Contributions that you may have made)	**You can leave your pension pot in NEST until you're ready to take it – with the aim that it will grow over time from investment returns.** Or, you have the option to transfer the current value of your pension pot out of NEST to another registered pension scheme*. NEST don't charge you any fees to transfer out, but it's important to check if your new pension provider will charge you any fees for transferring to them. *Currently, it is not possible to transfer into the Royal Mail Collective Pension Plan (RMCPP).

Transferring in

Your pension pot (which includes any Additional Voluntary Contributions that you may have made)	**You can transfer other pension pots you might have into NEST.** Paying in isn't the only way to pay into your pot. You can also transfer other pension pots into NEST. This means you can bring your pension pots together, making your savings easier to manage. You won't pay a contribution charge on any transfers into NEST. But their 0.3% Annual Management Charge (AMC) will apply, based on how much is in your pension pot, which includes any funds you've transferred in.

Reference notes

Notes to the tables on pages 15 to 25: (1) to (5)

(1)	**Pensionable Pay.** NEST Pensionable Pay is basic pay for full-time employees and basic pay plus overtime (up to full-time equivalent hours) for part-time employees.
(2)	**The Trustee Board.** Nest Corporation, the Trustee Board that runs the Nest scheme, is a public corporation. It's accountable to Parliament through the Department for Work and Pensions but is generally independent of Government in its day-to-day decisions. Being a public body means that the Trustee Board has no owners or shareholders. As a Trustee Board, they run the scheme in the interests of their members.
(3)	**Ill health early retirement.** NEST's decision as to whether you are in ill health will be final. Confirmation will be required from a registered medical practitioner (usually your doctor) that: 1. you have a medical condition that means you've been given a life expectancy of less than a year, or 2. you are (and will continue to be) incapable of carrying on your occupation because of physical or mental impairment.
(4)	**Annuity.** This means the regular retirement income (i.e. a yearly pension) that will be paid by an insurance company in return for a sum of money paid from your NEST pension pot.
(5)	**Income drawdown.** This is a facility provided within a pension arrangement that enables you to take your benefits flexibly. This means that, unlike an annuity, you would have ongoing choices about the way that your money is invested and the frequency and amount of that you take out of your chosen income drawdown arrangement. You could transfer the value of your pension pot to another registered pension scheme in order to access this, or you could keep your pension pot with NEST and use their Guided Retirement Fund. This is also sometimes known as 'Flexi Income Drawdown' or just 'Drawdown'.

The new State Pension

This section applies to most people at Royal Mail who will reach their State Pension Age on or after 6 April 2016.

Broadly, that means:

- men born after 6 April 1951; and
- women born on or after 6 April 1953

In this section...

The new State Pension at a glance

The new State Pension is a pension benefit provided by the UK Government and it can really boost your income in retirement.

The full new State Pension currently provides an income of £221.20 a week (or £11,502.40 a year) - that's for the 2024/25 tax year. But what you'll get will be based on your National Insurance record.

The State Pension Age (the earliest age you can start to receive your State Pension) has been gradually increasing and reached age 66 in October 2020. The Government is raising the State Pension Age again to age 67 for everyone by 2028 and is planning to raise it further to age 68 by 2046 (but this might happen sooner).

So, it's possible that you'll take some of your Royal Mail pensions before you start to get your State Pension, which you'll need to factor into your planning.

You can find out more about the new State Pension on the next two pages.

Plus, you can explore more about the new State Pension on GOV.UK: www.gov.uk/new-state-pension

The basic and additional State Pension

If you reached your State Pension Age before 6 April 2016 then you may be eligible for the basic State Pension and the additional State Pension instead. More information can be found on GOV.UK too:
www.gov.uk/state-pension
www.gov.uk/additional-state-pension

The new State Pension at a glance

What is the new State Pension?

The State Pension is designed to give you a regular retirement income from the Government, even if you have other income or pensions.

The new State Pension applies to:

- men born after 6 April 1951; and
- women born on or after 6 April 1953.

After you've claimed it, it's usually paid **every four weeks**, rather than the same date each month.

When can I get my new State Pension?

You can start receiving your new State Pension from your State Pension Age. This may be different to the age that you can get some of your Royal Mail pensions.

Your State Pension Age depends on your date of birth. It is currently age 66 but is set to increase in future.

You can check your State Pension Age at:
www.gov.uk/state-pension-age

How much is the new State Pension?

The amount of the new State Pension is reviewed yearly. The full rate of new State Pension for the 2024/25 tax year is £221.20 a week (or £11,502.40 a year) - but your amount could be different depending on:

- if you were contracted out before 2016,
- the number of National Insurance qualifying years you have, and
- if you paid into the additional State Pension before 2016.

You can check how much you could get when you reach your State Pension Age at: www.gov.uk/check-state-pension

The new State Pension at a glance

How do I qualify for the new State Pension?

To receive the new State Pension, you will need at least 10 “qualifying years” on your National Insurance record. A qualifying year is one in which you were:

- working and made National Insurance contributions,
- getting National Insurance credits for example if you were unemployed, ill or a parent or carer, or
- paying voluntary National Insurance contributions.

You might also qualify if you’ve lived or worked abroad or paid reduced rate National Insurance for married women.

You’ll need at least 35 years of qualifying contributions to get the full amount.

Does the new State Pension go up each year?

The new State Pension increases each year by whichever is the highest amount, from:

- **earnings** – the average percentage (%) growth in wages in Great Britain,
- **prices** – the percentage (%) growth in prices in the UK measured by the Consumer Prices Index (CPI), or
- **2.5%**

Can I increase my new State Pension?

If your State Pension forecast shows you might not qualify for the full amount, there are a few things you could do:

- Check if you can claim free National Insurance credits. For example, if you’re an unpaid carer or looking for work. Some claims can be backdated.
- Consider paying voluntary National Insurance contributions to fill any gaps in your record.
- When you reach State Pension Age, apply for Pension Credit to top up your income.

You can also boost the amount you get by delaying your claim for State Pension, even if you qualify for the full amount.

A note about using this booklet

This booklet is intended to give a clear and simple summary to help CWU members who work for, or have worked for, Royal Mail Group (RMG) with their retirement planning.

CWU cannot provide you with financial advice. This booklet, and the others in this set, are designed for information only and should not be seen as providing financial advice. If you are unsure about making decisions about your pension, you may want to take advice from an independent financial adviser. You can find an independent financial adviser at: www.moneyhelper.org.uk by selecting 'Pensions & retirement' from the main menu and then 'Find a retirement adviser'.

We have tried to be accurate without using a lot of legal terms and pension jargon. This booklet summarises NEST and the new State Pension - based on information at the current time. Further and up-to-date information about NEST can be found on NEST's website at: https://nestpensions.org.uk and in the personal statements that set out your individual entitlement. Further and up-to-date information about the new State Pension can be found on GOV.UK at: www.gov.uk/new-state-pension These will apply in the event of any difference.

The communications union

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