

## PCSPS(NI)

Principal Civil Service Pension  
Scheme (Northern Ireland)



Department of  
**Finance and  
Personnel**

[www.dfpni.gov.uk](http://www.dfpni.gov.uk)

# What is abatement?

## What is abatement?

Abatement is the reduction or suspension of your pension during a period of employment with an employer covered by the PCSPS(NI) or, in certain cases, another public sector employer. It does not apply if you are employed in the private sector. Abatement can also apply to any annual compensation payment (ACP) you receive.

## Who does abatement apply to?

Abatement may apply to you if:

- you are working in the Northern Ireland Civil Service (NICS) and at the same time receiving your PCSPS(NI) pension or an annual compensation payment from the Civil Service Compensation Scheme Northern Ireland [CSCS(NI)]; or
- have been re-employed, having left the NICS as a result of compulsory early severance and received a reserved rights top up payment. (This only applies to those who were employed in a mobile grade on 1 April 1987 and have reserved rights to the early retirement provisions that applied before this date. For more details see the Special Cases section of this leaflet.)

Your pension may also be abated if you receive a pension from another public sector pension scheme, even if you have not reached that scheme's pension age.

## How is abatement worked out?

Firstly we work out your 'salary of reference'. This is normally your actual pensionable earnings in the preceding 12 months, but if your 'best year' was not your final one, it could be based on a different period. This figure is increased in line with Pensions Increase to the date of your re-employment. For the purposes of this leaflet, re-employment also includes employment after partial retirement.

Secondly we work out your annual rate of salary at the start of your re-employment. This includes local pay additions, such as London Weighting, and all permanent pensionable pay additions, but excludes any other pensionable or additional allowances. We then add your pension or ACP to your re-employed salary. Finally, if the total of your re-employed salary and your pension or ACP is higher than your salary of reference then your pension or ACP is reduced by the difference.

Example: Mr Jones retired with pensionable earnings of £25,000. He is re-employed 3 years later on a salary of £18,000. The cumulative increase in line with Pensions Increase over those three years is 8% and his pension at the time of re-employment is £8,500.

Salary of Reference = £25,000 + 8% = £27,000.

Re-employed salary (£18,000) + pension in payment (£8,500) = £26,500.

As Mr Jones's re-employed salary plus pension in payment come to less than his salary of reference, his pension will not be reduced.

### Is the amount of abatement fixed?

The level of abatement will increase each year in line with any increase to your pension. The level of abatement will not be increased just because you have received the normal annual pay rise.

The level of abatement will be worked out again if:

- You are permanently promoted or demoted;
- You are temporarily promoted to a grade, or job weighting, higher than the post you originally retired from;
- There is a change to your conditioned hours;
- There has been a retrospective review of either your salary of reference or your re-employed salary;
- You are fee paid and your fees are revised.

### What if I am re-employed on a fee paid basis?

Abatement still applies to those re-employed on a fee-paid basis (unless they are a genuine consultant or contractor). However, the calculation is slightly different. Your pension or ACP in payment is deducted from your salary of reference (see example) to produce your 'earnings margin'.

The earnings margin is the amount you may earn in fees with an employer covered by the PCSPS(NI) pension arrangements in any 12 month period, commencing with the first day of the month of your re-employment, regardless of your start day. For any fees you earn above your earnings margin, your pension or ACP is reduced by a corresponding amount over the next 12 months.

If you require further information please contact us, using any of the methods on the back of this leaflet.

## Special Cases

### What if I left on compulsory early severance with reserved rights to a 'top up payment'?

If you were employed in a mobile grade on 1 April 1987 you would have had a reserved right to a 'top up payment'. This was a lump sum that was equivalent to the benefits you would have received under previous early retirement provisions.

For abatement only, we work out the amount you would have received under the previous early retirement provisions. This amount is reduced to reflect the extent by which your pension and lump sum were enhanced. The remaining figure is then used in the abatement calculation as if it were a pension in payment. In these circumstances, if abatement is required then your salary is reduced. This treatment only applies to people who were re-employed before 30 July 2007. If you were re-employed on or after 30 July 2007 you would have a "quarantine" period (this is the time you have to work before you can start accruing reckonable service again) instead of being abated.

### What if I previously left on medical retirement?

If you left before October 2002, or after that date and were in classic, your ill-health pension will be reduced to exclude the element of enhancement, with the remaining pension subject to abatement as in the example. If you were previously in premium or classic plus and receiving a lower-tier ill health pension this will be subject to abatement. If you are receiving an upper-tier ill health pension you will not be able to join the PCSPS(NI) nuvos arrangements and your upper-tier pension entitlement will be reviewed. If, after review, your upper-tier top up is withdrawn you will then be able to rejoin the pension arrangements and your lower-tier pension will be subject to abatement.

If you are receiving an ill-health pension you will not be able to rejoin the PCSPS(NI) premium arrangements but if your pension is at the lower-tier rate you will be able to have a partnership pension account. If you are receiving an upper-tier ill health pension your entitlement will be reviewed. If, after review, your upper-tier top up is withdrawn then you will continue to receive a lower-tier ill health pension and will be able to have a partnership pension account.

### What if I commuted or repackaged some or all of an annual compensation payment?

Abatement will be worked out using the annual rate of ACP that would have been in payment if you had not commuted or repackaged. Where abatement applies and the amount of abatement is greater than the actual ACP in payment following commutation or repackaging, your re-employed salary will be reduced by the amount of the excess.

### What if I commuted some or all of my pension into lump sum or additional lump sum?

If you were in classic and increased or decreased your standard lump sum through commutation, abatement will be worked out using the pension that would have been in payment if you had not commuted.

If you were in premium, abatement will be worked out as if you exchanged pension to give standard lump sum of  $2.25 \times$  initial pension (or in classic plus as if you took the standard classic lump sum for service before 1 October 2002 plus a standard lump sum of  $2.25 \times$  initial pension for service from 1 October 2002).

This is so that abatement applies consistently regardless of how much pension you choose to take.

### What if I have allocated some of my pension?

Abatement will be worked out using the pension that would have been in payment if you had not allocated.

## How is abatement applied?

Your employer will notify us, and we will work out whether your pension should be abated. If abatement does apply then we will reduce your pension for the period in which abatement applies.

If abatement should apply, and is overlooked, then your pension will be overpaid and you will be asked to repay the overpayment.

**Note:** This leaflet provides an overview of abatement but cannot cover every eventuality or circumstance. The exact application of abatement will be determined by reference to the rules of the PCSPS(NI) which will always take precedent.

## Contacting Us

For further information about specific benefits you can contact us at CSP by a number of different methods;

### By Post:

**Civil Service Pensions  
Waterside House  
75 Duke Street  
DERRY / LONDONDERRY  
BT47 6FP**

**By Telephone: 028 7131 9000**

**By Fax: 028 7131 9234**

**By Email: [cspensions.cpg@dfpni.gov.uk](mailto:cspensions.cpg@dfpni.gov.uk)**

**Internet: [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)**

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