



Ref: P18-013-2018

8 June 2021

**Application of pension increase policy to qualifying pensions arising from restoration of fixed allowances for serving public servants on 1 October 2020**

Dear HR Manager / Personnel Officer

1. I refer to the restoration of fixed allowances with effect from 1 October 2020 for serving public servants and, in respect of pensions awarded under the pre-existing public service pension schemes<sup>1</sup> that include an identifiable pensionable fixed periodic allowance element, the passing on of a consequential pension increase to the pensions of individuals who retired between 1 March 2012 and 30 September 2020 (both dates inclusive).

**Background**

2. The *Public Service Pay and Pensions Act 2017* provided for the restoration of fixed allowances which had been reduced under section 2(3) of the *Financial Emergency Measures in the Public Interest (FEMPI) (No. 2) Act 2009*.
3. Restoration of fixed allowances for serving staff is addressed at paragraph 6.2 of DPER Circular 12/2020 on the application of the 1 October 2020 pay adjustments:

‘On 1 October 2020:

Fixed allowances which are not calculated as a specific percentage or specified proportion of basic salary will be restored to their monetary value as of 31 December 2009.

Note that this measure relates solely to fixed allowances which were in payment on 1 January 2010 **and** which were cut by either 5% or 8% under the *Financial Emergency Measures in the Public Interest (No. 2) Act 2009* **and** which continue to be paid as fixed allowances separate to basic pay.

Any new allowances introduced after 1 January 2010 will not be increased under this circular.’

---

<sup>1</sup> This letter does not apply to pensions awarded under the Single Public Service Pension Scheme.



#### **Application to pensions in payment**

4. In 2017 the Government agreed the policy on public service pensions in payment for the period to the end of 2020. This included the application of pension increases to qualifying pensions arising from pay increases granted to serving staff over the course of the Public Service Stability Agreement (PSSA) 2018 to 2020. Relevant guidance is set out in DPER Circulars 20/2017, 02/2018 and 19/2019. This pension increase policy has since been extended to end 2022.
5. Application of this pension increase policy means that pensions that include an identifiable pensionable fixed periodic allowance element **in respect of persons who retired between 1 March 2012 and 30 September 2020** (both dates inclusive) will:
  - provided the pensionable fixed periodic allowance in question meets the requirements of paragraph 6.2 of DPER Circular 12/2020 (as quoted at paragraph 3 above); and
  - to the extent that the pensions in question reflect the reduction in fixed allowance that was effected on 1 January 2010;

qualify for a pension increase consequent on the restoration of such fixed allowances on 1 October 2020. The effective date of the increase is 1 October 2020; accordingly, appropriate pension arrears will be due from that date in respect of all qualifying pensions.

6. Persons whose pensions include an identifiable pensionable fixed periodic allowance element and who **retired prior to 1 March 2012** either retired during the first FEMPI 'grace period' (meaning that the fixed allowance reduction on 1 January 2010 was disregarded in their pension calculation) or they retired prior to the financial emergency and therefore did not have the reduced fixed allowance rates reflected in the calculation of their pension. Accordingly, they **will not qualify for a pension increase under the terms of this letter**.
7. Note that this Department has issued separate guidance to address the situation in which pensionable fixed periodic allowances that were subject to rate reductions under the *FEMPI (No. 2) Act 2009* but that were subsequently incorporated into the payscales of serving staff on a date earlier than 1 October 2020, as occurred with rent allowance payable to Prison Officers, Firefighters and members of An Garda Síochána. For the sake of clarity, no pensions from amongst these groups will qualify under the terms of this letter for a pension increase related to the fixed allowances in question given that serving staff were no longer eligible for payment of such allowances separate to pay as at 1 October 2020.



8. Where a person qualifies for a pension increase consequent on the restoration of fixed allowances on 1 October 2020, as set out at paragraph 5, the percentage increase or appropriate monetary amount that is due to the pension will be such as to reflect the benefit of the restored rate of the pensionable fixed periodic allowance (i.e. the rate applicable immediately prior to the reduction of 1 January 2010) on which the relevant element of pension is based. In the case of doubt as to the rate of fixed allowance that was payable prior to 1 January 2010, or as to whether an allowance was considered fixed or variable when the fixed allowance reductions were implemented, it will be necessary to consult the historic payroll records or other relevant personnel information.
9. Where a pensionable fixed periodic allowance in respect of any qualifying pension was subject to averaging in the original pension calculation, the calculation should be revised so to ensure that the benefit of the restored rate of the fixed allowance is applied in place of the reduced rate for the appropriate time period within the calculation. On foot of this revision, the new amount of pension in respect of the relevant fixed allowance shall be payable from 1 October 2020.
10. In certain sectors of the public service (i.e. Permanent Defence Force, health sector), arising out of recommendations of the Public Service Pay Commission or other approved industrial relations processes, approved increases in the rates of certain pensionable fixed periodic allowance were granted to serving staff subsequent to the effective date of the current pension increase policy (1 September 2017) and prior to restoration of fixed allowances on 1 October 2020. Consistent with the current pension increase policy, this Department has already conveyed separate approval for consequent increases to the rates of qualifying pensions in payment. Pension administrators in these sectors should ensure that in the case of persons who retired between 1 March 2012 and 30 September 2020 (both dates inclusive), those pensions that qualify for an increase both under the terms of this letter and in respect of those earlier fixed allowance rate increases are granted the appropriate rates, or amounts, of pension increases in compliance with the conditions of, and recognising the principles of, the current pension increase policy, including that:
  - changes in the rates of pensionable fixed periodic allowances granted to serving staff are reflected (as appropriate) in the pension increases paid to qualifying pensions; and
  - there is compliance with the time-limited and conditions-bound nature of the current pension increase policy.



11. Finally, as a general principle at all times, the aim should be to ensure that, with effect from 1 October 2020, there is equality of pension treatment as between the different pensioner cohorts (i.e. pre-1 March 2012, post-1 March 2012, and post-1 October 2020 retirees) in terms of the benefit of the pension component that is related to the updated rate of pensionable fixed periodic allowances, consistent with the conditions of, and recognising the principles of, the current pension increase policy. Thus, this letter in its implementation should be considered alongside this Department's Circulars 20/2017, 02/2018 and 19/2019 on the current pension increase policy, and any other relevant guidance issued by the Department. However, provided that the overall pension increase policy is respected, then its implementation will draw on the normal operational and decision-making role of pension paying authorities at scheme or payroll level, and this letter should not be seen as encroaching on that role.

#### Queries

12. Queries about this letter may be pursued as follows:

- Public service pension recipients should raise queries with their pension-paying authority.
- Public service employers and pension-paying authorities should raise queries with their parent Department.
- Departments should forward queries to this Department via email to [pensions@per.gov.ie](mailto:pensions@per.gov.ie) under the subject line "Fixed Allowance Restoration".

Yours sincerely

---

Eoin Dormer  
Principal Officer  
Public Service Pay and Pensions Division