Oifig Náisiúnta um Sheirbhísí Comhroinnte | National Shared Services Office

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Forename Surname
Home Address Line 1
Home Address Line 2
Home Address Line 3
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**11 October 2019**

Dear Forename,

Further to our letter and enclosure [Frequently Asked Questions] to you of 29 May last, the NSSO has decided to withdraw that letter and to replace its contents to further clarify with regard to

- the Public Services Stability Agreement 2018-2020 [PSSA] and
- the Public Service Pension Reduction [PSPR].

Please now find attached a detailed letter which has been agreed with the Department of Public Expenditure and Reform, the purpose of which is to provide you with more detailed information that, it is hoped, will allow you to check whether between now and end-2020 you can expect to benefit from pension increases and/or a change in the Public Service Pension Reduction.

We would like to apologise for any confusion or inconvenience caused.

Aodhnait Doyle
Head of Customer Relations & Support Services

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Forename Surname
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**11 October 2019**

Dear Forename,

In light of a number of points raised in relation to my letter of 29 May, the NSSO has decided to withdraw that letter and to replace its contents with the following. The purpose of this present communication is to provide you with the necessary information that will allow you to check whether between now and end-2020 you can expect to benefit from pension increases and/or a change in the Public Service Pension Reduction (PSPR).[1]

1. Pension increases

The pension increase policy agreed under the Public Services Stability Agreement 2018-2020 (PSSA) provides that pay increases awarded to public servants over the course of the PSSA will result in a pension increase where the pay level on which the pension is based does not exceed the pay level of a corresponding serving staff member with the same grade and scale point after the pay increase is applied. If it qualifies, the pension is increased to the extent that this will ensure alignment with the pay of the corresponding serving staff. [2] Otherwise no pension increase is due.

To determine eligibility, first, we need to look at whether you retired before or after 1 March 2012.

Persons who retired prior to 1 March 2012: In general, most pension recipients in this category have not yet qualified for increases as their pensions are based on higher salaries than those in payment to corresponding serving staff. They retired either before any FEMPI reductions or were protected by the first grace period which meant the salary reductions they experienced while working were not reflected in the salary rate used to calculate their pension.

However as the PSSA continues and further pay increases are granted to serving staff, a greater proportion of pension recipients in this category will qualify. The table below outlines approximate pensionable salary ceilings for pre-March 2012 pensions to qualify for a pension increase. On these dates, following pay increases to serving staff, the pensionable salaries of pre-March 2012 retirees at the rates listed in the third column will be lower than their serving counterpart salaries and so they qualify for a pension increase.

[1] This letter does not apply to pensions being paid under the Single Public Service Pension Scheme (see: https://singlepensionscheme.gov.ie/ ).

[2] Pay Circulars issued by the Department of Public Expenditure and Reform at the time of each PSSA pay increase can be consulted at https://www.gov.ie/en/circulars/?term=&organisation=department-of-public-expenditure-and-reform&circular_id=&year= .

| PSSA pay increases, and qualifying pensionable salary ceilings for pre-March 2012 pensions to benefit | | |
|---|---|---|
| *Date* | *Pay Increase to serving staff* | *Approx. pensionable salary ceilings for pre-March 2012 pensions to qualify for a pension increase* |
| 1 January 2018 | 1% increase to all salaries | €31,500 |
| 1 October 2018 | 1% increase to all salaries | €32,700 |
| 1 January 2019 | 1% increase to salaries up to €30,000 | €29,900 |
| 1 September 2019 | 1.75% increase to all salaries | €45,500 |
| 1 January 2020 | 0.5% increase to salaries up to €32,000 | €31,700 |
| 1 October 2020 | 2% increase to all salaries | €70,000 |

Persons who retired from 1 March 2012 on: Pension recipients in this category generally qualify for all pension increases on foot of pay increases applied to the salaries of their serving counterparts, as their pensions were based on reduced salaries (the result of pay reductions during the financial emergency) and are lower than their serving counterparts following each pay increase.

However in the particular case of pension recipients in this category for whom the salary for a corresponding serving staff member was above €110,000 as of 1 July 2013, PSSA increases for dates prior to 1 April 2019 were not eligible to be passed on to pensions.

2. Public Service Pension Reduction (PSPR)

The PSPR is a progressive reduction affecting certain public service pensions above specified amounts which was introduced on 1 January 2011 as part of the Government's response to the financial emergency. As a result of gradual reductions in the rates applying from 2016 on, most public service pensions are no longer subject to PSPR.

If your pension remains subject to PSPR, you will qualify for a further lessening of its impact, or, indeed, its total removal in 2019 or 2020. Similar to pension increases, different rates will apply depending on whether you retired before or after 1 March 2012.

Pensions awarded pre-March 2012: With effect from 1 January 2019, the PSPR position is as per the table below. Only if your pension has a pre-PSPR value in excess of €39,000 will it be liable to PSPR in 2019.

| PSPR in 2019 and 2020 (pre-March 2012 pensions) | |
|---|---|
| *Annualised amount of public service pension* | *Reduction* |
| Up to €39,000 (*€54,000**) | Exempt |
| Any amount over €39,000 (*€54,000**) but not over €60,000 | 12% |
| Any amount over €60,000 but not over €100,000 | 17% |
| Any amount over €100,000 | 28% |

** Effective 1 January 2020*

Pensions awarded in period 1 March 2012 to 1 April 2019: The PSPR position with effect from 1 January 2019 and 2020 is as per the table below. Only if your pension has a pre-PSPR value in excess of €60,000 will it be liable to PSPR.

| PSPR in 2019 and 2020 (pensions from 1 March 2012 to 1 April 2019) | | |
|---|---|---|
| *Annualised amount of public service pension* | *Reduction 2019* | *Reduction 2020* |
| Up to €60,000 | Exempt | Exempt |
| Any amount over €60,000 but not over €100,000 | 3% | 1% |
| Any amount over €100,000 | 8% | 6% |

PSPR after 2020

The Minister for Public Expenditure and Reform will, no later than 31 December 2020, make an order which will specify a date for the full removal of PSPR from the residual group of PSPR-affected pensions.

Queries

I hope this letter will help clarify the position in relation to any changes you can expect to see in your pension as a result of pension increases and/or PSPR reductions.[3]

We have a dedicated specialist team working on processing these changes and I can assure you that you will receive any payments to which you are entitled, with arrears paid as appropriate. Please note that for some individual cases we will have to check and verify information manually and, accordingly, I would ask you to bear with us during this time.

If you decide to contact us we would ask you to first confirm if your enquiry relates to pension increases and/or PSPR, using the information above. Our telephone number is 076 100 2704. (This number is open from 09:00 to 17:45 every day, Monday to Friday) or by email: FEMPIquery@nsso.gov.ie. Having these details to hand will make it easier for us to address your query.

Yours sincerely,

*Aodhnait Doyle*
Head of Customer Relations and Support Services
National Shared Services Office

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[3] For more detailed information, please consult Department of Public Expenditure and Reform Circular 02/2018: https://circulars.gov.ie/pdf/circular/per/2018/02.pdf