



Oifig an Stiúirthóra Náisiúnta, Acmhainní Daonna

Feidhmeannacht na Seirbhísí Sláinte

Ospidéal Dr. Steevens'

Baile Átha Cliath 8

Office of the National Director of Human Resources

Health Service Executive

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**To: Each Member of the Directorate and Leadership Team
Each Assistant National Director HR
Each Hospital Group CEO
Each Hospital Group Director of HR
Each Chief Officer CHO
Each CHO HR Manager
Each CEO Section 38 Agencies
Each HR Manager Section 38 Agencies
Each Group Director of Nursing & Midwifery
Each Group Director of Midwifery**

From: Rosarii Mannion, National Director Human Resources

13th February, 2018

Re: HR Circular 010/2018 re Pension Increase Policy in the Public Service until end of 2020

Dear Colleagues,

Please see attached Department of Health Circular 01/2018 and enclosed Department of Public Expenditure and Reform Circular 02/2018 which

- notifies public service employers of the public service pension increase policy adopted by the Government for the period end 2020 and
- conveys sanction for the implementation of certain public service pay increases, which are provided for as part of the **Public Service Stability Agreement 2018 – 2020** and legislated for under the **Public Service Pay and Pensions Act 2017** to be applied to certain public service pensions.

In the health sector, this Circular applies to pensions paid under the following Schemes:

- Health Service Executive Employee Superannuation Scheme 2010
- *Voluntary Hospitals Superannuation Scheme* (VHSS)
- *Nominated Health Agencies Superannuation Scheme* (NHASS)

This Circular does **not** apply to pensions paid under the Single Public Service Pension Scheme.

The application of the new pension increase policy in respect of certain public service pay increases in 2016 and 2017 is covered in **HSE HR Circular 002/2018 – Increases in Certain Public Service Pensions with effect from 1st September 2017.**

Please ensure that the contents of this Circular are brought to the attention of all relevant staff in your area of responsibility. Please ensure in particular that the Payroll and Pensions Departments are notified immediately so that the provisions of this Circular can be implemented without delay.

Queries

Individuals whose pensions are covered by this Circular and Managers are invited to address any queries that they may have in relation to this Circular to their local HR / Employee Relations Department or local Superannuation Unit in the first instance.

Queries from HR Departments on the contents of this Circular may be referred to Aoife O'Riordan, HSE Corporate Employee Relations, HR Directorate, 63-64 Adelaide Road, Dublin 2. Tel: 01 6626966, Email: aoife.oriordan@hse.ie.

Any queries in relation to pension policy clarification may be forwarded to Gerry Mescall, HSE Pensions Standards & Quality Manager – HBS HR Services Email: gerry.mescall@hse.ie

Please also note that the HR Help Desk is available to take queries on 1850 444 925 or ask.hr@hse.ie.

Yours sincerely,



Rosarii Mannion,
National Director of Human Resources.



Circular 1/2018

2nd February 2018

To: 1) National Director of Human Resources, HSE
2) Non-commercial State Agencies (NCSA) CEOs

Pension increase policy in the public service until end - 2020

Dear Sir/Madam,

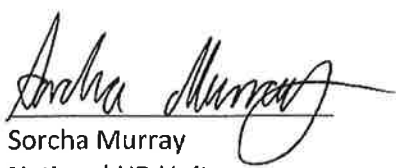
Please see attached Department of Public Expenditure and Reform Circular 02/2018 the purpose of which is to

- Notify public service employers of the **public service pension increase policy** recently adopted by Government for the period to end-2020; and
- Convey sanction for, and give guidance on, the implementation of that pension increase policy in respect of the basic pay increases over the period 2018-2020 which have been agreed as part of the Public Service Stability Agreement 2018-2020 (PSSA) and legislated for under the Public Service Pay and Pensions Act 2017 (the 2017 Act).

The application of the new pension increase policy in respect of certain public service pay increases in 2016 and 2017 is covered in *Department of Health Circular 16/2017 - Increases in certain public service pensions with effect from 1 September 2017*.

Please bring this circular to the attention of relevant managers in your organisation. The HSE is also requested to bring this circular to the attention of Section 38 employers.

Yours sincerely,



Sorcha Murray
National HR Unit

Enc

DPE100-002-2017

29 January 2018

To: Government Departments and Public Service Employers

Circular 02/2018: Pension increase policy in the public service until end-2020

1. I am directed by the Minister for Public Expenditure and Reform:

- to notify public service employers of the **public service pension increase policy** recently adopted by Government for the period to end-2020; and
- to convey sanction for, and give guidance on, the implementation of that pension increase policy in respect of the basic pay increases over the period 2018–2020 which have been agreed as part of the Public Service Stability Agreement 2018–2020 (PSSA) and legislated for under the Public Service Pay and Pensions Act 2017 (the 2017 Act).

(The application of the new pension increase policy in respect of certain public service pay increases in 2016 and 2017 is covered in DPER Circular 20/2017.)

2. The pension increase policy is essentially a time-limited (expires end-2020), conditions-bound, return to the non-statutory, pay-linked method of pension adjustment which prevailed until the onset of the financial emergency. It means in general that the basic pay increases over the 2018–2020 period:

- will be passed on to the pensions of **pre-March 2012 retirees** only where the pay level on which their pension is based does not exceed the actual pay level of serving staff in the same grade and on the same payscale point;
- will be passed on to the pensions of **persons who retired on or after 1 March 2012** in nearly all cases.

The guidance specifics in this circular are aimed at helping pension-paying authorities put in place the new pension increase policy, e.g. by indicating which pensions should benefit from particular pay increases. Provided that the overall policy is respected, then its implementation will draw on **the normal operational and decision-making role of those authorities** at scheme or payroll level, and the circular should not be seen as encroaching on that role.

3. The following definitions are relevant in this circular:

- **“FEMPI 2013 grace period”** refers to the protection of pension awards for retirements between 1 July 2013 and 1 April 2019, whereby, in particular, the pay rate used in calculating those pension awards discounts (ignores) the FEMPI 2013 pay cut applied on 1 July 2013 to public servants on annual remuneration above €65,000.

- **“Pensionable remuneration”** means the rate of pay used in calculating a public service pension award, uprated as appropriate by any pay increases post-dating retirement which were passed on to the pension.
- **“Pensionable salary”** means that part of *pensionable remuneration* which relates to salary and percentage-of-salary allowances. It differs from pensionable remuneration only in excluding fixed periodic allowances. Where a pension has no fixed periodic allowances element, *pensionable salary* = *pensionable remuneration*. (Fixed periodic allowances were cut by 5% or 8% in 2010 under section 2(3) of the FEMPI (No. 2) Act 2009; the 2017 Act provides that that cut will be reversed on 1 October 2020).

4. Pension increases arising under this pension increase policy should be applied to the pre-PSPR value of the pension, i.e. to the value of the pension before application of any Public Service Pension Reduction (PSPR). All pension value references in this circular, except where otherwise stated, are on a pre-PSPR basis. Salary references are to full-time salary. The circular does not apply to Single Public Service Pension Scheme pensions.

Background

5. Rates of payment of public service pensions traditionally moved in line with changes in public service pay rates. These arrangements, sometimes referred to as “pay parity”, meant that, in general, pensions were increased by the same percentage increases as were applied to the pay scale of the grade or post held by the pensioner at retirement. The timing of such pension increases also tended to coincide with the timing of the corresponding pay increases.

6. This pension increase policy was discontinued with the onset of the financial emergency. FEMPI pay cuts on 1 January 2010 (affecting almost all public servants) and on 1 July 2013 (affecting public servants on annual remuneration above €65,000) were not passed on to already-awarded pensions, or to newly awarded pensions during “grace periods”, as would have occurred had the pay-linkage arrangements applied. A separate pension-cutting action under the FEMPI laws, the imposition of PSPR (see paragraph 12 below) did reduce some pensions, but by less than a pay-linkage application of the pay cuts would have done.

New pension increase policy until end-2020

7. Public service pension increase policy was considered by Government in the context of the pay talks which took place in mid-2017 and which lead to the *Public Service Stability Agreement 2018–2020* (PSSA). Paragraph 6.2 of the PSSA, reproduced at Appendix 1, sets out a proposed pension increase policy for the period to end-2020. That policy is confirmed as having been adopted by Government, following ratification of the PSSA by Government and by the public service trade unions and representative associations. It means a time-limited (expires end-2020) return to non-statutory arrangements for pay-linked increases in public service pensions. **These pension increase arrangements will apply as follows in respect of the basic pay (salary) increases over the 2018–2020 period agreed in the PSSA and legislated for in the 2017 Act (full list in table in paragraph 8 below):**

- (a) For any pension in payment, each basic pay increase will give rise to a pension increase provided that the pensionable salary associated with the pension is lower than the salary paid to serving staff in the same grade and on the same payscale point (**the “corresponding in-payment salary”**) after the pay increase.
- (b) **For clarity, this means that no pension increase will apply if the pensionable salary associated with the pension before the pay increase exceeds the corresponding in-payment salary after the pay increase.**
- (c) Where a pension increase is due, it will normally be the same percentage as the basic pay increase; however if that would result in the pensionable salary associated with the pension being **higher** than the corresponding in-payment salary (after the pay increase), then a lower pension increase will apply, being that which produces an uprated pensionable salary equal to the corresponding in-payment salary – see Examples A(ii) and D(i) in Appendix 2.
- (d) Where a pension:
- (i) includes an identifiable **fixed periodic allowance** element, i.e. the pension is based in part on a fixed-rate allowance which was cut by 5% or 8% in 2010 (under section 2(3) of the FEMPI (No. 2) Act 2009); and
 - (ii) where increases in that fixed-rate allowance historically resulted directly in pension increases (as would be normal in most schemes);
- then the basic pay increase should not be applied to that part of the pension which derives from the fixed periodic allowance; see Example D(i) in Appendix 2.
- (e) Any pension increase due should be effective from the same date as the corresponding pay increase.

8. The public service **basic pay (salary) increases** over the period 2018–2020 agreed as part of the PSSA, and legislated for under the 2017 Act, are set out in the table below:

2017 Act basic pay increases, and qualifying ceilings for pre-March 2012 pension benefit			
Date	Pay increase details		Approx. salary ceiling for pre-March 2012 pensions to qualify for increase *
	Increase	Qualifying Basic Salaries	
1 January 2018	1%	All	€31,500
1 October 2018	1%	All	€32,700
1 January 2019	1%	Salaries up to €30,000	€29,900
1 September 2019	1.75%	All	€45,500
1 January 2020	0.5%	Salaries up to €32,000	€31,700
1 October 2020	2%	All	€70,000

* These “ceilings” are not pension values. Instead they are the approximate maximum pensionable salary levels associated with pre-March 2012 pensions, up to which the pensions should benefit from each basic pay increase.

9. If, over the period 2018–2020, a pension qualifies to benefit from a particular increase in the above series of basic pay increases, then it will qualify to benefit from any and all relevant subsequent increases in that series of basic pay increases. **Appendix 2 sets out, with some examples, the pension increase implications of each of these basic pay increases.** In the case of pensions whose original award is co-ordinated (integrated) with the Contributory State Pension (CSP), any increase due under this circular should, in line with long-established practice, be applied simply to that pension itself, i.e. without CSP-based recalculation.

New pension increase policy – different impacts on different pensions

10. Pensions of persons who retired before March 2012: As of end-2017, most such pensions were based on pensionable salaries higher than the salaries in payment to serving staff in the same grade and on the same payscale point. For as long as that “premium” remains over the 2018–2020 period in the case of any individual pension, then that pension will not qualify to be increased on foot of the 2017 Act basic pay increases. In general, where the pensionable salary associated with the pensions of these pre-March 2012 retirees is €70,000 or higher, then no pension increase at all over the 2018–2020 period will be due on foot of the 2017 Act basic pay increases.

11. Pensions of persons who retire from 1 March 2012 onwards:

(a) **Subject to the low-incidence exception at (b) below (and to the fixed periodic allowances stipulation at paragraph 7(d) above), all such pensions will have the relevant 2017 Act basic pay increases passed on in full.**

(b) The 2017 Act basic pay increases scheduled for dates before 1 April 2019 should not be applied to post-February 2012 pensions in cases where **the annual remuneration paid to serving staff in the same grade and on the same pay scale point was above €110,000 as of 1 July 2013.** Due to the FEMPI 2015 grace period which expires on 1 April 2019, such pensions are based on pensionable remuneration higher than the corresponding in-payment pay rates. (The relevant FEMPI 2013 pay cut above this pay point is being reversed in three stages: 1 April 2017, 1 April 2018 and 1 April 2019.)

Public Service Pension Reduction (PSPR)

12. PSPR is a reduction affecting certain public service pensions which was introduced on 1 January 2011, and is governed by the FEMPI 2010 Act (as amended). The FEMPI 2015 Act and the 2017 Act substantially ameliorate (lessen) the impact of PSPR, by way of changes which have occurred or are due to occur on 1 January in each of the years 2016, 2017, 2018, 2019 and 2020. These changes mean that, as of 1 January 2018, most public service pensions are not subject to PSPR. The PSPR rates applying in 2018, 2019 and from 2020 are set out for information at Appendix 3. All pensions awarded in respect of retirements after the FEMPI 2013 grace period, which expires on 1 April 2019, will not be subject to PSPR. As stated in paragraph 4 above, any pension increases due under the pension increase policy set out in this circular should be applied to the pre-PSPR value of the pension.

Circulation

13. This circular is a public domain document which the Department of Public Expenditure and Reform will post to customary websites (www.circulars.gov.ie www.per.gov.ie/pensions). It is intended mainly as a reference document for relevant HR / payroll / pensions personnel in public service workplaces and pension-paying authorities. It can be freely distributed to any employees, contractors, retirees, pensioners or other persons as employers and pension-paying authorities see fit.

14. Personnel Officers in Government Departments / Offices receiving this circular are asked to send it to bodies operating under the aegis of their Department / Office.

Queries

15. Queries about this circular may be pursued as follows:

- Individual public servants and public service pensioners should raise queries with their employer / pension-paying authority.
- Public service employers and pension-paying authorities should pursue queries through normal channels (e.g. parent Department) or may send queries (preferably by email, placing "DPER Circular 02/2018: Pension increase policy in the public service until end-2020" in the subject line) to the following officials of the Department of Public Expenditure and Reform:
 - Karen Friel [email: karen.friel@per.gov.ie; tel: 076-1007362]
 - Henry O'Mara [email: henry.o'mara@per.gov.ie; tel: 01-6045493]

Mise le meas,

Colin Menton
Assistant Secretary
Department of Public Expenditure and Reform

APPENDIX 1

Public Service Stability Agreement 2018-2020: Paragraph 6.2

6.2 Public Service Pensions in Payment

6.2.1 Future policy on public service pensions in payment for the duration of this Agreement will be guided by:

- The need to adopt an equitable approach to the various public service pensioner cohorts who are now not only differentiated by amount of pension in payment (determined by grade and service) as heretofore but also by date of retirement (in particular pre and post end-February 2012).
- Accordingly, for those who retired or will retire post end-February 2012, to the extent that they retired on reduced salaries, they will receive pension increases in line with the pay increases due to their peers currently in employment under the terms of this Agreement.
- When alignment is achieved between pre and post end-February 2012 pensioners, as will happen progressively for salary pay ranges up to €70,000 by 2020 under this Agreement, pay increases will continue to benefit pensions in payment for the duration of this Agreement.

APPENDIX 2

Pension increase policy – application over the period 2018–2020 in relation to the individual basic pay (salary) increases in the 2017 Act / PSSA

This Appendix deals with the pension increase implications of **each of the 2017 Act basic pay increases** (see table below) in turn. Some examples are given showing how different cases should be approached. All references to pension values are on a pre-PSPR basis.

2017 Act basic pay increases, and qualifying ceilings for pre-March 2012 pension benefit				
<i>Ref. below</i>	<i>Pay increase details</i>			<i>Approx. salary ceiling for pre-March 2012 pensions to qualify for increase *</i>
	<i>Date</i>	<i>Increase</i>	<i>Qualifying Basic Salaries</i>	
(A)	1 January 2018	1%	All	€31,500
(B)	1 October 2018	1%	All	€32,700
(C)	1 January 2019	1%	Salaries up to €30,000	€29,900
(D)	1 September 2019	1.75%	All	€45,500
(E)	1 January 2020	0.5%	Salaries up to €32,000	€31,700
(F)	1 October 2020	2%	All	€70,000

* These "ceilings" are not pension values. Instead they are the approximate maximum pensionable salary levels associated with pre-March 2012 pensions, up to which the pensions should benefit from each basic pay increase.

In determining whether and how to apply the above basic pay increases to pensions, it may help to note the following points:

- (i) If a pension qualifies to benefit from any of the pay increases, it will qualify to benefit from all subsequently scheduled pay increases in the table above (obviously the increases at (C) and (E) above will only be relevant to retirees from lower-paid jobs).
- (ii) The pay increases will be passed on to the pensions of virtually **all persons who retired on or after 1 March 2012**.
- (iii) The pay increases will be passed on to the pensions of **pre-March 2012 retirees**:
 - only where the pensionable salary associated with the pension does not exceed the actual salary of serving staff in the same grade and on the same pay scale point (after the pay increase);
 - this means that, as a guideline, where the pensionable salary is more than €70,000, none of the increases will apply;
 - it also means that the pensionable salary figure in each row of the final column on the right of the table above is an approximate ceiling in terms of identifying which (pre-March 2012) pensions qualify for each individual pay increase.

- (iv) The pay increases should not be applied to any part of the pension which relates to an identifiable fixed periodic allowance element (i.e. an element deriving from fixed-rate allowances which do not increase in line with basic pay increases and which were cut by 5% or 8% in 2010 – see paragraph 7(d) of the circular).

Part A: Increase of 1% on all basic salaries, effective 1 January 2018

Which pensions should benefit from the pay increase?

Pensions awarded in respect of retirements before 1 March 2012:

- This pay increase should be applied to such pensions where, and to the extent that, such application is needed to uprate the pensionable salary associated with the pension to the corresponding in-payment salary rate.
- This means, in general, that the pre-March 2012 pensions qualifying for this increase are those with associated pre-FEMPI (pre-2010) pensionable salary **no higher than about €31,500**.

Pensions awarded in respect of retirements on or after 1 March 2012:

- This pay increase should be applied to almost all such pensions. The only exception group (not qualifying to benefit from the increase) is comprised of those pensions awarded (since 1 March 2012) to persons on annualised pay of greater than €110,000 (1 July 2013 rates) where the pensionable salary associated with the pension, as of 1 January 2018, exceeds the corresponding in-payment salary rate.

Example A(i):

Aisling retired in 2009 and was awarded a pension of €20,000. This was based on a final salary of €60,000 (she had no pensionable allowance earnings).

The pension was not increased in the period following its award, remaining in payment at a rate of €20,000 at end-December 2017.

Since Aisling's retirement, the salary which she was paid at retirement, being the point she had reached on her grade's pay scale has changed. Following the 1% pay increase on 1 January 2018 it stands at €57,823.

Because the pensionable salary associated with Aisling's pension is higher, at €60,000, than the corresponding in-payment salary at 1 January 2018, her pension **should not be increased** on foot of the 1% pay increase on 1 January 2018.

Example A(ii):

Andrew retired in 2005 and was awarded a pension of €3,000. This was based on a final salary of €25,000 (he had no pensionable allowance earnings).

The pension was increased in the years following retirement, reaching a rate of **€3,445** on 1 September 2008. **Those pension increases up to that date were based on increases in the corresponding in-payment salary, effectively the uprated pensionable remuneration, which rose from €25,000 to €28,709.**

The pension remained in payment at €3,445 at end-2017, at which point it continued to reflect an uprated pensionable remuneration of €28,709. (It did not qualify for any increase on foot of the FEMPI 2015 pay increases in 2016 and 2017 covered in DPER Circular 20/2017.)

Since Andrew's retirement, the salary which he was paid at retirement, being the point he had reached on his grade's pay scale, has also changed:

- (i) It was increased on a number of occasions up to and including 1 September 2008.
- (ii) It was cut on 1 January 2010 under the FEMPI (No. 2) 2009 pay cut.
- (iii) It was increased on 1 January 2016 (1%) and 1 April 2017 (€1,000) under FEMPI 2015.
- (iv) It was increased by 1% on 1 January 2018 under the 2017 Act.

Following the changes at (i) to (iii) above the salary stood at €28,546 at end-December 2017, and following the pay increase at (iv) it increased to €28,831 on 1 January 2018.

Because the pensionable salary associated with Andrew's pension is lower, at **€28,709** than the corresponding in-payment salary at 1 January 2018 of **€28,831**, his pension should be increased on foot of the 1% pay increase on 1 January 2018.

This pension increase on 1 January 2018 should be such as uprates the pensionable salary associated with the pension, **€28,709**, to the corresponding in-payment salary rate, **€28,831**. The pension should therefore be increased by 0.425% (not 1%), from **€3,445 to €3,460**.

Part B: Pay increase of 1% on all basic salaries, effective 1 October 2018

Which pensions should benefit from the pay increase?

Pensions awarded in respect of retirements before 1 March 2012:

- This pay increase should be applied to such pensions where, and to the extent that, such application is needed to uprate the pensionable salary associated with the pension to the corresponding in-payment salary rate.
- This means, in general, that the pre-March 2012 pensions qualifying for this increase are those with associated pre-FEMPI (pre-2010) pensionable salary **no higher than about €32,700**.

Pensions awarded in respect of retirements on or after 1 March 2012:

- This pay increase should be applied to almost all such pensions. The only exception group (not qualifying to benefit from the increase) is comprised of those pensions awarded (since 1 March 2012) to persons on annualised pay of greater than €110,000 (1 July 2013 rates) where the pensionable salary associated with the pension, as of 1 October 2018, exceeds the corresponding in-payment salary rate.

Example B(i):

Belinda retired in 1996, and was awarded a **pension of €8,000**. This was based on a final salary of €17,500 (she had no pensionable allowance earnings).

The pension was increased in the years following retirement, reaching a rate of **€18,000** on 1 September 2008. **Those pension increases up to that date were based on increases in the corresponding in-payment salary, effectively the uprated pensionable remuneration, which rose from €17,500 to €39,375.**

Since Belinda's retirement, the salary which she was paid at retirement, being the point she had reached on her grade's pay scale, has also changed:

- (i) It was increased on a number of occasions up to and including 1 September 2008.
- (ii) It was cut on 1 January 2010 under the FEMPI (No. 2) 2009 pay cut.
- (iii) It was increased by €1,000 on 1 April 2017 under FEMPI 2015.
- (iv) It was increased by 1% on 1 January 2018 and by a further 1% on 1 October 2018, both increases being under the 2017 Act.

Following the changes at (i) to (iii) above, the salary stood at €38,172 at end-December 2017, and following the 2017 Act pay increases at (iv) rose to €38,554 on 1 January 2018 and to €38,939 on 1 October 2018.

Because the pensionable salary associated with Belinda's pension is higher, at €39,375, than the corresponding in-payment salary at 1 October 2018 (€38,939), her pension **should not be increased** on foot of the 1% pay increase on 1 October 2018.

Example B(ii):

Brendan retired in 2009 and was awarded a **pension of €6,000**. This was based on a final salary of €30,000 (he had no pensionable allowance earnings).

The pension was not increased in the period following its award up to end-2017, remaining in payment then at a rate of €6,000. The pension was increased to **€6,017** on 1 January 2018, reflecting an **increase on that date in pensionable salary, which rose from €30,000 to €30,083**, i.e. the pension rose on account of the 2017 Act basic pay increase of 1% on that date ("Pay Increase (A)" above).

As noted in paragraph 9 of the circular, if over the period 2018–2020, a pension qualifies to benefit from a particular increase in the series of basic pay increases provided for under the 2017 Act, then it will qualify to benefit from any and all relevant subsequent increases in that series of basic pay increases.

Since **Brendan's pension did increase** on foot of the 2017 Act pay increase on 1 January 2018, it should therefore be increased on foot of the 2017 Act increase on 1 October 2018.

This pension increase on 1 October 2018 should be such as uprates the pensionable salary associated with the pension, **€30,083**, to the corresponding in-payment salary rate, **€30,384**. The pension should therefore be increased by the full 1%, from **€6,017 to €6,077**.

Part C: Increase of 1% on basic salaries no higher than €30,000, effective 1 January 2019

Which pensions should benefit from the pay increase?

- This pay increase should be applied to all pensions in payment where the pensionable salary associated with the pension, just before 1 January 2019, is no more than €30,000.

Example C(i):

Cyril retired in 2011 and was awarded a **pension of €5,075**. This was based on a notional final salary of €29,000, which was his rate of pay just before the pay cut on 1 January 2010 under the FEMPI (No. 2) Act 2009. On account of that pay cut his actual salary at retirement was €27,750, but the 2010-2012 “grace period” required that his pension be based on the pre-cut pay rate, he had no pensionable allowance earnings.

The pension was increased following its award, standing at **€5,146** following application of the 2017 Act 1% basic pay increase on 1 October 2018 (“Pay Increase (B)” above), reflecting an **increase on that date in pensionable salary, which rose from €29,114 to €29,405**.

As noted in paragraph 9 of the circular, if over the period 2018–2020, a pension qualifies to benefit from a particular increase in the series of basic pay increases provided for under the 2017 Act, then it will qualify to benefit from any and all relevant subsequent increases in that series of basic pay increases.

Since Cyril’s pension **did increase** on foot of the 2017 Act pay increase on 1 October 2018, it should therefore be increased on foot of the 2017 Act pay increase on 1 October 2019 (confined to basic salaries no higher than €30,000).

This pension increase on 1 January 2019 should be such as uprates the pensionable salary associated with the pension, **€29,405**, to the corresponding in-payment salary rate, **€29,699**. The pension should therefore be increased by the full 1%, from **€5,146 to €5,197**.

Part D: Increase of 1.75% on all basic salaries, effective 1 September 2019

Which pensions should benefit from the pay increase?

Pensions awarded in respect of retirements before 1 March 2012:

- This pay increase should be applied to such pensions where, and to the extent that, such application is needed to uprate the pensionable salary associated with the pension to the corresponding in-payment salary rate.
- This means, in general, that the pre-March 2012 pensions qualifying for this increase are those with associated pre-FEMPI (pre-2010) pensionable remuneration **no higher than about €45,500**.

Pensions awarded in respect of retirements on or after 1 March 2012:

- The pay increase should be applied to all pensions awarded in respect of retirements on or after 1 March 2012.

Example D(i):

Dermot retired in 2009 and was awarded a pension of €24,000, which reflected:

- maximum pensionable service of 40 years;
- non-integrated "pre-1995" pension terms;
- pensionable remuneration of €48,000, comprising:
 - final salary of €40,000, and
 - fixed periodic allowance of €8,000 (paid to him at that rate for several years leading up to retirement).

The pension was not increased in the period following its award, remaining in payment at a rate of €24,000 at end-August 2019.

Since Dermot's retirement, the **salary** which he was paid at retirement, being the point he had reached on his grade's pay scale, has changed:

- (i) It was cut on 1 January 2010 under the FEMPI (No. 2) 2009 pay cut to €37,750.
- (ii) It was increased on 1 April 2017 (€1,000) under FEMPI 2015 to €38,750.
- (iii) It was increased on 1 January 2018 (1%) under the 2017 Act to €39,138.
- (iv) It was increased on 1 October 2018 (1%) under the 2017 Act to €39,529.
- (v) It was increased on 1 September 2019 (1.75%) under the 2017 Act to €40,221.

Since his retirement, the **fixed periodic allowance** which he was paid at retirement has also changed: it was cut by 5% on 1 January 2010 under the FEMPI (No. 2) Act 2009, to €7,600.

Dermot's pension consists of a **salary-derived element** and a **fixed periodic allowance-derived element**. The fixed periodic allowance-derived element does not qualify for any increase. Because the salary element of the pensionable remuneration associated with his pension (i.e. the pensionable salary) is lower, at €40,000, than the corresponding in-payment salary at 1 September 2019 of €40,221, his pension should be increased on foot of the 1.75% pay increase on 1 September 2019.

The due pension increase is that which uprates the **salary element** of the pensionable remuneration associated with the pension, **€40,000**, to the corresponding in-payment salary rate, **€40,221**. Since that increase of €221 represents a 0.46% increase in **total** pensionable remuneration ($€221 / €48,000$), the pension should therefore be increased by 0.46% (not 1.75%), from **€24,000 to €24,110**.

Part E: Increase of 0.5% on basic salaries no higher than €32,000, effective 1 January 2020

Which pensions should benefit from the pay increase?

- This pay increase should be applied to all pensions in payment where the pensionable salary associated with the pension, just before 1 January 2020, is no more than €32,000.

Part F: Increase of 2% on all basic salaries, effective 1 October 2020

Which pensions should benefit from the pay increase?

Pensions awarded in respect of retirements before 1 March 2012:

- This pay increase should be applied to such pensions where, and to the extent that, such application is needed to uprate the pensionable salary associated with the pension to the corresponding in-payment salary rate.
- This means, in general, that the pre-March 2012 pensions qualifying for this increase are those with associated pre-FEMPI (pre-2010) pensionable salary **no higher than about €70,000**.

Pensions awarded in respect of retirements on or after 1 March 2012:

- This pay increase should be applied to all pensions awarded in respect of retirements on or after 1 March 2012.

APPENDIX 3

Public Service Pension Reduction (PSPR): application in 2018, 2019 and 2020

1. PSPR is a reduction of certain public service pensions introduced on 1 January 2011 under FEMPI 2010 and significantly extended (deeper reductions in some cases, more pensions affected) on 1 July 2013 under FEMPI 2013. Substantial amelioration (reversal, roll-back) of the PSPR has been legislated and is occurring according to the following timetable:

PSPR amelioration timetable	
<i>Date</i>	<i>Act and section</i>
1 January 2016	FEMPI 2015, sections 6(1)(b) and 7
1 January 2017	FEMPI 2015, sections 6(1)(b) and 7
1 January 2018	FEMPI 2015, sections 6(1)(b) and 7
1 January 2019	PSPPA 2017, sections 25 and 26(a)
1 January 2020	PSPPA 2017, sections 25 and 26(b)

2. These PSPR changes have ensured that, as of 1 January 2018, most public service pensions are not affected by PSPR. The rates of PSPR applying in 2018, 2019 and from 2020 are set out below:

Application of PSPR in 2018

3. Effective 1 January 2018, the legislated PSPR liability position is as follows:

(i) Pensions awarded in respect of retirements up to end-February 2012:

Only those pensions in this category which have a pre-PSPR value in excess of €34,132 are liable to PSPR in 2018. PSPR is imposed on such pensions by reference to the following table:

PSPR in 2018 (pre-March 2012 pensions)	
<i>Annualised amount of public service pension</i>	<i>Reduction</i>
Up to €30,000	Exempt
Any amount over €30,000 but not over €60,000	12%
Any amount over €60,000 but not over €100,000	17%
Any amount over €100,000	28%

(ii) Pensions awarded in respect of retirements from 1 March 2012 to 1 April 2019 (the expiry date of the FEMPI 2013 grace period):

Only those pensions in this category which have a pre-PSPR value in excess of €60,000 are liable to PSPR in 2018. PSPR is imposed on such pensions by reference to the following table:

PSPR in 2018 (post-February 2012 pensions)	
<i>Annualised amount of public service pension</i>	<i>Reduction</i>
Up to €60,000	Exempt
Any amount over €60,000 but not over €100,000	5%
Any amount over €100,000	8%

Application of PSPR in 2019

4. Effective 1 January 2019, the legislated PSPR liability position is as follows:

(i) Pensions awarded in respect of retirements up to end-February 2012:

Only those pensions in this category which have a pre-PSPR value in excess of €39,000 are liable to PSPR in 2019. PSPR is imposed on such pensions by reference to the following table:

PSPR in 2019 (pre-March 2012 pensions)	
<i>Annualised amount of public service pension</i>	<i>Reduction</i>
Up to €39,000	Exempt
Any amount over €39,000 but not over €60,000	12%
Any amount over €60,000 but not over €100,000	17%
Any amount over €100,000	28%

(ii) Pensions awarded in respect of retirements from 1 March 2012 to 1 April 2019 (the expiry date of the FEMPI 2013 grace period):

Only those pensions in this category which have a pre-PSPR value in excess of €60,000 are liable to PSPR in 2019. PSPR is imposed on such pensions by reference to the following table:

PSPR in 2019 (post-February 2012 pensions)	
<i>Annualised amount of public service pension</i>	<i>Reduction</i>
Up to €60,000	Exempt
Any amount over €60,000 but not over €100,000	3%
Any amount over €100,000	8%

Application of PSPR from 2020

5. Effective 1 January 2020, the legislated PSPR liability position is as follows:

(i) Pensions awarded in respect of retirements up to end-February 2012:

Only those pensions in this category which have a pre-PSPR value in excess of €54,000 are liable to PSPR from 1 January 2020. PSPR is imposed on such pensions by reference to the following table:

PSPR from 2020 (pre-March 2012 pensions)	
<i>Annualised amount of public service pension</i>	<i>Reduction</i>
Up to €54,000	Exempt
Any amount over €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%

(ii) Pensions awarded in respect of retirements from 1 March 2012 to 1 April 2019 (the expiry date of the FEMPI 2013 grace period):

Only those pensions in this category which have a pre-PSPR value in excess of €60,000 are liable to PSPR from 1 January 2020. PSPR is imposed on such pensions by reference to the following table:

PSPR from 2020 (post-February 2012 pensions)	
<i>Annualised amount of public service pension</i>	<i>Reduction</i>
Up to €60,000	Exempt
Any amount over €60,000 but not over €100,000	1%
Any amount over €100,000	6%

Ministerial order on PSPR to be issued by end-2020

6. When the PSPR amelioration provisions in the 2017 Act as described above are fully in place from 1 January 2020, only a small number of public service pensions and new pension awards will remain affected by PSPR. Section 27 of the 2017 Act states that the Minister for Public Expenditure and Reform will, no later than 31 December 2020, issue an order which will specify a date for the full removal of PSPR from that residual group of PSPR-affected pensions. The date so specified in the order will effectively be the date of complete abolition of PSPR. The 2017 Act does not restrict the Minister in terms of what abolition date he specifies in the order.