



**Public Service Pension Reduction (PSPR) thresholds/rates changes and
pension increases with respect to Pensionable Rate of Pay-affected grades**

18 December 2019

File Ref: P018-029-2015

Dear HR manager,

The purpose of this Letter is to draw your attention to exemption threshold/rate changes in relation to PSPR with effect from 1 January 2020 and the situation concerning pension increases for Pensionable Rate of Pay-affected grades. This letter should also be brought to the attention of all public bodies and pension administrators under the aegis of your Department/Office.

1. Public Service Pension Reduction (PSPR)

The PSPR exemption thresholds and rates with effect from 1 January 2020, as per section 25 and 26(b) of the Public Service Pay and Pensions Act 2017, are provided below:

Pensions awarded to end -February 2012:

<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%

Pensions awarded from 1 March 2012 to 1 April 2019:

<i>Annualised amount of public service pension</i>	<i>Reduction 2020</i>
Up to €60,000	Exempt
Any amount over €60,000 but not over €100,000	1%
Any amount over €100,000	6%

No pensions awarded after 1 April 2019 are (nor have they ever been) subject to PSPR.

2. Pension increases for Pensionable Rate of Pay (PRP) affected grades

This Department's Letter to Personnel Officers dated 11 December 2018, Ref. DPE101/002/2017 addressed the application of pension increase policy under pre-existing public service pension schemes until end 2020 to PRP-affected grades (as defined in the Letter), and stated that further guidance would issue.

For pensions awarded in respect of individuals who retired from these grades on or after 1 March 2012 and before 1 April 2019, Circular 19/2019 conveyed sanction for the application of a pension increase with effect from 1 April 2019. The amount of the pension increase due in any case was such that it brought the salary on which the pension was based (i.e. the grace period PRP) up to the now uprated notional PRP.

A pension increase also fell due as result of the application of the 1 September 2019 pay increase under the Public Service Stability Agreement 2018 – 2020 (PSSA), calculated in line with the same methodology, for individuals who retired on or after 1 March 2012 and before 1 September 2019 from grades that continue to maintain a PRP following the application of the 1 September pay increase.

The PRP falls away once the salary rates of serving staff exceed the pre-FEMPI rates (i.e. the rates applicable to the grade immediately prior to 1 January 2010). As outlined in the Letter of 11 December 2018, in the Civil Service, the PRP ceased to apply with effect from 1 September 2019 for Assistant Secretaries as a result of a PSSA pay increase on that date. For Deputy Secretaries (appointed prior to 1 July 2010), it will cease to apply from 1 October 2020. On the date the PRP falls away, a pension increase falls due for all those who retired from the grade (i.e. those who retired on or after 1 March 2012 and before the date the PRP falls away, and those who retired prior to 1 March 2012) as the salaries on which their pensions are based will, in all cases, be lower than the salary of serving staff on foot of the PSSA pay increase for the grade on that date. Once the PRP no longer exists for the grade, all subsequent pay increases awarded under the PSSA for the grade will also result in a pension increase for all those who retired from the grade prior to the PSSA pay increase date in question. In all cases, the pension increase due on each date will be such as to bring the salary on which the pension is based up to the salary rate of serving staff with the same grade and scale point.

For more information on the pension increase policy sanctioned under the PSSA and its application, please see this Department's Circulars 20/2017, 02/2018, and 19/2019.

3. Queries

Individual queries about this Letter from retired or serving public servants should be raised with pension administrators or local HR units.

Queries from public service bodies should be raised with their parent Department.

Departments with queries should raise the matter with this Department via email to pensions@per.gov.ie

Yours sincerely,

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