

Information for Pensioners Paid via the Payroll of the Department of Education and Skills

Public Service Pension Reduction (PSPR)

Information in this document relates to annual pension amounts. To calculate the fortnightly pension, the annual pension amount is divided by 26.09 – e.g. €32,500 / 26.09 = €1,245.69.

The Public Service Pension Reduction (PSPR)

- This reduction was introduced under the Financial Emergency Measures in the Public Interest Act 2010 and was effective from 1st January 2011. It was extended and amended by the Financial Emergency Measures in the Public Interest Act 2013. The change was effective from 1 July 2013.
- The reduction is applied to a pensioner's gross annual rate of pension using a set of rates and income bands.
- The rates which had applied up to the end of June 2013 for pensions awarded up to the end of February 2012 were replaced under FEMPI Act 2013 by higher rates. These higher rates however apply only in the case of pensions of a gross annual rate (net of the original PSPR) of €32,500 or more. For Pensions of less than €32,500 gross per annum the February 2012 rates continue to apply.
- In the case of pensions awarded from 1 March 2012, new banded rates of PSPR were introduced under the 2013 Act effective from 1 July 2013 for pensions of a gross annual value of 32,500. These apply also in the case of pensions awarded on retirement to end of August 2014.

Retirement on pension up to 29 February 2012 - (See Chart A and Tables 1 and 2)

Where a scheme member retired on or before 29 February 2012

Pension in payment is calculated by reference to pay scales effective at 30 December 2009.

Pension above a gross annual value of €12,000 is subject to PSPR rates introduced under the FEMPI Act 2010 **from 1 January 2011**. Pension of a gross annual value below €12,000 is not subject to PSPR. (see columns 1 and 2 of Table 1.)

Retirement on pension from 01 March 2012 to 31 August 2014 - (See Chart B and Tables 1 and 2)

Where a scheme member retired in the period from 01 March 2012 to 30 June 2013

Pension is calculated by reference to pay scales effective at date of retirement.

Pension above a gross annual value of €32,500 is subject to PSPR at reduced rates introduced under the FEMPI Act 2013 **from 1 July 2013**, subject to the gross pension less PSPR not reducing below €32,500. Pension of a gross annual value below €32,500 is not subject to PSPR. (see columns 3 and 4 of Table 1.)

Where a scheme member retires in the period 01 July 2013 to 31 August 2014

Pension is calculated by reference to pay scales effective at 30 June 2013.

Pension above a gross annual value of €32,500 will be subject to PSPR at reduced rates introduced under the FEMPI Act 2013, subject to the gross pension less PSPR not reducing below €32,500. Pension of a gross annual value below €32,500 will not be subject to PSPR. (see columns 3 and 4 of Table 1.)

CHART A

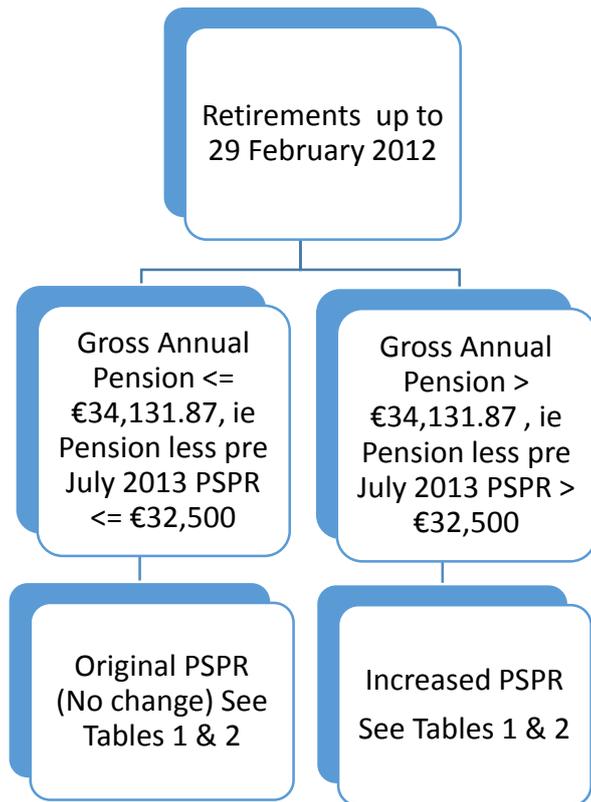


CHART B

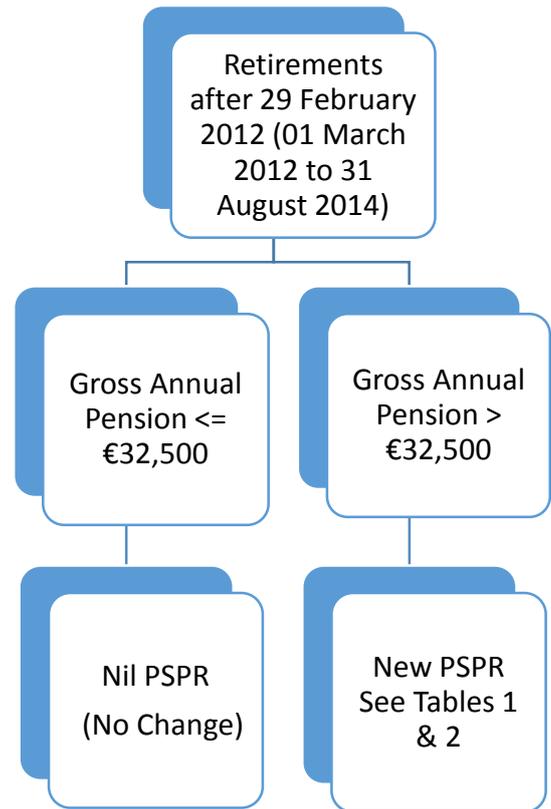


TABLE 1 sets out the PSPR Rates and Bands:

TABLE 1	Retired on or before 29 February 2012 (Rates applicable from 1 January 2011) (Chart A)		Retired from 1 March 2012 to 31 August 2014 (Rates applicable from 1 July 2013) (Chart B)	
	Column 1	Column 2	Column 3	Column 4
	Pension <= €34,131.87, i.e. Pension minus pre July 2013 PSPR less than or equal to €32,500	Pension > €34,131.87, i.e. Pension minus pre July 2013 PSPR greater than €32,500*	Pension less than or equal to €32,500	Pension greater than €32,500*
Annual Pension	Rate of PSPR	Rate of PSPR	Rate of PSPR	Rate of PSPR
Up to €12,000	0%	0%	0%	0%
€12,001 to €24,000	6%	8%	0%	2%
€24,001 to €60,000	9% (€24,001 to €34,131.87)	12%	0%	3%
€60,001 to €100,000	n/a	17%	0%	5%
Over €100,000	n/a	28%	0%	8%

* Where a revised or new PSPR applies from July 2013, the change as a percentage of the gross pension, ranges from c. 2% at the €32,500 threshold level (subject to no pension falling below €32,500), to 5% for the highest pensions.

TABLE 2 illustrates how the changes to PSPR from 1 July 2013 affect pensions:

TABLE 2					
Retirements up to 29 February 2012					
Gross Annual Pension	Less than	€34,131.87			No Change to PSPR
Gross Annual Pension	From	€34,131.88	to	€34,749.99	Pension less revised PSPR will not reduce below €32,500
Gross Annual Pension	Greater than	€34,750.00			Revised PSPR (see column 2 of Table 1)
Retirements after 29 February 2012					
Gross Annual Pension	Less than	€32,500			No Change, Nil PSPR payable
Gross Annual Pension	From	€32,500.01	to	€33,010.30	Pension less new PSPR will not reduce below €32,500
Gross Annual Pension	Greater than	€33,010.31			New PSPR (see column 4 of Table 1)

AGGREGATION of PSPR with effect from 1 September 2013

Before 1 September 2013, where a person held two or more public service pensions, PSPR was applied separately by the individual bodies paying those pensions. This will remain the position where the combined value of the pensions is less than €32,500 per annum. From 1 September 2013, however, **where a person is in receipt of two or more public service pensions with a combined value of over €32,500 per annum**, PSPR will be applied to the combined or aggregated value.

For a recipient of more than one public service pension, the amendment of their PSPR from 1 September 2013 will put them in the same position as a pensioner who has just one pension equal to the combined value of their pensions.

Aggregation applies to pensions which are subject to the same PSPR regulations, eg. where a person has two or more pensions as a member and the spouse of a deceased member where both scheme members retired:

- up to 29 February 2012, or
- after 29 February 2012.

PSPR will be calculated on the combined amount of the pensions payable and all of the PSPR liability will be imposed on the higher pension, with PSPR being removed from the lower pension.

Aggregation will not apply where pensions are subject to different PSPR rates, eg. where the deceased spouse retired before 29 February 2012 and the member retired after 29 February 2012.

(Please note that pensions payable from the Department of Social Protection under the social welfare code are not regarded as public service pensions for the purposes of PSPR.)

The combining or aggregation of public service pensions for the purpose of imposing PSPR is provided for under law by, in particular:

- Part 4 of the *Public Service Pensions (Single Scheme and Other Provisions) Act 2012*
- Section 5(5) of the *Financial Emergency Measures in the Public Interest Act 2013*

The commencement date for PSPR aggregation of 1 September 2013 has been decided on by the Minister for Public Expenditure and Reform, who, in this connection, has signed *the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 (Sections 68, 69, 70 and 71) (Commencement) Order 2013* (Statutory Instrument No. 314 of 2013)

Table 3 illustrates how the aggregation of PSPR will apply:

TABLE 3	
Aggregated Pension amount	PSPR reduction from pension
Up to €32,500	Aggregation of PSPR does not apply. PSPR continues to be deducted on pensions separately by the appropriate payroll, as outlined in Tables 1 and 2.
€32,500 to €34,132	One PSPR amount is calculated on the combined pension total. This amount is deducted from the higher pension. PSPR ceases to be deducted from the lower pension.
€34,132 to €34,748	One PSPR amount is calculated on the combined pension total. This amount is deducted from the higher pension only. PSPR ceases to be deducted from the lower pension. Total Pension less revised PSPR amount will not reduce below €32,500, (in line with regulations introduced on 1 July 2013).
Over €34,748	One PSPR amount is calculated on the combined pension total. PSPR is deducted from the higher pension only. PSPR ceases to be deducted from the lower pension.

Further information in relation to PSPR is available on the Department of Public Expenditure and Reform website, <http://per.gov.ie/faqs-on-haddington-road-agreement-2/> in the form of Frequently Asked Questions (faqs). Questions 36 to 44 address various aspects relating to PSPR while question 45 sets out illustrative examples of the application of PSPR.