

a lower tier ill health pension this will be subject to abatement. If you are receiving an upper-tier ill health pension you will not be able to join the RCPS **nuvos** arrangements and your upper-tier pension entitlement will be reviewed. If, after review, your upper-tier top up is withdrawn you will then be able to rejoin the pension arrangements and your lower-tier pension will be subject to abatement.

If you are receiving an ill-health pension you will not be able to rejoin RCPS **premium** arrangements but if your pension is at the lower-tier rate you will be able to have a **partnership** pension account. If you are receiving an upper-tier ill health pension your entitlement will be reviewed. If, after review, your upper-tier top up is withdrawn then you will continue to receive a lower-tier ill health pension and will be able to have a **partnership** pension account.

What if I commuted or repackaged some or all of an annual compensation payment?

Abatement will be calculated using the annual rate of ACP that would have been in payment if you had not commuted or repackaged. Where abatement applies and the amount of abatement is greater than the actual ACP in payment following commutation or repackaging, your re-employed salary will be reduced by the amount of the excess.

What if I commuted some of my pension into a lump sum?

If you were in **classic** and increased or decreased your standard lump sum through commutation, abatement will be worked out using the pension that would have been in payment if you had not commuted.

If you were in **premium**, abatement will be worked out as if you exchanged pension to give standard lump sum of 2.25 x initial pension (or in **classic plus** as if you took the standard **classic** lump sum for service before 1 October 2002 plus a standard lump sum of 2.25 x initial pension for service from 1 October 2002).

This is so that abatement applies consistently regardless of how much pension you choose to take.

What if I commuted some or all of my lump sum into additional pension?

If you were in **classic** and commuted some or all of your lump sum into pension, abatement will be calculated using the pension that would have been in payment if you had not commuted.

What if I have allocated some of my pension?

Abatement will generally be calculated using the pension that would have been in payment if you had not allocated.

How is abatement applied?

Your employer will notify JSS, who will work out whether your pension should be abated. If abatement does apply then JSS will reduce your pension payments during the period of re-employment.

If you think that abatement may apply to you then you should ask your prospective employer to let you have an estimate showing the potential effect of any abatement. You can then decide whether to accept the job you are being offered.

If abatement should apply, and is overlooked, then your pension will be overpaid and you will be asked to repay the overpayment.

- For more information about specific benefits, please telephone 01793 411947/8 or email jss.benefits@bbsrc.ac.uk

You can obtain more information about the Research Councils' Pension Scheme arrangements from the website:
<http://jsspensions.org.uk>

What is abatement?

Abatement is the reduction or suspension of your pension during a period of re-employment with an employer covered by the Research Councils' Pension Scheme (RCPS), or, in certain cases, another public sector employer. It does not apply if you are employed in the private sector.

Abatement can also apply to any annual compensation payment you receive and, in some circumstances, to your pay during re-employment.

Who does abatement apply to?

Abatement may apply to you if you are in an employment covered by the RCPS pension arrangements, and

- receive a RCPS pension; or
- receive an annual compensation payment from the RCPS Compensation Scheme; or
- left an employment covered by the RCPS pension arrangements as a result of compulsory early severance and received a reserved rights top up payment.

Your pension may be abated if you receive:

- a RCPS pension; or
- an annual compensation payment (ACP) from the Research Councils'.

Your salary may be reduced if you received compulsory early severance with a reserved rights top up payment.

Note: this only applies to those who were employed in a mobile grade on 1 April 1987 and have reserved rights to the early retirement provisions that applied before this date. For more details see the **Special Cases** section of this leaflet.

Your salary may also be abated if you receive a pension from another public sector pension scheme.

Note: this only applies if you were not recruited through fair and open competition or the post is only available to individuals with particular public sector experience.

How is abatement calculated?

Firstly we calculate your 'salary of reference'. This is normally your actual pensionable earnings in the preceding 12 months, but if your 'best year' was not your final one, it could be based on a different period. This figure is increased by inflation to the date of your re-employment. For the purposes of this leaflet, re-employment also includes employment after partial retirement.

Your salary is your basic pay plus local pay additions such as London Weighting and all permanent pensionable pay additions. All other allowances, bonuses and supplements are ignored whether they are pensionable or not.

Note: your salary of reference is always based on your salary when you first retired even if you have been re-employed more than once.

Secondly we calculate your annual rate of salary at the start of your re-employment. Again this includes local pay additions, such as London Weighting, and all permanent pensionable pay additions, but does not include any other allowances, bonuses or supplements. We then add your pension or ACP to your re-employed salary.

Finally if the total of your re-employed salary and your pension or ACP is higher than your salary of reference then your pension or ACP is reduced by the difference.

For example: Mr Jones retired with pensionable earnings of £25,000. He is re-employed 3 years later on a salary of £18,000. The cumulative inflation over those three years is 8% and his pension at the time of re-employment is £8,500.

Salary of Reference = £25,000 + 8% = £27,000

Re-employed salary (£18,000) + pension in payment (£8,500) = £26,500

As Mr Jones's re-employed salary plus pension in payment come to less than his salary of reference, his pension will not be reduced.

When does the amount of abatement change?

The level of abatement will be increased by inflation each year in line with any increase to your pension. The level of abatement will not be increased just because you have received the normal annual pay rise.

The level of abatement will be recalculated if:

- You are permanently promoted or demoted;
- You are temporarily promoted to a grade, or job weighting, higher than the post you originally retired from;
- You change your conditioned hours;
- You benefit from a retrospective pay rise that changes either your salary of reference or your re-employed salary;
- You are fee paid and your fees are renegotiated.

What if I am re-employed on a fee paid basis?

Abatement still applies to those re-employed on a fee-paid basis (unless they are a genuine consultant or contractor). However, the calculation is slightly

different. Your pension or ACP in payment is deducted from your salary of reference (see example) to produce your 'earnings margin'.

The earnings margin is the amount you may earn in fees with a Research Council employer or employer covered by the RCPS pension arrangements in any 12 month period. For any fees you earn above your earnings margin, your pension or ACP is reduced by a corresponding amount.

Special Cases

What if I left on compulsory early severance with reserved rights to a 'top up payment'?

If you were employed in a mobile grade on 1 April 1987 you would have had a reserved right to a 'top up payment'. This was a lump sum that was equivalent to the benefits you would have received under previous early retirement provisions. For the calculation of abatement only, we calculate the amount you would have under the previous early retirement provisions. This amount is reduced to reflect the extent by which your pension and lump sum were enhanced. The remaining figure is then used in the abatement calculation as if it were a pension in payment.

In these circumstances if abatement is required then your salary is reduced. This treatment only applies to people who were re-employed before 30 July 2007. If you were re-employed on or after 30 July 2007 you would have a "quarantine" period (this is the time you have to work before you can start accruing reckonable service again) instead of being abated.

What if I previously left on medical retirement?

If you were in classic, or you left before October 2002, your ill-health pension will be reduced to exclude the element of enhancement, with the remaining pension subject to abatement as in the example. If you were previously in **premium** or **classic plus** and receiving