Service Policy: PODPOL13 Re-employment and Pension Abatement Policy

This is an unpublished work, the Copyright in which vests in Merseyside Fire & Rescue Service. All rights reserved. The information contained herein is the property of Merseyside Fire & Rescue Service, and is supplied without liability for errors or omissions. No part may be reproduced or used except as authorised by Contract or other written permission. The Copyright and the foregoing restriction on reproduction and use extend to all media in which information may be embodied ©

Document Control:

Active date	Review date	Author	Editor	Publisher
August 2016	April 2026	[redacted]	[redacted]	[redacted]

Amendment History:

Version	Date	Author	Reasons for Change
New	August 2016	[redacted]	Document changed from SI to Policy
1.1	April 2017	[redacted]	Annual Review
1.2	April 2018	[redacted]	Annual Review
1.3	April 2019	[redacted]	Annual Review
1.4	March 2020	[redacted]	Annual review
1.5	March 2025	[redacted]	Annual Review and update to pension scheme details

Equalities Impact Assessment:

Initial	Full	Date	Reviewed by	Comments
	X			

Civil Contingencies Impact Assessment:

Date	Reviewed by	Comments

Related Documents:

Doc. Type	Ref No.	Title	Location
Fire Standard		Leading the Service	Portal
Fire Standard		Leading & Developing People	Portal

Distribution List:

Name	Position	Department

Sign-Off List:

Name	Position

Target Audience:

All MFRS	Principal Officers	Senior Officers	Operational Crews	Fire Safety	Community Fire Safety	Support Staff
X						

Ownership:

FOI exemption required?	Yes		URL	
	No	X	Reason	

Legislation:

Title	Firefighters' Pension Scheme (Amendment)(No.3)(England)Order 2013 [2013/2125]
	The Redundancy Payment (Continuity of Employment in Local Government etc) (Modification) order 2010 SI903

Contact:

Department	Email	Telephone ext.

PODPOL13 Re Employment and Pension Abatement Policy

1. Policy Introduction and Background:

This policy outlines Merseyside Fire and Rescue Authority's (MFRA) position on re-employment and abatement of pension following the re-employment of members of the Fire-fighters Pension Scheme 1992 (FPS), New Fire-fighters Pension Scheme 2006 (NFPS) or Local Government Pension Scheme 1997 (LGPS).

This policy mainly applies to both uniformed employees (employed under Gold/Grey Book conditions of service) who are members of either the FPS or the NFPS, however Non-Uniformed support staff (employed under Green Book conditions of service) who are members of the LGPS (including Control Staff) are referenced for their information.

ROLES AND RESPONSIBILITIES

- The Director of People and Organisational Development has overall responsibility for keeping the provisions within this policy in line with employment/pension legislation and best practice.
- Line managers, the People and Organisational Development Department, Payroll and Trade Union Representatives are responsible for providing advice and guidance to employees on the application of this policy.
- Employees should make themselves aware of its content and ensure that all aspects are adhered.
- Employees should contact their pension provider (LPP) for details of their pension.
- Employees considering re-employment are responsible for obtaining his or her own independent advice on the tax and other financial implications of re-employment. MFRS will not accept liability for tax or other financial charges incurred by individuals.

2. Policy Explanation:

Abatement is the process of reducing or stopping a scheme member's pension if that member returns to work for the Fire and Rescue Service. Pension payments will be abated where a scheme member is re-employed by Merseyside Fire and Rescue Authority and they are in receipt of pension and salary that exceeds their earnings before retirement.

Prior to The Firefighters' Pension Scheme (Amendment) (No.2.) (England) Order 2013, Fire and Rescue Services only had discretion to abate all or part of the pension of the scheme member when the scheme member was re-employed as a regular firefighter.

POLICY

The Firefighters' Pension Scheme (Amendment) (No.2.) (England) Order 2013 took effect from 1st July 2013. It amended FPS Rule K4 to expand the definition of re-employment so that abatement of pension applies to a scheme member re-employed in any role by any Fire and Rescue Service, including non-operational and on call firefighter (retained) roles.

In addition the Order changed Rule LA2 to require a Fire and Rescue Service that elects not to exercise the discretion to abate a scheme member's pension, to pay the amount of pension paid to the member that could have been abated within the financial year, into the pension fund. In other words the cost of deciding not to abate is covered by the Fire Authority making the decision.

3. RE-EMPLOYMENT

MFRA 's policy on re-employment is as follows:

- The re-employment of an employee following retirement or redundancy will only occur in exceptional circumstances and after the approval of the Director of People and Organisational Development.

- The hiring Manager will need to have a comprehensive and costed business case to justify the re-hire of an ex- employee in receipt of a pension or who has received a severance payment from a public sector organisation.

Appointment to any post within the Authority will follow a fair, open and competitive recruitment process and appointment will be on merit. Re-employment of any employee following retirement will only occur in exceptional circumstances.

Re-employment may be considered where:-

- The person who has retired has critical skills and knowledge which are not widely available and which the Authority needs to retain;

- The person who has retired is engaged on a project which is near to completion and where retention of his or her skills is required on a temporary basis until project completion.

Prior to re-engagement approval must be sought from the Director of People and Organisational Development. Any application for re-engagement must be supported by a detailed business case justifying 'need' and containing all relevant financial information outlining the cost to the Authority.

POLICY

4. ABATEMENT

MFRA's policy on **abatement** is as follows:

- The pension of any FPS/NFPS member re-employed into any role will always be abated in whole or in part to ensure that the annual rate of pay in the new role plus annual rate of pension does not exceed the annual rate of pay received immediately prior to retirement.
- Any request not to abate will be considered by the Director of People and Organisational Development and will need to meet the exceptional circumstances outlined above.

3 Policy Implementation:

RE-EMPLOYMENT OF UNIFORMED EMPLOYEES

Abatement of Pension on Re-employment

Abatement is only be considered on re-employment where the annual rate of pay on re-employment plus the annual rate of pension payable exceeds the annual rate of pay received in the previous role, immediately prior to retirement.

Where this is the case, the annual pension may be reduced by the amount that the pension received and salary in the new post exceeds the pay received in the previous role. This will be reviewed on a quarterly basis.

Abatement must be considered in all cases where an ex- uniformed employee who is a member of the FPS or NFPS applies for re-engagement to any role within the Authority, where an employee wishes to increase their hours or is promoted after a succession application into a higher paid role. The financial implications must be included in a report which is submitted to the Director of People and Organisational Development

If abatement is possible, but the Director of People and Organisational Development elect to exercise his/her discretion to continue full payment of the pension, the Authority will be required to pay an amount equal to the amount which should be abated, into the pension fund.

INTER-SERVICE ABATEMENTS

In determining whether to apply inter-service abatement, consideration will be given to any pension benefit currently being received by the employee concerned.

Employees retiring from MFRS but recommencing employment with a different "scheme employer" (i.e. another Local Authority) should be aware that abatement rules may vary depending on the scheme employer's own specific policy

POLICY

Protected Pension Age

Employees who are members of the FPS who are able to retire between 50 and before 55 years of age are able to do so because they have a "Protected Pension Age". HMRC guidance states that re-employment under certain conditions can result in them losing protections afforded to them under the "Protected Pension Age" rules and could result in them incurring a tax liability on pension. Any tax liability incurred continues until they reach the age of 55 irrespective of the length of the contract of employment.

HMRC guidance states that an individual must meet one of the four re-employment conditions in order to keep their "Protected Pension Age" status.

These are:

1. "recall by the armed forces"
2. "a break of employment of at least six months"
3. "a break in employment of at least one month and benefits may be abated"
4. "a break in employment of at least one month and the employment is materially different"

In light of the HMRC guidance it is appropriate to determine that those with a "Protected Pension Age" must have a break of 6 months and prior to re-employment will be required to provide written confirmation that they have taken their own tax advice before any offer of employment would be confirmed.

MFRS will not accept liability for tax charges incurred by individuals who have lost their "Protected Pension Age" status. Tax liability arising from the loss of "Protected Pension Age" status applies to the individual scheme member and not to the employer.

SUPPORT STAFF

Those members of staff who are Members of the Local Government Pension Scheme (i.e. employees conditioned Green conditions of service) and Control staff who, despite being eligible to join and become members of the Local Government Pension Scheme, are otherwise conditioned to Grey Book conditions of service are not affected by abatement rules.

A support staff employee's monthly pension payment will not be abated upon re-employment to a Green role. Employees will be automatically entered into the LGPS. This applies if they work full time or part time, or on a temporary or permanent basis.

Employees can opt out of the LGPS if they wish within 3 months of re-joining the Service. To receive reimbursement of automatic pension contributions, employees must notify the People and Organisational Development department that they wish to opt out of the LGPS within 3 months of the commencement of their re-employment.

All Policies can be found on the Website

POLICY