

**Finance Services**

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Pension Fund Discretionary Policies

Abatement Policy

Introduction

The Local Government Pension Scheme (LGPS) Regulations require that each Pension Fund Administering Authority must formulate and keep under review a policy on pension abatement [LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014: regulation 3(13); LGPS (Administration) Regulations 2008 regulations 70(1) and 71(4)(c)].

Pension abatement is the extent, if any, to which a Scheme member's pension is payment is reduced or suspended where the member re-enters a new employment under which they are again eligible for membership of the LGPS.

Until 31 March 1998 (under the 1995 LGPS regulations) abatement was mandatory but between 1 April 1998 and 31 March 2014 it became discretionary. When the LGPS changed from a final salary to a career average (CARE) pension scheme in 2014, pension abatement was not applied to CARE pensions. However, under former Regulations still in force, abatement can still be applied to pre-2014 pensions.

When formulating an abatement policy, the Pension Regulations require that the Administering Authority has regard to:

- the level of potential financial gain at which it wishes abatement to apply;
- the administrative costs which are likely to be incurred as a result of abatement in the different circumstances in which it may occur;
- the extent to which a policy not to apply abatement could lead to a serious loss of confidence in the public service.



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The policy

All pensioners who retire with membership before 1 April 2014 will be subject to abatement. Where a Scheme member is in receipt of a pension, with membership before 1st April 2014, and proposes to enter a new local government employment, the member must inform the Administering Authority of this.

Abatement rules will continue to be applied using the methodology set out in the 1995 LGPS regulations so that a pension in payment is reduced or suspended where a pensioner takes up further employment with any employer who contributes to the LGPS if the new salary plus pension would be greater than the old salary. Adjustments are made for inflation since retirement. The pension payment is only reduced or suspended during the period of the new employment.

Abatement will be applied unless the appropriate committee considers on a case by case basis, having regard to the advice of the prospective employing director, that the prospective employee is essential to complete a specific function and that other resources are inadequate.