

ABATEMENT POLICY

April 2022

Hertfordshire Pension Fund

Local Government Pension Scheme

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1. Introduction

The following details the Abatement Policy for the Hertfordshire Pension Fund (“the Fund”) in relation to the Local Government Pension Scheme (the Scheme) which is administered by Hertfordshire County Council (the Administering Authority).

2. Purpose

For the purposes of the Local Government Pension Scheme Regulations, abatement means the extent, if any, to which the amount of a retirement pension payable to a member of the Hertfordshire Pension Fund, as maintained by the Hertfordshire County Council as the Administering Authority to the Fund, should be reduced or extinguished where the member has re-entered employment eligible for membership of the Local Government Pension Scheme.

Under the Local Government Pension Scheme Regulations 2013, abatement cannot be applied to benefits accrued from 1 April 2014. However, abatement provisions applying to pre 1 April 2014 service, as set out in regulations 70 and 71 of the Local Government Pension Scheme (Administration) Regulations 2008, remain extant and the Administering Authority has a statutory duty to keep under review its policy concerning abatement as it applies to those former Scheme Regulations.

In formulating this policy, the Administering Authority has had 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, experienced staff and individuals with a lot of service.

*(This is a reference to the financial gain which it appears to the Administering Authority may be obtained by a member as a result of their entitlement both to a pension and to pay under any new Local Government employment).

3. Regulatory Framework

Extracts of Regulations 70 and 71 of the Local Government Pension Scheme (Administration) Regulations 2008¹ outline the requirement for statements of policy concerning abatement of retirement pensions in new employment and the application of abatement policy to individual cases for employees and employers participating in the Local Government Pension Scheme in England and Wales. The regulations that are most relevant to employers are as follows;

- Regulation 70 - (3) Before the expiry of the period of three months beginning with 1st April 2008, each administering authority shall publish a statement as to the policy that it currently applies where a member who is entitled to a retirement pension enters such a new employment on or after that date.
- Regulation 70 - (5) In formulating its policy concerning abatement, an administering authority must have regard—
 - (a) to the level of potential financial gain at which it wishes abatement to apply;
 - (b) to the administrative costs which are likely to be incurred as a result of abatement in the different circumstances in which it may occur; and
 - (c) to the extent to which a policy not to apply abatement could lead to a serious loss of confidence in the public service.
- Regulation – 70 - (6) In paragraph (5)(a) the reference to financial gain is a reference to the financial gain which it appears to the administering authority may be obtained by a member as a result of his entitlement both to a pension and to pay under the new employment.
- Regulation 71 - (4) The authority which is the member's appropriate administering authority as respects the retirement pension to which he is entitled—
 - (a) must have regard to regulation 12 of the Transitional Regulations;
 - (b) must apply to the member the policy published by it under regulation 70; and
 - (c) may reduce the annual rate of that pension or, as the case may be, may cease to pay it, during the period while the member holds the new employment, in accordance with that policy.
- Regulation 71 - (5) A retirement pension paid following a request under regulation 18(1) of the Benefits Regulations (flexible retirement) is not subject to abatement under regulation 70 in respect of any subsequent employment with the person who is his employer at the date of his request.

¹ As preserved by Regulation 3(13) of The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

4. Re-Employment

4.1 Abatement

Hertfordshire County Council as the Administering Authority of the Hertfordshire Pension Fund has adopted this policy for scheme employers participating in the Hertfordshire Pension Fund regarding re-employment within local government or by an employer who offers membership of the Local Government Pension Scheme (LGPS).

The abatement rules as set out under the Local Government Pension Scheme (Administration) Regulations 2008 (or any former Regulations) will no longer be applied from 1 April 2022. Therefore, members will not have any part of their pension currently in payment, or brought into payment whilst this policy exists, abated whilst in any employment eligible for membership of the Local Government Pension Scheme. Members who have had their pensions abated prior to 1 April 2022, will have their pensions reinstated from this date.

4.2 Compensatory Added Years

Re-employed pensioners who have previously retired on redundancy or efficiency grounds before October 2006 and been awarded compensatory added years, will be subject to abatement. This abatement applies only to the benefits which are payable in relation to the added years awarded.

Contact Us

If you have any queries regarding this policy document, please do not hesitate to contact the Fund from the contact details provided below:

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