

# Abatement Of Pension – Re-employed Pensioners

- Under the provisions of regulation 70 of The Local Government Pension Scheme (Administration) Regulations 2008 a council which administers the LGPS must formulate a policy with regard to the extent to which a person's pension will be abated should they again become employed by a local authority or other organisation which participates in the Scheme.
- A person entitled to a pension from the Northumberland Pension Fund is required by law to inform the County Council should they enter such employment. Notification of re-employment must be made in writing to the Pension Manager, Pension Section, County Hall, Morpeth, Northumberland NE61 2EF.
- Where a person enters such employment and fails to inform the County Council, if this results in an overpayment of pension, it will be recovered by suspending future pension payments until the overpaid sum is recovered in full.
- Abatement of pension applies where, a person who is entitled to the payment of a LGPS pension, enters employment with a local authority or organisation which participates in the Scheme. Where a person enters such employment, but elects not to join the LGPS, they are still subject to this policy and their pension is still liable to be abated i.e. it is not possible to avoid abatement by electing not to join the Scheme.
- The County Council will only apply pension abatement where the following 3 circumstances all apply:-
  - 1) The pension in payment exceeds £20,000 a year. This includes any pension increases.
  - 2) The person becomes employed by a local authority or other employer who participates in the LGPS.
  - 3) The sum of the person's pension and their earnings from such employment (assessed on an annual basis for each year ended 31st March) exceeds the annual rate of their pensionable pay on the date of their retirement.



- Where all 3 of the above circumstances apply a person's pension shall be reduced by the amount by which the sum of the person's annual pension and annual earnings from re-employment exceeds their annual rate of pensionable pay at retirement.
- Any such reduction to a pension shall not however reduce the pension to an amount below £20,000 a year.
- The figure of £20,000 a year, when ever stated in this policy document, shall be increased annually as if it were a LGPS pension with a start date of 1st April 2010. In effect this will increase the £20,000 annually by CPI inflation with the first increase taking effect in April 2011.
- The person's annual rate of pensionable pay at retirement will, where there is a period between retiring and becoming re-employed, be increased by the same percentage increase as would have been applied had their earnings at retirement been a LGPS pension with a start date equal to the person's retirement date.
- Where a person is granted "flexible retirement" this policy shall not apply in respect of the earnings from the continuing employment. Flexible retirement is where you continue to be employed but your employer consents to you working fewer hours or on a lower grade and being able to draw your pension.
- This revised policy became effective from 1st April 2011 and shall be subject to review at such intervals as the County Council, in its discretion, may determine.

## An example of the operation of the policy.

- A person retires earning £60,000 a year and becomes entitled to a pension of £25,000 a year. They then become re-employed by a local authority at an annual salary of £45,000.
- In this example the sum of the person's pension and earnings from re-employment are £70,000 (£25,000 + £45,000). This exceeds the person's rate of pensionable pay at retirement by £10,000, however reducing the person's pension by the £10,000 excess would result in the pension being paid at £15,000, but the reduction cannot result in the pension being reduced below £20,000 a year. Therefore in this case the person's pension would be reduced to £20,000 a year for the period of re-employment. When the re-employment ends the pension would be restored to its full level.



## Application of the scheme's statutory provisions.

This leaflet is provided for general information only. It does not confer any rights upon the reader. In all cases a person's right to a pension under the Local Government Pension Scheme will be determined in accordance with the statutory regulations which govern the scheme.

## Contacting The Pensions Team

The Pensions Team are there to help you with any matter relating to your LGPS pension entitlement. You can contact them by phone, letter and online. Contact details are as follows: -

**Mr Alan Whittle**

Pensions Administration Manager, Finance Department, Northumberland County Council,  
County Hall, Morpeth, Northumberland. NE61 2EF

Phone 01670 533377

Email: [pensions@northumberland.gov.uk](mailto:pensions@northumberland.gov.uk)

LOCAL GOVERNMENT PENSION SCHEME

21/06/11

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