

# 4.3

## Your responsibilities when re-employing pensioners and CSP13

### Introduction

**4.3.1** Pensioners who receive a pension under the CSP arrangements and who are re-employed by a CSP employer may not earn more, by way of re-employed salary and pension, than they were earning before they retired. Where re-employed salary and pension exceed previous salary, the excess is deducted from their pension. This is known as 'abatement'. Abatement may apply to members opting for partial retirement. See EPN199 for further information.

**4.3.2** For the purposes of abatement, an annual compensation payment (ACP) is treated in the same way as a pension. All references to pensions or pensioners below also include members with ACPs.

**4.3.3** Abatement, where applicable, only operates for the duration of the re-employment.

**4.3.4** Members who are over age 75 are not affected by abatement.

**4.3.5** Abatement of salary rather than pension can apply to those re-employed after receiving a Compulsory Early Severance (CES) package that included a reserved rights 'top-up' payment. This is because the 'top-up' payment includes an element of pension. Please see paragraph 4.3.15

for information on how to deal with this group. This no longer applies to members who return after 30 July 2007.

**4.3.6** Abatement applies whether or not the employment is pensionable. This does not apply, however, if a pensioner works less than a total of 15 days in any 91-day period.

**4.3.7** You must use the Pensions Questionnaire in your recruitment process to determine eligibility for the pension arrangements (see Section 4.1). The information collected enables you to identify individuals who have a pension or ACP in payment from an employment covered by the CSP arrangements before they are appointed. The Rejoiner Calculator will identify the correct choice of pension(s) available to them.

**4.3.8** If you are not recruiting by fair and open competition and recruit an individual who received compensation as a result of the termination of previous employment covered by the CSP arrangements (for example as a result of compulsory early retirement), then their compensation could be affected. Again, the Pension Questionnaire (Rev May 2008) will collect this information and the Rejoiner Calculator will identify the correct choice of pension(s). If the member returns within 28 days then

the early retirement award is cancelled and the compensation payment must be repaid.

**4.3.9** When people retire or leave with an ACP they are told, as part of their pension notification, that if they become re-employed in employment covered by the CSP arrangements they must tell the new employer about their previous service because of possible abatement. They are also responsible for telling the pension paying authority, Capita Hartshead, that they are taking up the new employment. However, you have a responsibility to notify the member about possible abatement where they tell you they are receiving a pension and you have the responsibility to tell Capita Hartshead that the pensioner has started work with you. The Rejoiner Calculator will prompt you to take abatement action, where appropriate.

## Appointment actions

**4.3.10** You must tell pensioners who are being offered re-employment about the effect of the re-employment provisions of the CSP arrangements on their pension, including abatement, before they take up the new post. We have produced a leaflet on abatement which you should give to any pensioner who is receiving a pension under the CSP arrangements and who is applying for re-employment. The leaflet can be downloaded from our website under Publications, rules and forms; other issues; What is abatement? Or you can order a hard copy from your APAC in the normal way.

**4.3.11** When offering a post to a CSP pensioner, you should obtain an abatement estimate from Capita

Hartshead, using form CSP13 (Estimate). The information from Capita Hartshead will help the pensioner to make an informed choice whether or not to accept the post.

Both CSP13 (Estimate) and CSP13 forms can be found on our website [www.civilservice-pensions.co.uk](http://www.civilservice-pensions.co.uk)

**4.3.12** Once the pensioner has accepted the post, you must tell Capita Hartshead using form CSP13.

### Important note

You must carry out CSP13 (Estimate) procedure without delay as you must tell the member whether or not their pension (or pay if they have CES Reserved Rights (Also see 4.3.8)) is going to be affected before they decide to accept the post. Not to do so could result in the member accepting the post where they may not have done had they been given the information at the outset.

Equally, you must carry out the CSP13 procedure without delay as there is a potential for large arrears of pension (or salary) abatement being deducted from one month's pension or salary.

**4.3.13** You should email or fax the CSP13 (Estimate) and CSP13 forms to Capita Hartshead:

Email: [msp.enquiries@capita.co.uk](mailto:msp.enquiries@capita.co.uk)

Fax: 0870 1699 720

Capita Hartshead will send an acknowledgement to let you know they have actioned the form.

**4.3.14** You must also send a copy of the CSP13 to your APAC. Your APAC will need to know so that they can tell Capita Hartshead about the new pension details once the re-employment stops. You do not need

to copy the CSP13 (Estimate) to your APAC.

**4.3.15** However, in the case of those re-employed after receiving CES reserved rights you should obtain an estimate from your APAC, not Capita Hartshead (Also see 4.3.8). If the individual accepts the post, you must tell your APAC. The APAC will tell you whether or not the member's pay is affected and you must pass this information to your payroll so that they can impose the necessary deductions from pay.

### Completing the CSP13 (Estimate) and CSP13 forms

**4.3.16** To complete the CSP13 (Estimate), you will need to find out the pensionable pay that the pensioner was receiving in their last 12 months of employment before they retired. This is known as the salary of reference. The salary of reference is basic pay plus, where applicable, London Weighting, London allowance, and any other pay additions payable to those who work in a particular place or area. You should not include other allowances, whether pensionable or not. You must ask the pensioner's former employer for the details of the salary.

**4.3.17** Where the former employer is no longer in existence, you will need to get this information from the employer who has taken on responsibility for handling the former employer's residual affairs.

**4.3.18** If you cannot find which employer has taken responsibility, you should write to the Administration Team (Re-employment) at Capita Hartshead to find out which APAC made the original award. You will then

need to contact that APAC for the name of the employer handling the residual affairs. If the APAC does not have this information, please contact the Employer Helpdesk at CSPD. [employerhelpdesk@cabinet-office.x.gsi.gov.uk](mailto:employerhelpdesk@cabinet-office.x.gsi.gov.uk)

**4.3.19** If the member has been re-employed more than once then the salary of reference is the salary on the last day of service before the member originally retired.

**4.3.20** As soon as the pensioner acknowledges that they understand and accept the terms of abatement you must complete box A of the CSP13. You will need to replicate the information used to complete the CSP13 (Estimate).

### Ongoing action

**4.3.21** Once the level of abatement (or earnings margin) has been calculated for a re-employed pensioner, it will not normally change during the course of the re-employment, other than an annual increase in line with inflation. The normal annual increase in the person's re-employed salary will not result in a recalculation of abatement.

**4.3.22** However, you will need to complete box B or C of form CSP13 and send it to Capita Hartshead (copied to your APAC) if the person:

- is promoted or demoted; or
- increases or decreases their conditioned hours; or
- benefits from a retrospective pay award that alters either their salary of reference or their salary at the beginning of re-employment; or
- is fee-paid and there is a change in the rate of fee being paid (other than a general increase);

- has their pay reduced as a result of long term sick leave

Note: If the member's pay has substantially increased or decreased for any other reason than shown above you must complete a new CSP13 and send it to Capita Hartshead and copy to your APAC.

## Resignation

**4.3.23** You must complete box D of form CSP13 to notify Capita Hartshead when the period of re-employment ends. You must also send a copy to your APAC. On resignation, you need to take prompt action to ensure that the abated pension is reinstated as soon as possible after the termination of employment date. You must ensure that you notify Capita Hartshead as soon as you know the termination of employment date.

**4.3.24** You will need to consider how you ensure that a CSP13 is completed for every change of circumstance. We suggest that you include a prompt for personnel staff on their Staff Advice Notices/Change of Circumstances forms.

## Capita Hartshead action

**4.3.25** On receipt of the CSP13 (Estimate) Capita Hartshead will calculate any abatement due as a result of taking up the post offered. They will advise you and the pensioner of the details within five working days of receiving the CSP13 (Estimate).

**4.3.26** On receipt of the CSP13 on appointment, Capita Hartshead will formally assess whether abatement should apply and write again to the pensioner with the details. They will copy the letter to you within five

working days of receiving the CSP13 so that you know it has been done. They will also assess any changes to terms of employment notified by further CSP13s and advise the member of any consequences to their pension.

**4.3.27** On receipt of the CSP13 on resignation, Capita Hartshead will reinstate the pension in payment from the resignation date and confirm their action to the pensioner within five working days of receiving the CSP13.