



25 February 2021

*Pakenham*  
*25/2/21*

Brigadier-General Paul Pakenham (Retd)  
President, ARCO

[REDACTED]  
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[REDACTED]

**Re: Defence Forces Pensions**

Dear Brigadier-General Pakenham (Retd),

I wish to refer to your letter dated 1<sup>st</sup> February 2021 regarding the indexation of (pre-2013) Defence Forces pensions in payment.

On the question of the ongoing application of public service pension increase policy under the Public Service *Stability Agreement* (PSSA) 2018-2020 and its proposed successor 'Building Momentum – a New Public Service Agreement, 2021-2022', I would invite your attention to the following reply from the Minister for Public Expenditure and Reform to Dáil Question No. 221 on 15<sup>th</sup> December 2020. That Question asked if retired public servants will receive a pension increase under the new national wage agreement, and in reply the Minister stated that:

“In 2017 the Government agreed the policy on public service pensions in payment for the period to end-2020 as follows:

- An equitable approach must be adopted for the various public service pensioner cohorts who are not only differentiated by amount of pension in payment (determined by grade and service) as heretofore but also by date of retirement (in particular pre and post end February 2012).
- Accordingly for those who retired or will retire post end-February 2012, to the extent that they retired on reduced salaries, they will receive pension increases in line with the pay increases due to their peers in employment.
- When alignment is achieved between pre and post end-February 2012 pensioners, pay increases will continue to benefit pensions in payment.

The above approach was intended to deal with the ongoing complexities which arise as FEMPI pay related provisions are unwound. Given that this process of unwinding of FEMPI pay reductions will be ongoing over 2021 to 2022 as per sections 19 and 20 of the Public Service Pay and Pensions Act 2017, the requirement for equitable treatment, as outlined above, will continue to arise over this period. Accordingly, the above arrangements will remain in place to end 2022 in advance of which I will consider the future policy approach on this issue.”

So in terms of Para 3(b) of your recent letter, that is essentially the position as we know it. Of course, in the context of ratification of the new pay agreement by all concerned, we would expect that, as with the PSSA 2018-20 agreement, DPER will then issue updated detailed instructions and guidance to public service bodies on the ongoing implementation of public service pension increase policy out to end-2022, by way of follow-up to their Circulars 2/2018 and 19/2019. We have already been in contact with our colleagues in DPER in that general regard.

In the meantime, as regards Para. 3(a) of your letter, this Department is continuing the work of implementing public service pension increase policy, out to end-2020, in line with Section 6.2 of the PSSA 2018-20 and the arrangements set out in those DPER Circulars. You will be aware from our meeting with the Minister (by VC) on 13<sup>th</sup> November 2020 that the Department has made very substantial progress on this front regarding military pensions in payment. In general, I can confirm that, in line with public service pension increase policy, the benefit of the PSSA basic pay increases up to and including 1<sup>st</sup> October 2020 is now reflected in the military pensions of the vast majority of relevant qualifying pre and post-1 March 2012 retirees and their dependants.

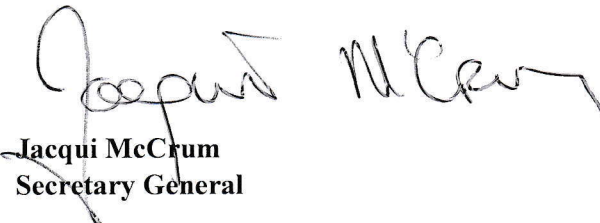
To date, this has been a significant administrative undertaking for the Department and our payroll provider (NSSO). As previously indicated in discussions between Department officials and your association, each pensioner rate has to be examined at individual level as the various increases are worked through from the different operative dates and by reference to the person's date of retirement, pensionable salary on retirement etc.

Our attention and focus is now on those pre-1 March 2012 retirees whose military pensions, on foot of the 1<sup>st</sup> October 2020 pay increase, are now lower than those applicable to their post-1/3/2012 counterparts with the same retiring rank, service etc. The increase, with appropriate arrears, will be passed on as soon as possible.

Finally, I was pleased to hear that approval has been received from the Department of Public Expenditure and Reform to pass on the benefit of the increase in MSA to eligible pensioners from 4 July 2019. I am aware that your association had concerns regarding the passing on of this increase and I am glad to see that it has been brought to a conclusion.

I hope that this helps clarify matters.

Yours sincerely



**Jacqui McCrum**  
Secretary General