

# Major boost for An Post workers with new pensionable pay terms

**ANDY PRENDERGAST**

**An Post employees' pensions will get a 6% increase according to a new Labour Court recommendation, closing the gap that has emerged between basic pay and pensionable pay since the semi-state's pension restructuring in 2013.**

In addition to a 2% increase in pensions from January 2022 (already agreed at the WRC, see [News Feature in IRN 09/2022](#)), employees will receive a further 5% in pensions effective from 1 January 2022. From and another 1% from 1 July 2023, workers will get another 1% increase to their pensions – in addition to a 2% increase from 1 January 2023 (as per the WRC agreement).

This means there is a cumulative 10.23% increase in pensionable pay over the same period. The move benefits up to 9,500 An Post employees, members of the CWU, Fórsa and the AHCPS, and 7,000 An Post pensioners.

The gap between basic pay increases (which resumed in 2016) and pensionable pay occurred as a result of a 2013 restructuring of the An Post pension scheme when it was in deficit. However, the scheme has now recovered. The Labour Court recommendation follows an actuarial review of the scheme, which shows it had a surplus of €503m on 1 January 2022.

The CWU says also that An Post worker allowances (Night Duty, Driver, Shift etc.), “which have a significant impact on take-home pay (particularly for lower paid An Post workers), will be restored to 100% pensionable and will not be subject to a ‘cap’ going forward.” The ‘change allowance’ will remain at the agreed 83.67% level.

Head of An Post Group of Unions, Sean McDonagh, said it has been a key objective of the unions to reduce the gap between actual and pensionable pay at An Post, and to deliver a meaningful increase for An Post pensioners.

He acknowledged the “pragmatic and constructive approach to the negotiations from the company” and said the new terms are “critical to protecting the pensions and living standards of An Post pensioners, and the future pensions entitlements for all An Post workers.”

Any increase in the An Post pension has to be approved by the Minister for Environment, Climate, Communications and Transport, in concurrence with the Minister for Public Expenditure and Reform.

A delay in the 2% increase to An Post pensions in 2022 was the centre of a row between the unions and the Minister last year (see [IRN 33/2022](#)).

## GAP BETWEEN BASIC AND PENSIONABLE

The gap that had emerged in basic pay and pensionable pay at An Post, before the Labour Court's new terms, is illustrated below.

Date of Pay Rise	% Pay Rise	% Pensionable Pay Increase	Gap
1 May 2016	2.5	0	2.5
1 August 2017	2	0.8	1.2
1 May 2018	1.5	0	1.5
1 May 2019	2.5	1.7	0.8
1 January 2021	2.5	0	2.5
1 January 2022	2.5	2	0.5
<b>Total</b>	<b>13.5%</b>	<b>4.5%</b>	<b>9%</b>

The rules of the 2013 Pension Accord agreement state that increases in pensionable pay are limited to the lower of the following:

- the actual basic pay/salary increase, if any, or
- the increase in the Consumer Price Index (CPI), if any, or
- 2%.

By the time of the new 1% in pensionable pay on 1 July 2023, as per the Labour Court recommendation, the gap between actual and pensionable pay increases will have shortened to 3.75%.

An Post pensioners, dependents and deferred members will receive the increases.

Although agreement between the unions and management has been secured on a range of matters, it was still necessary to have a number of issues referred for examination by the Labour Court. The CWU was assisted by Byrne Actuaries in its analysis of the actuarial review (conducted by Mercer).

## CONTRIBUTION RATES

The Labour Court also outlined terms regarding company contributions and state pension offset, as part of its recommendation:

### Company contribution

"The Court has noted that the scheme actuary has recommended an employer funding rate of 7% for 2022 where it has previously been 14.4%.

"The Court understands that the Company has expressed a willingness to pay a funding rate contribution of between 6% and 8% for the duration of the review."

"The Court also notes that the position of the An Post Group of Unions is that any reduction in the Company contribution rate should match the equivalent rate of pensionable pay restoration."

"Taking the positions of both parties and the view of the scheme actuary into account the Court recommends that the employer funding rate should be 8% for the duration of the review."

### **State Pension offset**

"The Trade Union Group has submitted that, having regard in particular to increases in the State Pension, changes should take place to the framework of the scheme so as to adjust the provisions for a State Pension Offset."

"All parties before the Court acknowledge that such a proposition raises issues of some complexity both within the scheme itself and having regard to the fact that the current Scheme framework is consistent with similar public sector schemes generally.

"It is not clear to the Court that the parties Pension Accord review provisions envisage a re-structure of this element of the Pension Scheme. The Court does however note the fact that the Trade Union Group seek to examine the possibility of prudent change in this element."

"In all of the circumstances, the Court does not recommend concession of the Trade Union Group claim at this time but does Recommend that the parties agree that an examination of the matter should take place in the reasonably near future such that all parties can explore the feasibility of change in the context of their joint commitment to the sustainability of the Scheme overall."

In addition, the Court recommended that the 2013 Pension Accord "remain in place until such time as the parties agree otherwise." (LCR22708, *Chairman: Kevin Foley*)