

Managing payments as part of a gradual return to work plan

If an employee is at work while they're recovering, they may do different tasks or hours compared to their usual role. To ensure they get paid fairly, we offer abatement.

What is abatement?

Your injured employee can receive income from both you and ACC at the same time, up to 100% of their usual weekly earnings. Abatement is the process that applies to the calculation of their ACC payment when this happens.

As their employer, you pay them for the hours they work. ACC then reduces (abates) the weekly compensation payment amount being paid to them based on the income they receive from you. This can be agreed in advance or your employee can advise ACC on a weekly basis.

Benefits:

- Employees can earn up to 100% of their usual earnings.
- Offers flexibility – the hours your employee works may change or increase week by week.
- Provides a more accurate reflection of your employee's rehabilitation progress.
- Less financial impact on your business – you pay them for the hours they work.
- Peace of mind for your employee – they know they'll continue to be paid while they gradually return to work.

How abatement works

- Abatement is generally managed on an hours-based format. Each week, your employee will advise ACC of any form of income they've received from you to ensure their ACC payments can be made promptly and accurately. They can do this online through MyACC.
- The employee is only eligible to receive a total of 100% of their pre-injury earnings, so if it's agreed that you will pay 20% of their normal wage ACC will still pay the full 80%. This is because ACC does not reduce (abate) the first 20% of earnings paid by the employer. If the agreed contribution is 40% from you, then ACC will pay 60%.

What you can do

- Ideally, this discussion will happen before your employee returns to work so there's no confusion about the payment arrangements. Agree a plan that works for everyone involved.
- Encourage your employee to update the hours they've worked each week in MyACC.
- Encourage your injured employee to check their tax code with Inland Revenue. Secondary tax applies if they're receiving income from ACC and their employer at the same time.



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Example

Olivia usually earns \$1,000.00 a week for 40 hours of work. While she's certified fully unfit to work, ACC pays her 80% of her usual earnings – \$800.00 each week.

As Olivia starts to recover, her doctor advises she can start working reduced hours and issues her a Fit for Selected Work medical certificate. Olivia can return to work for 20 hours and her employer pays her for this time – \$500.00.

Olivia notifies ACC via MyACC that she worked 20 hours the previous week. ACC amends Olivia's payment to \$500.00 so that, combined, she has earned her usual weekly income of \$1,000.00.

