

1.5.2 FOREIGN SERVICE PREMIUM

The Foreign Service Premium (FSP) - FSD56 - is the major incentive provided by your employer to persuade you to work abroad. It is a tax-free allowance* which varies according to your salary, family configuration and the length of your service outside Canada. Table II shows the FSP payable to employees from April 1, 1982.

Progression from Step to Step in the FSP Table depends on the number of "points" you have accumulated for service abroad. (See Table I). As long as you remain in the foreign service, your points carry over from post to post and do not lapse. You now earn one point per month of service. However, if you worked at a Hardship Post between July 1, 1975 and April 1, 1979 you would have earned points at an accelerated rate. Check with APRE if you are uncertain as to the number of points you have already earned or how many you need to advance to the next Step.

TABLE I

ACCUMULATION OF FSP POINTS

<u>Level of Post (See 1.5.3)</u>	<u>Points Per Month of Service</u>		
	<u>Before 1/7/75</u>	<u>1/7/75 to 31/3/79</u>	<u>Since 1/4/79</u>
A (Non-hardship)	1.00	1.00	1.00
I	1.00	1.25	1.00
II	1.00	1.25	1.00
III	1.00	1.50	1.00
IV	1.00	1.50	1.00

Under the 1979 Directives, the FSP was adjusted by the Post Index. This tended to considerably reduce the Premium's incentive value for many employees, particularly those at low index/high hardship posts. The new Directives drop the relationship between the FSP and the Post Index. This is based on the principle that the amount of FSP payable should be the same for all employees in accordance with the Table. In subsequent years, the value of the FSP will be maintained by adjusting the Table each April 1 to reflect the average percentage increase in public service salaries at large during the preceding calendar year. Special transitional arrangements exist for employees already serving at high-index posts on April 1, 1982.