To: the Authorities of Primary, Secondary, Community and Comprehensive Schools

Circular Letter PEN07/05

Public Service Pension Reform: Introduction of cost-neutral early retirement

1. The Minister for Finance has approved the introduction of cost neutral early retirement for the public service. Subject to eligibility, this facility will be available to serving staff and will also be made available, for a specified period, to persons who resigned **on or after 1 April 2004**, with an entitlement to **preserved superannuation benefits**.

Background

2. The Commission on Public Service Pensions, as part of its terms of reference, had regard to claims for improvements in existing pension scheme benefits including claims for voluntary early retirement.

3. Following consideration of the issue of improved retirement choice for public servants, the Commission recommended the introduction of a facility which would allow public servants to retire early with immediate payment of superannuation benefits, subject to actuarial reduction to take account of the early payment of the lump sum and the longer period over which pension would be paid.

4. In *Budget 2004*, the Minister for Finance announced that the Government had decided to implement the bulk of the recommendations of the Commission on Public Service Pensions and indicated that the feasibility of implementing optional early retirement with actuarially reduced benefits, as recommended by the Commission, would be examined. Discussions were held with the Staff Side on this and other issues. The Minister announced the introduction of the measure on 14 September 2004 following Government approval.

Eligibility

5. To be eligible to apply for cost neutral early retirement a person must:

(i) be serving in a public service body as defined in the Public Service Superannuation (Miscellaneous Provisions) Act 2004,

(ii) be a member of the superannuation scheme of that body,

(iii) have an entitlement to a preserved superannuation benefit at age 60 or 65, *and*

(iv) at the time of resignation, be aged at least 50 if a preserved pension age of 60 applies or be aged at least 55 if a preserved pension age of 65 applies.

Note that the preserved pension age of 60 applies to all persons employed by schools other than those who are new entrants to the public service. The preserved pension age of 65 applies to new entrants.

6. The option of cost neutral early superannuation benefits will also be made available for a specified period (paragraph 23 refers) to individuals who **resigned on or after 1 April 2004**, and who met the eligibility criteria above at the time of their resignation.

7. In cases other than those covered in *paragraph 6* above, the application to draw down cost neutral superannuation benefits must be made **not later than the date of resignation**; no applications will be accepted from persons who have already resigned.

In this connection it is important that schools bring a copy of this Circular to the attention of any staff member over the age of 50 (55 in the case of new entrants) who gives notice of resignation.

Conditions

8. Public servants who meet the eligibility criteria specified in *paragraphs 5-7* above, may, if they resign before reaching the relevant preserved pension age, choose between the following options:

(i) waiting until preserved pension age (60 or 65 years) and receiving the preserved pension and lump sum in the normal way, *or*

(ii) applying for immediate payment of preserved pension and lump sum, both of which will be actuarially reduced.

9. Persons granted the option in *paragraph 8(ii)* above (i.e. those availing of cost neutral early retirement), will have their pension and lump sum actuarially reduced by application to their preserved benefit of the relevant percentages from the table at *paragraph 10* below, with appropriate adjustment, as necessary, for exact age (i.e. years and days) at retirement.

10. In adjusting for exact age at retirement, pension and lump sum will be calculated in accordance with the following formula:

[A + ((B/365) × (C-A))] × preserved benefit based on service

where

- A is the actuarial reduction factor (pension or lump sum, as appropriate) in the table below, appropriate to the person's age at his or her last birthday,

- B is the number of days since his or her last birthday, *and*

- C is the actuarial reduction factor (pension or lump sum, as appropriate) in the table below, appropriate to the person's age at his or her next birthday.

Table:
Factors to be applied to preserved benefits to derive actuarially reduced benefits

Persons with a preserved age of 60		
Age last birthday	**Pension**	**Lump sum**
50	62.4%	82.2%
51	65.1%	83.9%
52	67.9%	85.5%
53	71.0%	87.2%
54	74.3%	88.9%
55	77.8%	90.7%
56	81.6%	92.4%
57	85.7%	94.3%
58	90.1%	96.1%
59	94.8%	98.0%

Persons with a preserved age of 65		
Age last birthday	**Pension**	**Lump sum**
55	58.2%	82.4%
56	61.1%	84.0%
57	64.1%	85.6%
58	67.4%	87.3%
59	71.0%	89.0%
60	74.8%	90.7%
61	79.0%	92.5%
62	83.6%	94.3%
63	88.5%	96.1%
64	94.0%	98.0%

11. Staff opting for cost neutral early retirement should note that the actuarially reduced rate applies throughout the lifetime of the payment of a pension subject to adjustments in line with public service pensions, as appropriate. It should also be noted that a person who avails of cost neutral early retirement cannot subsequently switch to payment of a preserved pension at normal preservation age (60 or 65 years).

12. *Examples* of some actuarially reduced early retirement cases are set out, for information, at *Appendix 1* of this Circular.

Restrictions

13. Departments/Offices and public service bodies must consider all applications in light of business needs. Where a school considers that the number or nature of applications received are such as to pose difficulties for the effective or efficient operation of the school concerned, this Department should be consulted. It may, in such cases, become necessary for the Department, in consultation with the relevant school and relevant staff side representatives, as appropriate, to prioritise applications or place some restrictions on the numbers/levels approved in a particular period.

Purchase of Notional Service

14. It should be noted that where a person who has purchased or is in the process of purchasing service under the scheme for the purchase of notional service opts for cost neutral early retirement, this will affect the amount of purchased service.

In the case of a person with a preserved pension age of 60 who is purchasing notional service (to age 65) and who opts for cost-neutral early retirement (ie opts to retire on pension before age 60), the notional purchase scheme actuarial reduction factors appropriate to retirement at age 60 will first be applied (to the proportionate amount of notional service purchased or - where purchase was made by lump sum – the full amount of notional service contracted for). Secondly, in order to reflect the fact that retirement is taking place before age 60, the resultant service will then be added to actual service and the relevant cost neutral early retirement factor from the Preserved-Age-60 Table applied to the preserved benefits derived from the aggregate service. *(Examples 3 and 7 refer).*

In the case of a person with a preserved pension age of 60 who is purchasing notional service to age 60 and who opts for cost-neutral early retirement (ie opts to retire on pension before age 60), the notional purchase scheme actuarial reduction factors will not be applicable. The proportionate amount of notional service purchased or - where purchase was made by lump sum – the full amount of notional service contracted for, will be added to actual service and the relevant cost-neutral early retirement factor from the Preserved-Age-60 Table will be applied to the preserved benefits derived from the aggregate service. *(Example 4 refers.)*

In the case of a person with a preserved pension age of 65 who is purchasing notional service (to age 65) and who opts for cost-neutral early retirement (ie opts to retire on pension before age 65), the notional purchase scheme actuarial reduction factors will not be applicable. The proportionate amount of notional service purchased or - where purchase was made by lump sum – the full amount of notional service contracted for, will be added to actual service and the relevant cost-neutral early retirement factor from the Preserved-Age-65 Table will be applied to the preserved benefits derived from the aggregate service. *(Example 8 refers.)*

Remember that the preserved pension age of 65 applies to new entrants to the employment of schools (and most public service bodies).

Spouses' and Children's Pension Schemes

15. Benefits payable under Spouses' and Children's Pension Schemes will not be affected by a decision to accept cost neutral early retirement in lieu of preserved benefits, i.e. any benefits payable under Spouses' and Children's Pension Schemes to survivors of early retirees will be the same as those payable to survivors of staff who opt for preservation of benefits.

Supplementary pensions

16. Supplementary pensions, where appropriate, may be paid by the Department, on application, to persons availing of cost neutral early retirement but will not be payable in respect of periods prior to the attainment of the relevant preserved pension age (60 or 65 years, as appropriate). The circumstances in which Supplementary Pension may be payable are set out in *Appendix 2* attached.

Implications for Social Welfare Benefits

17. As the arrangements for securing Social Welfare credits may vary from time to time, all employees (regardless of PRSI class) are advised to check their own individual situations with the Department of Social and Family Affairs prior to availing of cost neutral early retirement and to check, periodically, as to the up-to-date position. Failure to do so could adversely affect an employee's subsequent entitlement to social welfare benefits, such as retirement pension, old age pension or survivor's pension.

Return to public service employment

18. Where an employee of a school who has availed of cost neutral early retirement returns to public service employment other than in the education sector, payment of pension will be continued.

Where such an employee returns to employment in the education sector of the public service, the pension will be subject to abatement. Under the abatement rules, pension will not be payable in respect of any period where the new rate of pay exceeds the old rate of pay (ie the pensionable remuneration on which the pension was based, uprated to current rates). Where the new rate of pay is less than the old rate of pay but the aggregate of new pay and pension exceeds the old rate of pay, the pension payable will be correspondingly reduced.

The **education sector of the public service** includes all teaching posts funded by the Department of Education and Science, all employment in recognised schools, Institutes of Technology, Colleges of Education, Universities and VECs and all employment in other bodies related to education and funded by the Department of Education and Science.

19. Notwithstanding the provisions of *paragraph 18* above, service in respect of which an actuarially reduced pension has been paid cannot be aggregated with subsequent service in the same superannuation scheme or transferred between superannuation schemes.

20. It should be noted that, as in the case of resignation generally, a person availing of cost neutral early retirement has no right of return to work in the public service other than through normal recruitment/selection procedures.

Applications

21. Application forms for cost neutral early retirement are available from the Department. The forms when completed should be returned, through the school, to the Department. Where the school considers that the number or nature of the applications received would cause difficulties in meeting its business needs, the Department should be notified accordingly (as provided for in *paragraph 13*).

Persons availing of cost neutral early retirement will be supplied with written confirmation of the terms of the arrangement prior to the date of retirement. It will be recalled that, apart from the exceptions provided for in *paragraph 6* above, applications for payment of actuarially reduced superannuation benefits will not be considered from former staff members who have already resigned.

The Department of Finance has advised that the recently launched Pensions Modeller for the Civil Service Superannuation Scheme (see www.cspensions.gov.ie) may be of some benefit to employees of certain public service bodies, including schools, in estimating the benefits available under cost neutral early retirement.

The *Examples* given in *Appendix 1* of this Circular will also be of assistance in estimating the benefits under cost neutral early retirement.

Monitoring and Review

22. The Department will monitor carefully the operation of the cost neutral early retirement facility and will keep a record of the number of applications by grade, age, part-time/worksharing/full-time, geographical location and sex. The Department of Finance will monitor the uptake of the scheme across the public service and will undertake a review of the scheme and its operation in three years' time.

Circulation

23. This Circular should be brought to the notice of all pensionable employees currently in service with the school (including employees on maternity leave, career break, term-time leave or other forms of leave). Pensionable employees comprise teachers, special needs assistants and other employees who are members of a public service pension scheme.

The Department will bring the Circular to the notice of all former employees who have resigned on or after 1 April 2004 and who met the eligibility criteria specified in *paragraph 5* of this Circular at the time of their resignation.

Employees who were on career break on 1 April 2004.

24. It will be open to employees who were on career break on 1 April 2004 and who have not since returned to work, to apply for cost-neutral early retirement with effect from the first date following 1 April 2004 on which, in accordance with the terms of the Career Break Scheme, it would have been open to them to return to work.

Particular application to teachers

25. Under long-standing arrangements, there is provision for teachers (other than new entrants) to retire voluntarily, without any actuarial reduction, where they have reached the age of 55 and have acquired certain service. The service requirement in the case of such teachers is:-

33 years in the case of a teacher with 4 or more years of pre-service training;
34 years in the case of a teacher with 3 years of pre-service training;
35 years in the case of a teacher with less than 3 years of pre-service training.

The effect of the introduction of cost-neutral early retirement in the case of teachers (other than new entrants) is to permit them to retire voluntarily even where they have not reached age 55 (but have reached age 50) or have not acquired the service specified under the long-standing arrangements.

Of the Examples in *Appendix 1*, Examples 1 and 5 are examples of the application of the cost-neutral early retirement factors in the case of employees aged below 55. *Example 1* would be typical of employees to whom a non-coordinated pension is payable, ie essentially employees who are in Class D PRSI at the time of retirement/resignation. *Example 5* would be typical of employees to whom a co-ordinated pension is payable, ie essentially employees who are in Class A PRSI at the time of retirement/resignation.

Enquiries

26. Enquiries regarding the provisions of this Circular by school employees, (other than certain non-teaching staff in Community and Comprehensive Schools – see below), should be forwarded to the following address:-

DEPARTMENT OF EDUCATION & SCIENCE
CORNAMADDY, ATHLONE
COUNTY WESTMEATH

Enquiries by primary teachers should be addressed to PENSIONS SECTION (PRIMARY) or by phone to 090-648 3993 or to 01-873 4700: extension 3993.

Enquiries by secondary, community or comprehensive school teachers should be addressed to PENSIONS SECTION (SECONDARY) or by phone to 090-648 3994 or to 01-873 4700: extension 3994.

Enquiries by Special Needs Assistants should be addressed to PENSIONS SECTION (Special Needs Assistants) or by phone to 090-648 4005 or to 01-873 4700: extension 4005.

Enquiries by pensionable clerical staff in primary and voluntary secondary schools should be addressed to PENSIONS SECTION (Clerical) or by phone to 090-648 3657 or 090 648 3658 or to 01-873 4700: extension 3657 or 3658.

Enquiries by pensionable secretarial and maintenance staff in Community and Comprehensive Schools should be addressed to Post-primary Administration Section, Department of Education and Science, Tullamore, County Offaly or by phone to 0506-24334 or 0506-24336

This circular is also available on the Department's website, www.education.ie

John Feeney
Principal Officer
Pensions Unit
20 May 2005

Examples of Cost Neutral Early Retirement

[Note: Staff opting for cost neutral early retirement should note that the actuarially reduced rate will apply throughout the lifetime of payment of the pension.**]**

A: Staff to whom a non-coordinated pension is payable

In the case of such staff, essentially those who are paying the Class D rate of PRSI at the time of resignation or retirement, superannuation benefits are calculated as follows:-

Lump Sum	=	3/80th x (Final Annual Salary) x (total pensionable service)
Pension	=	1/80th x (Final Annual Salary) x (total pensionable service)

Note that, for the purposes of calculating superannuation benefits, total pensionable service is expressed in years, including the appropriate fraction of a year where total service exceeds a multiple of whole years. For example, pensionable service of 30 years + 219 days would be expressed as 30.6 years.

EXAMPLE 1: *Retirement at age 53*

A person to whom a non-coordinated pension is payable, with a preservation age of 60, retires on his/her birthday.

Final Annual Salary: €50,000

Age: 53

Reckonable Service at preserved pension age (60): 30 years

Calculation of preserved Lump Sum:-	3/80 x €50,000 x 30 = €56,250
Calculation of preserved Pension:-	1/80 x €50,000 x 30 = €18,750

Superannuation Benefits

If opting to preserve benefits Due at age 60 (i.e. in 7 years' time)		***If availing of cost neutral early retirement Due now***
Lump sum:	€56,250	€49,050 (applying reduction factor of 87.2%)
Annual pension:	€18,750	€13,313 (applying reduction factor of 71.0%)

EXAMPLE 2: *Retirement at age 55 years and 219 days (55.6 years)*

A person to whom a non-coordinated pension is payable, with a preservation age of 60 retires between birthdays.

Final Annual Salary: €40,000 **Age:** 55 years, 219 days
Reckonable service at preserved pension age (60) : 30 years

Calculation of preserved Lump Sum:- €40,000 x 3/80 x 30 = €45,000
Calculation of preserved Pension:- €40,000 x 1/80 x 30 = €15,000

Apply formula **[A + ((B/365) x (C-A))] x preserved pension,** where**:**

A = 77.8% (pension reduction factor at age 55)
B = 219 (number of days since last birthday)
C = 81.6% (pension reduction factor at age 56)

[77.8% + ((219/365) x (81.6% – 77.8%))] x €15,000 =
[77.8% + (0.6 x 3.8%)] x €15,000 =
[77.8% + 2.28%] x €15,000 =
80.08% x €15,000 = actuarially reduced annual pension **= €12,012**

Similarly, preserved lump sum = **€45,000** and actuarially reduced lump sum = **€41,274**
where, A = 90.7% (lump sum reduction factor at age 55)
B = 219 (number of day since last birthday)
C = 92.4% (lump sum reduction factor at age 56)

EXAMPLE 3: *Purchased notional service (contract to age 65)*

A person to whom a non-coordinated pension is payable, who has a preservation age of 60 and who is purchasing 5 years of notional service by periodic contributions from age 30 to age 65, retires on his/her birthday.

Final Annual Salary: €50,000 **Age:** 58
Reckonable Service at preserved pension age (60): 28 years + 2.72/3.56 purchased years (*)

Calculation of preserved Lump Sum:- €50,000 x 3/80 x 31.56 = €59,175
Calculation of preserved Pension:- €50,000 x 1/80 x 30.72 = €19,200

Superannuation Benefits

If opting to preserve benefits Due at age 60 (i.e. in 2 years' time)		***If availing of cost neutral early retirement Due now***
Lump sum:	€59,175	€56,867 (applying reduction factor of 96.1%)
Annual pension:	€19,200	€17,299 (applying reduction factor of 90.1%)

(*) 5 notional years being purchased over the 35 years to age 65 are reduced (under the terms of the Notional Purchase Scheme) to 2.72 years (pension) and 3.56 years (lump sum) to take account of (i) cessation of contributions after 28 years rather than 35 years:- this reduces the service contracted for to 4 years, (5 x 28/35 = 4) and (ii) drawdown of benefit by reference to preserved pension age of 60:- this reduces the resulting 4 years by the application (from the Contract-to-65 Notional Service Tables) of the age 60 notional service factors, (4 x 0.89 = 3.56 years for lump sum, 4 x 0.68 = 2.72 years for pension).

EXAMPLE 4: *Purchased notional service (contract to age 60)*

A person to whom a non-coordinated pension is payable, who has a preservation age of 60 and who is purchasing 5 years of notional service by periodic contributions from age 30 to age 60, retires on his/her birthday.

Final Annual Salary: €50,000 **Age:** 58
Reckonable Service at preserved pension age (60): 28 years +
4.6667 purchased years (*)

Calculation of preserved Lump Sum:- €50,000 x 3/80 x 32.6667 = €61,250
Calculation of preserved Pension:- €50,000 x 1/80 x 32.6667 = €20,417

Superannuation Benefits

If opting to preserve benefits Due at age 60 (i.e. in 2 years' time)		***If availing of cost neutral early retirement Due now***
Lump sum:	€61,250	€58,861 (applying reduction factor of 96.1%)
Annual pension:	€20,417	€18,396 (applying reduction factor of 90.1%)

(*) 5 notional years being purchased over the 30 years to age 60 are reduced (under the terms of the Notional Purchase Scheme) to 4.6667 years to take account of the cessation of contributions after 28 years rather than 30 years, (5 x 28/30 = 4.6667). The Notional Service actuarial reduction factors are not applicable to the resulting service because the preserved pension is being calculated by reference to age 60, which is identical to the maturity date of the notional service contract.

B: Staff to whom a coordinated pension is payable

In the case of such staff, essentially those who are paying the Class A rate of PRSI at the time of resignation or retirement, the Pension, but not the Lump Sum, is co-ordinated with Social Welfare Old Age Contributory Pension. The Lump Sum is, therefore, calculated as follows:-

Lump Sum = 3/80th x (Final Annual Salary) x (total pensionable service)

In the case of the Pension, a new method of co-ordination has been decided on by Government following the recommendation of a joint union/management working group. The new method is designed to give staff earning less than a specified threshold a higher Pension than would have been payable under the previous method. The Threshold in question is specified as 3 and one third times the annual maximum personal rate of Old Age Contributory Pension and is currently - and since January 2005 - €31,186. The new method, which will be operated with effect from 1 January 2004, will shortly be the subject of a separate circular letter.

Under the new method, Pension is calculated, for each year of service, as 1/200th of such Final Annual Salary as does not exceed the Threshold, together with (where appropriate) 1/80th of such Final Annual Salary as does exceed the Threshold.

A Supplementary Pension may also be payable in certain circumstances by the Department from age 60 or 65 as appropriate (ie depending on whether the staff member has a preserved pension age of 60 or 65). Details of Supplementary Pension are given in *Appendix 2* attached.

EXAMPLE 5: *Retirement at age 50*

A person to whom a coordinated pension is payable, with a preservation age of 60, retires on his/her birthday.

Final Annual Salary: €40,000 **Age:** 50 **Reckonable Service at preserved pension age (60):** 30 years

Calculation of preserved Lump Sum:- €40,000 x 3/80 x 30 = €45,000
Calculation of preserved Pension:- [€31,186 x 30/200] + [€8,814 x 30/80] = €7,983
(**Note** that, for purposes of calculating the preserved pension:-
Final Salary of €40,000 = €31,186 + €8,814)

Superannuation Benefits

If opting to preserve benefits ***Due at age 60 (i.e. in 10 years' time)***	***If availing of cost neutral early retirement*** ***Due now***
Lump sum: €45,000	€36,990 (applying reduction factor of 82.2%)
Annual pension: € 7,983	€ 4,981 (applying reduction factor of 62.4%)

EXAMPLE 6: *Retirement at age 62*

A person to whom a coordinated pension is payable, who has a preservation age of 65 (ie a new entrant to the public service), retires on his/her birthday.

Final Annual Salary: €25,000 **Age:** 62 **Reckonable Service at preserved pension age (65):** 37 years

Superannuation Benefits

If opting to preserve benefits Due at age 65 (i.e. in 3 years' time)		***If availing of cost neutral early retirement Due now***
Lump sum:	€34,688	€32,710 (applying reduction factor of 94.3%)
Annual pension:	€ 4,625 (*)	€ 3,867 (applying reduction factor of 83.6%)

(*) Preserved Pension in this case is calculated as €25,000 x 37/200 (since Final Annual Salary is less than €31,186).

EXAMPLE 7: *Purchased notional service - Preservation age of 60*

A person to whom a coordinated pension is payable, who has a preservation age of 60 and who is purchasing 5 years of notional service by way of periodic contributions from age 30 to age 65, retires on his/her birthday.

Final Annual Salary: €55,000 **Age:** 55 **Reckonable Service at preserved Pension age (60):** 25 years plus 2.4286/3.1785 purchased years (*)

Superannuation Benefits

If opting to preserve benefits Due at age 60 (i.e. in 5 years' time)		***If availing of cost neutral early retirement Due now***
Lump sum:	€58,118	€52,713 (applying reduction factor of 90.7%)
Annual pension:	€12,442	€ 9,680 (applying reduction factor of 77.8%)

(*) 5 notional years being purchased over the 35 years to age 65 are reduced (under the terms of the Notional Purchase Scheme) to 2.4286 years (pension) and 3.1785 years (lump sum) to take account of (i) cessation of contributions after 25 years rather than 35 years:- this reduces the service contracted for to 3.5714 years, (5 x 25/35 = 3.5714) and (ii) drawdown of benefit by reference to preserved pension age of 60:- this reduces the resulting 3.5714 years by the application (from the Contract-to-65 Notional Service Tables) of the age 60 notional service factors, (3.5714 x 0.89 = 3.1785 years for lump sum, 3.5714 x 0.68 = 2.4286 years for pension).

EXAMPLE 8: *Purchased notional service – Preservation age of 65*

A person to whom a coordinated pension is payable, who has a preservation age of 65 (and is therefore a new entrant to the public service) and who is purchasing 5 years of notional service by periodic contributions from age 30 to age 65, retires on his/her birthday.

Final Annual Salary: €55,000 **Age:** 58
Reckonable Service at preserved pension age (65): 28 years + 4 purchased years (*)

Superannuation Benefits

	If opting to preserve benefits Due at age 65 (i.e. in 7 years' time)	*If availing of cost neutral early retirement Due now*
Lump sum:	€66,000	€57,618 (applying reduction factor of 87.3%)
Annual pension:	€14,515	€ 9,783 (applying reduction factor of 67.4%)

(*) 5 notional years being purchased over the 35 years to age 65 are reduced (under the terms of the Notional Purchase Scheme) to 4 years to take account of the cessation of contributions after 28 years rather than 35 years:- (5 x 28/35 = 4). The Notional Service actuarial reduction factors are not applicable to the resulting service because the preserved pension is being calculated by reference to age 65, which is identical to the maturity date of the notional service contract.

Supplementary Pension.

Employees who pay PRSI at the full (Class A) rate will be eligible to receive social welfare benefits and pensions. Because of this, the occupational pension of such an employee is co-ordinated with social welfare Old Age Contributory Pension. Similarly, superannuation contributions are co-ordinated and are at a lower rate than would be payable if the employee were in Class D PRSI.

Co-ordination is a common feature of pension schemes where employees are on full-rate PRSI. The purpose of co-ordination is to ensure that the aggregate of the co-ordinated pension and Social Welfare benefit approximates to the occupational pension payable to a person who is not on full-rate PRSI.

Because the co-ordinated pension will be less than the full occupational pension which would be payable if the employee were in Class D PRSI, there is provision for payment by the Department of a Supplementary Pension in certain circumstances.

A Supplementary Pension may be paid where the person

(a) is not employed in any capacity which involves the payment of a social insurance contribution and

(b) **due to circumstances outside his or her control**, fails to qualify for certain Social Welfare benefits **or** qualifies for such benefits at less than the maximum personal rate. The Social Welfare benefits in question are :
- Unemployment Benefit
- Disability Benefit
- Invalidity Pension
- Retirement Pension
- Old Age Contributory Pension.

The Supplementary Pension will generally be equal to the difference between the full occupational pension (i.e the pension which would have been payable if the pension had not been co-ordinated), and the aggregate of

(i) the co-ordinated pension payable and
(ii) the personal rate of any actual social insurance benefit which may be payable.