



To: the management authorities of Primary, Secondary, Community and Comprehensive schools

Circular Letter PEN11/05

Revised Contribution Rates for Purchase of Notional Service

1. The Minister for Finance has announced an increase in the contribution rates for the purchase of notional service by lump sum. He has also announced that the contribution rates for the purchase of notional service by periodic contributions are under review.
2. The contribution rates were last increased in the case of primary and secondary teachers with effect from 1 October 1991 through the issue of the Revised Scheme for the Purchase of Notional Service. Paragraph 8 of the Revised Scheme provides that the contribution rates may be increased from time to time.

Paragraph 8 states:

“The rates of contribution and the actuarial reduction factors applicable from time to time under the Scheme will be such as to ensure that the Scheme is self-financing. Where necessary, revised rates and factors will be set following discussions between the Official and Staff Sides at the Conciliation Council for Teachers.”

3. The notional purchase contribution rates are common across the public service. Analysis of the current contribution rates has shown that the Notional Service Purchase Schemes are not self-financing and that they impose a cost on the employer (i.e. the Exchequer). Discussions are currently taking place with the Staff Side of General Council on an Official Side proposal that the contribution rates be revised. Discussions are also taking place with the Staff Side of the Teachers' Conciliation Council. It has been agreed, in the expectation that the discussions will be concluded in a short period, that no new requests

(a) to purchase service by way of single lump-sum contribution, and

(b) to accept Transfer Values in respect of service with organisations which are not members of the Public Sector Transfer Network (PSTN)

will be processed on the basis of the current rates.

4. Until agreement has been reached between the two sides on the appropriate revised rates which should apply in such cases, **purchase by lump sum and acceptance of Transfer Values in respect of service with organisations which are not members of the Public Sector Transfer Network will be processed on the basis of the rates in the attached Table with effect from 10 May 2005.**

Please note that (i) the Table applies to both male and female (i.e. there is no distinction on gender basis for purchase), (ii) the contribution rates for integrated staff on full PRSI are based on gross salary only (i.e. there are no net/gross contributions for lump sum purchase as heretofore) and (iii) the same contribution rates apply to all integrated staff, ie to all staff on full PRSI, (whether teachers, special needs assistants, pensionable secretarial staff etc.).

5. Current contribution rates may continue to be applied in the following situations;

- applications for purchase of service by lump-sum where formal written agreements to purchase have been entered into prior to 10 May 2005 and where the 6 month time limit for payment of the contribution has not expired;
- cases where an officer has received an estimated service value based on the current rates in respect of a Transfer Value from previous employment and has requested that the Transfer Value be paid; and
- purchase of service by periodic contributions.

6. Purchase by periodic contributions.

While periodic purchase rates will be revised as part of the review process which is underway, applications for purchase by periodic contributions may continue to be processed. Staff who, **prior** to 10 May 2005, had entered into a formal written agreement to purchase service by periodic contributions will not be affected by the revised rates when they are issued. However, the following arrangements will apply to staff, who **subsequent** to 10 May 2005, opt to purchase service by periodic contributions;

- Where payment of contributions has commenced before the introduction of the revised periodic contribution rates, the current rates will continue to apply;
- Where payment of contributions has **not** commenced before the introduction of the revised rates, **the revised rates will apply**.

It should be noted that it is not possible at this stage in the discussions to indicate what the revised periodic contribution rates will be.

7. Pensionable non-teaching staff.

In the context of the review of the existing Notional Service Purchase Scheme which applies in primary, secondary, community and comprehensive schools and applies to teachers only, it has been decided to extend notional service provisions, with effect from 10 May 2005 (the date of introduction of the revised rates specified in this Circular), to pensionable non-teaching staff. Under notional service provisions, a member of a pension scheme may increase his or her pensionable service through the purchase of notional service (at full actuarial cost). The maximum amount of notional service which may be purchased is the difference between 40 years, the maximum service reckonable for superannuation purposes, and the actual service which the employee would accrue to age 65.

(Under long-standing arrangements, it is open to primary and secondary teachers to purchase notional service on the basis of actual service accrued to age 60 or to age 65. The option to purchase to age 60 is not available to public servants generally and will not be available to non-teaching staff.)

8. Circulation.

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.

9. Enquiries.

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 090-6483993 or to 01-8734700: extension 3993.

Enquiries by secondary, community or comprehensive school teachers should be addressed to PENSIONS SECTION (SECONDARY) or by phone to 090-6483994 or to 01-8734700: extension 3994.

Enquiries by Special Needs Assistants should be addressed to PENSIONS SECTION (Special Needs Assistants) or by phone to 090-6484006 or to 01-8734700, extension 4006.

Enquiries by pensionable secretarial 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

Table 1:- Lump Sum contribution rates for integrated and modified staff with respect to a retirement age of 65.

Applicable to (a) teachers who opt to purchase to 65 and to (b) non-teaching staff.

Age next birthday	% of gross salary for integrated	% of gross salary non integrated
26	27.5%	33.6%
27	28.0%	34.3%
28	28.4%	34.8%
29	28.8%	35.4%
30	29.2%	35.9%
31	29.5%	36.3%
32	29.8%	36.7%
33	30.0%	37.0%
34	30.1%	37.3%
35	30.2%	37.6%
36	30.3%	37.8%
37	30.2%	37.9%
38	30.2%	38.0%
39	30.0%	38.0%
40	29.8%	38.0%
41	29.6%	37.9%
42	29.3%	37.7%
43	28.9%	37.6%
44	28.5%	37.3%
45	28.0%	37.0%
46	27.5%	36.7%
47	26.9%	36.3%
48	26.3%	35.9%
49	25.6%	35.4%
50	24.9%	34.9%
51	24.1%	34.3%
52	23.3%	33.7%
53	22.5%	33.1%
54	21.9%	32.5%
55	22.2%	31.8%
56	22.4%	31.1%
57	22.6%	30.4%
58	22.8%	29.7%
59	23.1%	29.1%
60	23.3%	28.5%
61	23.3%	27.9%
62	22.9%	27.3%
63	23.0%	26.8%
64	23.4%	26.3%
65	23.7%	25.8%

Table 1:- Lump Sum contribution rates for integrated and modified staff with respect to a retirement age of 60.

Applicable to teachers who opt to purchase to age 60.

Age next birthday	% of gross salary for integrated	% of gross salary for non integrated
21	31.5%	38.8%
22	32.1%	39.5%
23	32.6%	40.2%
24	33.1%	40.8%
25	33.5%	41.4%
26	33.8%	41.9%
27	34.1%	42.4%
28	34.4%	42.8%
29	34.5%	43.1%
30	34.7%	43.4%
31	34.7%	43.6%
32	34.7%	43.8%
33	34.6%	43.9%
34	34.4%	43.9%
35	34.2%	43.8%
36	33.9%	43.7%
37	33.5%	43.6%
38	33.1%	43.4%
39	32.6%	43.1%
40	32.1%	42.7%
41	31.4%	42.3%
42	30.8%	41.9%
43	30.0%	41.4%
44	29.2%	40.8%
45	28.4%	40.2%
46	27.5%	39.5%
47	26.6%	38.8%
48	25.6%	38.1%
49	25.1%	37.3%
50	25.3%	36.5%
51	25.6%	35.7%
52	25.8%	34.9%
53	26.0%	34.1%
54	26.3%	33.3%
55	26.6%	32.6%
56	26.5%	31.9%
57	26.0%	31.2%
58	25.6%	30.5%
59	26.2%	29.9%
60	26.8%	29.2%