

P18/074/05

20 July 2005

**Circular 20/2005: Public Service Pension Reform:  
Revised arrangements for part-time public servants**

A Dhuine Uasail,

**Introduction**

1. I am directed by the Minister for Finance to announce the introduction of a change in the way in which the service and remuneration of part-time<sup>1</sup> public servants are to be reckoned for pension calculation purposes. The effect of the change will be that all eligible part-time public servants will have their occupational pensions calculated on the basis of pro rata service and a notional fulltime salary. There will be a corresponding change in the method of calculating contributions where relevant. The change will result in a difference in pension benefit and contribution level for part-time public servants whose pensions are integrated with social welfare benefits (i.e. where the occupational pension is integrated with the Old Age Contributory Pension (OACP) to provide a combined pension).
2. The opportunity is being taken to refer again to the Protection of Employees (Part-Time Work) Act 2001 and its implications for superannuation arrangements, to clarify certain issues concerning access to pension schemes and reckonability of previous service, and to give Departments additional discretion in respect of these issues.
3. This Circular is divided into four parts as follows;  
Part A - Pro rata integration (page 2)  
Part B - Access to pension schemes (page 5)  
Part C - Reckoning of prior part-time service (page 8)  
Part D - General issues (page 10).
4. All references to 'public service pension scheme' in Parts A, B and C of this Circular should be read as 'public service pension scheme, as defined in the Public Service Superannuation (Miscellaneous Provisions) Act 2004'.

**To: All Heads of Departments/Offices**

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<sup>1</sup> For the purposes of this Circular the term 'part time' includes jobsharing and worksharing arrangements.

### **Background**

5. The Commission on Public Service Pensions, as part of its terms of reference, had regard to claims for improvements to pension arrangements for part-time public servants, particularly with regard to access to pension schemes and with regard to the method of integration of occupational pensions with Social Insurance benefits.
6. Following consideration of the integration arrangements, the Commission recommended a change in the form of integration from full to pro rata integration for the pensions of part-time public servants.
7. 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. Discussions were subsequently held with the Unions and on 14 September 2004, following Government approval, the Minister announced the introduction of certain key recommendations including the proposal for pro rata integration.
8. The Commission on Public Service Pensions, in its Final Report, also recommended that access to public service pension schemes should be granted to public servants in part-time work provided that they are in regular or quasi-permanent employment and that they work a certain minimum number of hours per week. This recommendation was overtaken by legislation and a legal basis for access to pension schemes for part-time employees was provided with effect from 20 December 2001 by the Protection of Employees (Part-Time Work) Act 2001 (hereinafter referred to as the Part-Time Act).

## **PART A: PRO RATA INTEGRATION**

### **Eligibility for pro rata integration**

9. To be eligible for the application of pro rata integration 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 appropriate superannuation scheme of that body, and that scheme is a public service pension scheme
  - (iii) have an appropriate full-time comparator *and*
  - (iv) have paid or undertaken to pay all relevant contributions<sup>2</sup>.
10. In relation to (iii) above, the Pensions Section of the Department of Finance should be consulted where employees do not have an appropriate full-time comparator.
11. Where there is no suitable comparator available, the pension is based on actual pensionable remuneration and on treating each year of part-time service as a year of service for pension purposes.
12. Former part-time staff, who retired before this Circular issued, met the eligibility criteria outlined in paragraph 9 above at the time of their retirement and whose pensions

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<sup>2</sup> See paragraph 32(a) for details.

were subject to integration, will have their pension position reviewed with effect from 20 December 2001 (or the date of their appointment, if later).

**Application of pro rata integration**

13. Under current public service pension arrangements for part-time employees, pension benefits are based on actual pensionable remuneration and on treating each year of part-time service as a full year of service for pension purposes<sup>3</sup>. Contributions are based on actual pensionable remuneration<sup>4</sup>.
14. Under the revised arrangements introduced by this Circular, pension benefits will be based on notional full-time pensionable remuneration and on actual service worked expressed as a proportion of full-time attendance. Contributions will be based on notional full-time pensionable remuneration and the worksharing/part-time attendance pattern expressed as a proportion of full-time attendance. Integration with social welfare benefits, where applicable, will then take place on the same basis as for full-time staff.
15. In the case of retired public servants who qualify under paragraph 12 above, the pensionable remuneration and the OACP rate applicable at the time of retirement should be used to recalculate the occupational pension which would have been due had pro rata integration applied at the time. The resulting pension amount should then be uprated in the normal way and any increase in benefit paid with effect from 20 December 2001 (or the date of their retirement, if later).
16. The following examples show the effect (or otherwise) of the revised arrangements on **pension benefits for a civil servant who is working a three-day week (i.e. 60% of full-time) for 40 years, with a final annual pensionable remuneration of €18,000:**

**Example A – benefits not integrated with Social Welfare benefits**

	<u>Current method</u>	<u>Revised method</u>
Service	40 years	24 years
Pensionable remuneration	€18,000	€30,000
Occupational Pension	€9,000	€9,000

Outcome: **No Change**

**Example B – benefits integrated with Social Welfare benefits**

	<u>Current method</u>	<u>Revised method</u>
Service	40 years	24 years
Pensionable remuneration	€18,000.00	€30,000.00
Less twice OACP <sup>5</sup>	€18,711.75	€18,711.75
Net pensionable remuneration	€ 0.00	€1,288.25
Occupational Pension	€ 0.00	€ 3,386.48

Outcome: **Increase of €3,386.48** (€4.90 per week)

<sup>3</sup> With the exception of 'jobsharers' who are currently subject to pro rata arrangements.

<sup>4</sup> It should be noted that calculation of contributions on a pro rata basis is already currently being applied on an administrative basis in many areas.

<sup>5</sup> Rate on 7 January 2005 (payable to a single adult with no dependant).

In example B, the person may, depending on their social welfare contribution history, also be entitled to an Old Age Contributory Pension.

17. The following examples show the effect (or otherwise) of the revised arrangements on **pension contributions for a civil servant who is working a three-day week (i.e. 60% of full-time), with an annual pensionable remuneration of €18,000<sup>6</sup>:**

**Example A – benefits not integrated with Social Welfare benefits**

	<u>Current method</u>	<u>Revised method</u>
Pensionable remuneration (A)	€18,000.00	€30,000.00
<u>Contributions:</u>		
Pension (3.5% of A)	€ 630.00	€1050 x 60% = <del>€630.00</del>
Lump Sum (1.5% of A)	€ 270.00	<del>€450</del> x 60% = <del>€270.00</del>
Spouses' & Children's (1.5% of A)	€ 270.00	<del>€450</del> x 60% = <del>€270.00</del>

Outcome: **No Change**

**Example B – benefits integrated with Social Welfare benefits**

	<u>Current method</u>	<u>Revised method</u>
Pensionable remuneration (A)	€18,000.00	€30,000.00
Less twice OACP <sup>7</sup>	<u>€18,711.75</u>	<u>€18,711.75</u>
Net pensionable remuneration (B)	€ 0.00	€11,288.25

Contributions:

- (i) For civil servants whose pensions were integrated before April 1995 (e.g. members of the unestablished scheme):

Pension (non contributory)	€ 0.00	€ 0.00
Lump Sum (non contributory)	€ 0.00	€ 0.00
Spouses' & Children's (1.5% of B)	€ 0.00	€169.32 x 60% = €101.59

Outcome: **Increase of €101.59** (€1.95 per week)

- (ii) For civil servants whose pensions were integrated with effect from April 1995 (e.g. members of the contributory established scheme):

Pension (3.5% of B)	€ 0.00	€395.09 x 60% = €237.05
Lump Sum (1.5% of A)	€ 270.00	€450 x 60% = €270.00
Spouses' and Children's (1.5% of A)	€ 270.00	€450 x 60% = €270.00

Outcome: **Increase of €237.05** (€4.54 per week)

It should be noted that there will be no change in the contributions of serving jobsharers/worksharers in the Civil Service (and certain other areas of the public service), where the pro rata method is already being used, on an administrative basis, for calculating the contributions of such staff, whether their pensions are integrated or not. More detailed examples using the rules of the Civil Service Pension Schemes are given in **Appendices 1 to 5**.

<sup>6</sup> Integration would normally be applied on a regular basis i.e. based on the salary payment frequency, therefore the salary and OACP rates would generally vary over a full –year period.

<sup>7</sup> Rate on 7 January 2005 (payable to a single adult with no dependant).

18. In the case of public servants who fall within the scope of this Circular and who retired before this Circular issued, where the application of the revised pro rata integration formula would result in a lower pension than that which is already in payment, the revised method of calculation should not be applied.

**Worksharers who retired between 1 June 2001 and 19 December 2001**

19. The Pensions Section of the Department of Finance should be consulted in any case where a person who was worksharing<sup>8</sup> retired, or resigned with preserved benefits, in the period 1 June 2001 to 19 December 2001 inclusive.

**Death in service / ill-health situations**

20. The approach to be used in the case of death-in-service/ill health situations is still under consideration. In the interim, any such cases should be referred, in writing, to the Pensions Section, Department of Finance.

**Spouses' and Children's pensions**

21. The revision of retirement pension entitlement may give rise to new or enhanced Spouses' and Children's entitlement. It will be necessary for Departments/Offices and public service bodies to make every reasonable effort to identify such cases to ensure that the spouse and/or children receive appropriate entitlements under the Spouses' and Children's Schemes.
22. The terms of paragraph 15 of Department of Finance Circular 6/95 (and similar arrangements in other public service pension schemes) will continue to apply where appropriate. In applying these terms, notional full-time pensionable remuneration should be used with effect from 20 December 2001.

**Interaction with other Public Service Pension Reforms**

23. The terms of this Circular are effective from 20 December 2001. The revised integration method, which is set out in Department of Finance Circular 19/2005 and which also forms part of the overall Public Service Pension Reform arrangements, should be used with effect from 1 January 2004. In applying that revised method of integration to the pensions of part-time employees, notional full-time pensionable remuneration and actual service worked expressed as a proportion of full-time attendance should be used as appropriate.

**PART B: ACCESS TO PENSION SCHEMES**

**Access to pension schemes for part-time public servants**

24. Departments were notified in July 2002 (in the context of the Department of Finance Model Employee Superannuation Scheme which applies to State sponsored bodies) that access to pension schemes should be given to all staff in regular quasi-permanent employment who worked at least 8 hours per week. They were also notified in January 2003 (Department of Finance Circular 2/2003) of the introduction of the Part-Time Act and their obligations under same. In light of the recommendations of the Commission on Public Service Pensions regarding access for part-time employees in the public

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<sup>8</sup> *Worksharing in the civil service under the terms of the Department of Finance Circular 31/2001 or under analogous arrangements elsewhere in the public service.*

service, and in light of pension reform generally, the Department of Finance has now reviewed the position.

25. *Civil Service Schemes:* With effect from 20 December 2001, there will be no minimum hours required for access to the Civil Service Pension Scheme for Established Civil Servants, the Non-Contributory Pension Scheme for Non-Established State Employees or the associated Contributory Spouses' and Children's Schemes (hereinafter these schemes are referred to as "the Civil Service Schemes"). Also, with effect from that date, there will be no requirement for a part-time employee to have a full-time comparator in order to gain access to the Civil Service Schemes<sup>9</sup>.
26. *Other public service pension schemes:* With effect from 20 December 2001, Departments may, at their discretion, apply a threshold lower than that specified in the Part-Time Act or no threshold should they wish, in respect of access to public service pension schemes (other than the Civil Service Schemes). Departments are also given the discretion to waive the requirement to have a full-time comparator for access to those schemes from that date should they wish<sup>9</sup>.

#### **Serving / former staff**

27. *Civil Service Schemes:* For the purposes of the Civil Service Schemes, serving part-time staff, or former part-time staff who were serving on or after 20 December 2001, who meet the requirements for membership (see paragraph 25 above and 32 following) and who have not yet been given access to the appropriate pension scheme, must now be given the option of joining with effect from 20 December 2001 (or their date of appointment whichever is the later) or of retaining their present arrangements.
28. *Other public service pension schemes:* For the purposes of other public service pension schemes, serving part-time staff, or former part-time staff who were serving on or after 20 December 2001, who meet the requirements for membership (see paragraph 26 above and 32 following) and who have not yet been given access to the appropriate pension scheme, must now be given the opportunity to join with effect from 20 December 2001 (or their date of appointment whichever is the later). It is at the discretion of Departments, having regard to the rules and/or arrangements in the relevant pension schemes where appropriate, as to whether membership is made compulsory for serving staff or whether such staff are given the option of retaining their present arrangements. In exercising this discretion, Departments should bear in mind that it is not intended that providing access to a pension scheme would result in serving staff being in a less favourable position than under current arrangements.
29. It is essential that, in offering options to staff, information is provided as to the superannuation benefits available under the relevant scheme, the level and amount of contributions payable and the time limits for exercising the option (paragraphs 33 and 34 refer). It should be made clear to staff that, once the relevant time limit has expired, the option will no longer be available. It should also be made clear to staff that once an option has been exercised it cannot be amended or revoked.

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<sup>9</sup> A comparator is, however, required before pro rata can be applied to the pension calculation of a part-time employee – see paragraphs 9 to 12 above.

### **General**

30. Where more favourable arrangements than those outlined at paragraphs 25 to 28 above currently apply they will not be affected.

### **New appointees**

31. Subject to existing contractually binding arrangements, pension scheme membership will, in general, be compulsory for all part-time staff who are eligible under the relevant scheme rules (including for example any minimum hours threshold) and who are appointed to the public service after this Circular issues. The exclusion of any part-time public servant from a public service pension scheme (other than in accordance with scheme rules) is subject to the agreement of the Pension Section of the Department of Finance, following consultation with the appropriate staff representatives. In line with standard best practice, new appointees should be made aware of the terms of membership of the relevant pension scheme and also of their possible options regarding transfer of service between public sector employers and/or a refund of contributions, where applicable.

### **Membership**

32. Membership of any public service pension scheme will be subject to the relevant scheme rules and to the following:

- (a) payment of appropriate ‘back’ contributions (on a pro rata basis – reference paragraph 14) in respect of reckonable service in accordance with existing scheme rules<sup>10</sup>, subject to the following arrangements (unless more favourable arrangements currently apply):

- in respect of service given on or after 20 December 2001, at the salary and OACP rates appropriate to the period in question;

[See Part C in respect of service given before 20 December 2001];

- (b) repayment of any additional remuneration or other benefits received in lieu of pensionability (at current rates);
- (c) the hours worked being recorded and verifiable;
- (d) the waiving of entitlement to a non-pensionable or part-time gratuity (where this applies) *and*
- (e) the service not being used to calculate any other superannuation entitlement or not having been transferred.

### **Time limits**

33. *Civil Service Schemes*: The option of access to the pension schemes offered on foot of paragraph 27 above will be available until 31 March 2006. In the case of former part-time staff who were serving on or after 20 December 2001 and who had retired before this Circular issued, the ‘back’ contributions must be paid at the time of opting into the pension scheme. For serving staff, the arrangements at paragraph 32(a) regarding payment of ‘back’ contributions will be available until 31 December 2007; if the full

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<sup>10</sup> *Scheme rules may differ in relation to payment of such contributions.*

liability is not discharged by that date, the outstanding liability will be determined by the salary/OACP rates applicable on the date of payment. If the full outstanding liability is not discharged by the date of retirement, it will be offset against the lump sum payable on retirement (based on the salary and OACP rates applicable on that date).

34. *Other public service pension schemes:* Departments should specify time limits in respect of the option of access and the repayment of ‘back’ contributions, on the lines of those outlined in paragraph 33 above, subject to existing scheme rules.

### **PART C: RECKONING OF PRIOR PART-TIME SERVICE**

#### **Reckoning of part-time service served prior to 20 December 2001**

35. The Part-Time Act did not make specific provision for the reckoning (for pension purposes) of part-time service served prior to the date of the introduction of the Act.
36. In the case of full time staff with previous part-time service, the general practice is that, with effect from a certain date, (normally in the 1970s), prior part-time service of more than 18 hours per week is reckonable.
37. In most cases, the scheme rules do not allow for prior part-time service to be reckoned on a proportionate basis for periods before a certain date. For example, Department of the Public Service Circular 46/75 provides that in the Superannuation Scheme for Established Civil Servants prior part-time service of more than 18 hours given before 1 June 1973 is reckoned as to one half of comparable full time service, regardless of how many hours were actually worked, whereas after that date it is reckoned on a proportionate basis. There are similar arrangements (from different dates) in the Scheme for Non-Established State Employees, the Local Authority Schemes and other areas.
38. This Circular is now clarifying how prior part-time service in the public service is to reckon for part-time staff who have access, or who are now gaining access, to public service pension schemes.

#### **Part-time service served prior to 20 December 2001**<sup>11</sup>

39. *Civil Service Schemes:* In the Civil Service Schemes, for part-time staff who are currently serving or former part-time staff who were serving on or after 20 December 2001, part-time service given prior to 20 December 2001 may be allowed to reckon with effect from that date subject to the following:

(a) **Civil Service Pension Scheme for Established Civil Servants**

- (i) for service given prior to 1 June 1973, where the hours worked were at least 18 hours per week, the service will reckon on the basis of one half of comparable full-time service,<sup>12</sup>

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<sup>11</sup> As per paragraph 10, this Department should be consulted where employees do not have an appropriate full-time comparator.

<sup>12</sup> This is in accordance with the existing arrangements set out in Department of the Public Service Circular 46/75 (for established civil servants) and in Department of the Public Service Circular Letter to Personnel Officers dated 31 May 1979 (for non-established state employees).



- (ii) for service given on or after 1 June 1973, where the hours worked were at least 8 hours per week, the service will reckon in the proportion which the hours worked bear to comparable full-time service,
- (b) Non-Contributory Pension Scheme for Non-Established State Employees
- (i) for service given prior to 1 February 1979, where the hours worked were at least 18 hours per week, the service will reckon on the basis of one half of comparable full-time service<sup>12</sup>,
  - (ii) for service given on or after 1 February 1979, where the hours worked were at least 8 hours per week, the service will reckon in the proportion which the hours worked bear to comparable full-time service,
- (c) payment of appropriate ‘back’ contributions (on a pro rata basis – reference paragraph 14) in respect of reckonable service in accordance with the following arrangement:
- in respect of service given before 20 December 2001, at the salary and OACP<sup>13</sup> rates applicable on 20 December 2001,
- (d) repayment of any additional remuneration or other benefits received in lieu of pensionability (at current rates),
- (e) the hours worked being recorded and verifiable,
- (f) the waiving of entitlement to a non-pensionable or part-time gratuity (where this applies) *and*
- (g) the service not being used to calculate any other superannuation entitlement or not having been transferred.
40. *Other public service pension schemes:* Departments are hereby given the discretion to apply the above arrangements to other public service schemes, with due regard to the general terms and/or rules of those schemes. Also, with regard to the thresholds outlined at paragraph 39(a) and (b) above, Departments may, subject to the retention of any existing restrictions regarding the reckoning of service similar to those in paragraph 39(a)(i) or 39(b)(i) above, use, for the purposes of their scheme, any of the following alternatives:
- (a) the normal hours of work having been no less than the minimum hours required by the individual employer for eligibility for a non-pensionable part-time gratuity or
  - (b) the normal hours of work having been no less than the minimum thresholds which applied in the individual pension scheme to the reckoning of prior part-time service by persons who became fulltime or
  - (c) the normal hours of work having been no less than 18 hours a week.

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<sup>13</sup> *Old Age Contributory Pension payable to a single person with no dependants.*

### **Time limits**

41. *Civil Service Schemes*: In the case of former part-time staff who were serving on or after 20 December 2001 and who had retired before this Circular issued, the ‘back’ contributions must be paid at the time of opting into the pension scheme. For serving staff, the arrangements at paragraph 39(c) regarding payment of ‘back’ contributions will be available until 31 December 2007; if the full liability is not discharged by that date, the outstanding liability will be determined by the pay/OACP rates applicable on the date of payment. If the full outstanding liability is not discharged by the date of retirement, it will be offset against the lump sum payable on retirement (based on the salary and OACP rates applicable on that date).
42. *Other public service pension schemes*: Departments should specify time limits in respect of the repayment of ‘back’ contributions, on the lines of those outlined in paragraph 41 above, subject to existing scheme rules.

### **General**

43. Where more favourable arrangements than those outlined at paragraphs 39 and 40 above currently apply they will not be affected.

## **PART D: GENERAL ISSUES**

### **Record-keeping**

44. Departments/Offices and public service bodies should note that it is essential that adequate records are maintained of all hours worked by employees and that pensionable service is clearly identified as such. In this regard, Departments/Offices are reminded that under the terms of paragraph 18 of Department of Finance Circular 31/2001 adequate records should be kept of extra attendance by worksharing staff during normal office hours on days, or at times, which are outside of their scheduled worksharing attendance pattern.

### **Pensions Modeller**

45. Civil servants are reminded that the Pensions Modeller (available on [www.cspensions.gov.ie](http://www.cspensions.gov.ie)) can be of assistance in estimating pension benefits. The Modeller is a self-service facility which allows staff to enter basic salary and service details and receive an estimate of projected retirement benefits and certain other superannuation benefits. It will allow staff to model various ‘what if’ scenarios. The website also includes a Frequently Asked Questions (FAQ) section which gives basic information on pensions scheme rules and benefits. The Modeller is up-to-date in that it was designed to take account of the pro rata arrangements for part-time public servants and other reforms which have been introduced this year. The Modeller may also be of some benefit to employees of other public service bodies with pension schemes similar to the civil service model.

### **Part-Time Act**

46. Departments are reminded to consult Department of Finance Circular 2/2003, dated 31 January 2003, which gave a summary of the main provisions of the Part-Time Act as it applies to civil servants and advised Departments to see the booklet entitled *Protection of Employees (Part-Time Work) Act 2001* issued by Department of Enterprise, Trade and Employment.

47. Entitlements under the Part-Time Act must be provided. They are conferred regardless of whether pension schemes and/or employment contracts have been formally amended to cover such entitlements. Any changes consequential to the Act should however be incorporated into the rules of each scheme within a reasonable time or on the occasion of the next amending scheme, whichever is sooner.
48. The Part-Time Act is effective from 20 December 2001 and all employers, including public sector employers, have a direct responsibility to ensure that they comply with the provisions of the Act from that date.

#### **Protection of Employees (Fixed-Term Work) Act 2003**

49. Departments/Offices and public service bodies should also be aware that part-time employees who are employed on contract may also have entitlements under the terms of the Protection of Employees (Fixed-Term Work) Act 2003, effective from 14 July 2003. Departments/Offices and public service bodies should carefully examine that legislation and make any necessary provisions to ensure that they comply with its terms.

#### **PRSA obligations regarding staff who are ineligible for membership**

50. Departments/Offices and public service bodies are reminded that Section 121 of the Pensions Act 1990, as inserted by section 3 of the Pensions (Amendment) Act 2002, obliges all employers to facilitate access to Personal Retirement Savings Accounts (PRSAs) for some categories of employees in certain circumstances. In this regard the letter dated 20 July 2005 from the Department of Finance regarding PRSAs may be of assistance.

#### **Clarification of employee entitlements**

51. The precise entitlements of any employee depend on the specifics of the employment relationship in each case and the prime responsibility for clarifying an employee's legal entitlements under the Part-Time Act rests with each employer in the first instance.

#### **Queries on the Part-Time and Fixed-Term Acts**

52. Specific queries regarding the Protection of Employees (Part-Time Work) Act 2001 and the Protection of Employees (Fixed-Term Work) Act 2003 are a matter for the Department of Enterprise, Trade and Employment. Statutory responsibility for pensions legislation rests with the Department of Social and Family Affairs. Suitable contact details are given in **Appendix 6**.

#### **Pension Adjustment Orders (PAOs)**

53. It should be noted that, in general, payments on foot of a PAO will not fall to be revised if the terms of a pension scheme are revised with effect from a date after the date of the decree of divorce or judicial separation. **Because of the legal complexity and sensitivity of such cases, the Pensions Section of the Department of Finance should be consulted about all cases in the Civil Service which fall within the scope of this Circular which include a PAO on retirement benefits.**

#### **Consultation with staff representatives**

54. Parts B and C of this Circular give discretion to Departments in respect of how certain issues are dealt with in public service pension schemes, other than the civil service schemes (paragraphs 26, 28, 34, 40 and 42 refer). In exercising this discretion, Departments should consult the relevant staff representatives as appropriate.

**Scheme amendments**

55. Where any scheme requires amendment as a result of this Circular, normal approval procedures should be followed.

**Circulation**

56. Departments are asked to bring this Circular to the attention of all staff and all public service bodies<sup>14</sup> under their aegis.

**Effective Date**

57. The effective date for this Circular is 20 December 2001. Retrospective payments arising from this Circular will apply from 20 December 2001 only.

**Queries**

58. Any cases of doubt or difficulty arising in connection with this Circular should be referred by Departments, in writing, to Ms Joan Connaughton, Pensions Section, Department of Finance, 73-79 Lower Mount Street, Dublin 2, (e-mail: joan\_connaughton@finance.gov.ie). Queries from public service bodies should be referred in the first instance to the appropriate parent Department. Queries from individual staff members should be directed to the Personnel Sections of their own Department/Office.

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*John O'Connell*

Assistant Secretary

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<sup>14</sup> For this purpose, the definition of "public service body" in the Public Service Superannuation (Miscellaneous Provisions) Act 2004 should be used.

**Appendix 1: Example of application of pro rata integration to pension BENEFITS for an ESTABLISHED Civil Servant appointed on or after 6 April 1995<sup>15</sup> (Contributory Integrated Scheme)**

Person has worked half time in a Part-time/Worksharing capacity for 40 years

Salary at time of retirement: €1,200 per annum

Old Age Contributory Pension (OACP) at time of retirement: annual = €9,355.87<sup>16</sup>; 2 x OACP = €18,711.75; 3<sup>1/3</sup> x OACP = €31,186.24<sup>17</sup>

<b>Position prior to 20 December 2001 i.e. under Full integration</b>	<b>Position post 20 December 2001 i.e. under Pro rata integration</b>	<b>Position post 1 January 2004 i.e. under Pro rata and revised integration</b>
Pensionable remuneration (actual) €1,200.00 Less 2 x OACP €18,711.75 Net pensionable remuneration € 0.00 Service (one year for each part-year worked) 40 years	Pensionable remuneration (notional full-time) €24,000.00 Less 2 x OACP €18,711.75 Net pensionable remuneration € 5,288.25 Service (actual reckonable) 20 years	Pensionable remuneration (notional full-time) €24,000 Service (actual reckonable) 20 years
<b>Pension =</b> net pensionable remuneration x 1/80 <sup>th</sup> x service = $\frac{€0 \times 40}{80} = €0.00$	<b>Pension =</b> net pensionable remuneration x 1/80 <sup>th</sup> x service = $\frac{€5,288.25 \times 20}{80} = €1,322.06$	<b>Pension =</b> first €31,186.24 x 1/200 <sup>th</sup> x service; balance x 1/80 <sup>th</sup> x service = $\frac{€4,000 \times 20}{200} = €2,400.00$
<b>Lump sum =</b> Pensionable remuneration x 3/80 <sup>th</sup> x service = $\frac{€12,000 \times 3 \times 40}{80} = €18,000$	<b>Lump sum =</b> Pensionable remuneration x 3/80 <sup>th</sup> x service = $\frac{€24,000 \times 3 \times 20}{80} = €18,000$	<b>Lump sum =</b> Pensionable remuneration x 3/80 <sup>th</sup> x service = $\frac{€24,000 \times 3 \times 20}{80} = €18,000$
<b>Spouse's Pension =</b> ((Pensionable remuneration less 1 x OACP) x 1/80 <sup>th</sup> x service) x 50% = $\left(\frac{€2,644.13 \times 40}{80}\right) \times 50\% = €661.03$	<b>Spouse's Pension =</b> ((Notional full-time pensionable remuneration less 1 x OACP) x 1/80 <sup>th</sup> x service) x 50% = $\left(\frac{€14,644.13 \times 20}{80}\right) \times 50\% = €1,830.52$	<b>Spouse's Pension =</b> (Notional full-time pensionable remuneration less 1 x OACP) x 1/80 <sup>th</sup> x service) x 50% = $\left(\frac{€14,644.13 \times 20}{80}\right) \times 50\% = €1,830.52$

<sup>15</sup> With the exception of 'job-sharers' who are currently subject to pro rata arrangements. An example has also been included (third column) to show the effect of the combined application of pro rata integration and the new general revised integration formula wef 1 January 2004 (D/Finance Circular19/2005 refers). The new general revised integration formula does not involve deducting an amount for the OACP; instead, pension is calculated on a 1/200 basis on remuneration up to 3<sup>1/3</sup> times the OACP and on a 1/80 basis on the balance.

<sup>16</sup> Rate on 7 January 2005 (payable to an adult with no dependant).

<sup>17</sup> It has been agreed that a multiplier of 3.333333 (i.e. to 6 decimal places) will be used to calculate 3<sup>1/3</sup> times OACP.

**Appendix 2: Example of ‘pro rata’ integration on pension CONTRIBUTIONS<sup>18</sup> for an ESTABLISHED civil servant appointed on or after 6 APRIL 1995**

Person who works half time in a Part-time/Worksharing capacity i.e. 50%

Salary at time of deductions: €12,000 per annum = €229.97 per week

Old Age Contributory Pension (OACP) at time of deductions: weekly = €179.30<sup>19</sup> 2 x OACP = €358.60;

<b>Position prior to 20 December 2001 i.e. under Full integration</b>	<b>Position post 20 December 2001 i.e. under Pro rata integration</b>	<b>Position post 1 January 2004 i.e. under Pro rata and revised integration</b>
Weekly pensionable remuneration (actual) €229.97  Less 2 x OACP €358.60 Net pensionable remuneration € 0.00	Weekly pensionable remuneration €229.97  Notional full time pensionable remuneration (€229.97 x 2) = €459.94 Less 2 x OACP €358.60  Notional full time net pensionable remuneration €101.34	
<u>Contributions:</u> <b>Lump sum</b> = 1.5% of pensionable remuneration = 1.5% of €229.97 = €3.45  <b>Pension</b> = 3.5% of net pensionable remuneration = 3.5% of €0.00 = €0.00  <b>Spouses’ &amp; Children’s</b> = 1.5% of pensionable remuneration = 1.5% of €229.97 = €3.45	<u>Contributions:</u> <b>Lump sum</b> = 1.5% of notional full time pensionable remuneration x worksharing % = (1.5% of €459.94) x 50% = €3.45 <b>(no change)</b>  <b>Pension</b> = 3.5% of notional full time net pensionable remuneration x worksharing % = (3.5% of €101.34) x 50% = €1.77  <b>Spouses’ &amp; Children’s</b> = 1.5% of notional full time pensionable remuneration x worksharing % = (1.5% of €459.94) x 50% = €3.45 <b>(no change)</b>  <b>Outcome – Increase in weekly contributions of €1.77</b>	<u>Contributions:</u> The new general revised integration formula <u>wef 1 January 2004</u> (see Department of Finance Circular 19/2005) does not involve any change in the method of calculating contributions.

<sup>18</sup> With the exception of ‘job-sharers’ who are currently subject to pro rata arrangements. Also it should be noted that, in practice, calculation of contributions on a pro rata basis is already currently being applied on an administrative basis in many areas.

<sup>19</sup> Rate on 7 January 2005 (payable to an adult with no dependant).

**Appendix 3 - Example of application of pro rata integration to pension BENEFITS for a NON-ESTABLISHED Civil Servant <sup>20</sup>**

Person has worked half time in a Part-time/Worksharing capacity for 40 years

Salary at time of retirement: €1,000 per annum

Old Age Contributory Pension (OACP) at time of retirement: annual = €355.87<sup>21</sup>; 2 x OACP = €8,711.75; 3<sup>1/3</sup> x OACP = €1,186.24<sup>22</sup>

<b>Position prior to 20 December 2001 i.e. under Full integration</b>	<b>Position post 20 December 2001 i.e. under Pro rata integration</b>	<b>Position post 1 January 2004 i.e. under Pro rata and revised integration</b>
Pensionable remuneration (actual) €1,000.00 Less 2 x OACP <u>€8,711.75</u> Net pensionable remuneration € 0.00  Service (one year for each part-year worked) 40 years	Pensionable remuneration (notional full-time) €4,000.00 Less 2 x OACP <u>€8,711.75</u> Net pensionable remuneration € 5,288.25  Service (actual reckonable) 20 years	Pensionable remuneration (notional full-time) €4,000   Service (actual reckonable) 20 years
<b>Pension =</b> net pensionable remuneration x 1/80 <sup>th</sup> x service  = $\frac{€0 \times 40}{80} = €0.00$	<b>Pension =</b> net pensionable remuneration x 1/80 <sup>th</sup> x service  = $\frac{€5,288.25 \times 20}{80} = €1,322.06$	<b>Pension =</b> first €1,186.24 x 1/200 <sup>th</sup> x service; balance x 1/80 <sup>th</sup> x service = $\frac{€4,000 \times 20}{200} = €2,400.00$
<b>Lump sum =</b> Pensionable remuneration x 3/80 <sup>th</sup> x service = $\frac{€1,000 \times 3 \times 40}{80} = €18,000$	<b>Lump sum =</b> Pensionable remuneration x 3/80 <sup>th</sup> x service = $\frac{€4,000 \times 3 \times 20}{80} = €18,000$	<b>Lump sum =</b> Pensionable remuneration x 3/80 <sup>th</sup> x service = $\frac{€4,000 \times 3 \times 20}{80} = €18,000$
<b>Spouse's Pension =</b> (net pensionable remuneration x 1/80 <sup>th</sup> x service) x 50%  = $\frac{(€0 \times 40)}{80} \times 50\% = €0.00$	<b>Spouse's Pension =</b> (notional fulltime net pensionable remuneration x 1/80 <sup>th</sup> x service ) x 50%  = $\frac{(€5,288.25 \times 20)}{80} \times 50\% = €661.03$	<b>Spouse's Pension =</b> first €1,186.24 (of notional full time pensionable remuneration) x 1/200 <sup>th</sup> x service; balance x 1/80 <sup>th</sup> x service = $\frac{(€4,000 \times 20)}{200} \times 50\% = €1,200.00$

<sup>20</sup> An example has also been included (third column) to show the effect of the combined application of pro rata integration and the new general revised integration formula wef 1 January 2004 (D/Finance Circular 19/2005 refers). The new general revised integration formula does not involve deducting an amount for the OACP; instead, pension is calculated on a 1/200 basis on remuneration up to 3<sup>1/3</sup> times the OACP and on a 1/80 basis on the balance.

<sup>21</sup> Rate on 7 January 2005 (payable to an adult with no dependant).

<sup>22</sup> It has been agreed that a multiplier of 3.333333 (i.e. to 6 decimal places) will be used to calculate 3<sup>1/3</sup> times OACP.

**Appendix 4: Example of ‘pro rata’ integration on pension CONTRIBUTIONS<sup>23</sup> for a NON-ESTABLISHED civil servant (i.e. Non-Contributory Main Scheme, Contributory Integrated Spouses’ and Children’s Scheme)**

Person who works half time in a Part-time/Worksharing capacity

Salary at time of deductions: €12,000 per annum = €229.97 per week

Old Age Contributory Pension (OACP) at time of deductions: weekly = €179.30<sup>24</sup> 2 x OACP = €358.60;

<b>Position prior to 20 December 2001 i.e. under Full integration</b>	<b>Position post 20 December 2001 i.e. under Pro rata integration</b>	<b>Position post 1 January 2004 i.e. under Pro rata and revised integration</b>
Weekly pensionable remuneration (actual) €229.97	Weekly pensionable remuneration €229.97	
Less 2 x OACP €358.60	Notional full time pensionable remuneration (€229.97 x 2) = €459.94	
Net pensionable remuneration € 0.00	Less 2 x OACP €358.60	
	Notional full time net pensionable remuneration €101.34	
<u>Contributions:</u> <b>Lump sum</b> = Non contributory  <b>Pension</b> = Non contributory  <b>Spouses’ &amp; Children’s</b> = 1.5% of net pensionable remuneration = 1.5% of €0.00 = €0.00	<u>Contributions:</u> <b>Lump sum</b> = Non contributory  <b>Pension</b> = Non contributory  <b>Spouses’ &amp; Children’s</b> = 1.5% of notional full time net pensionable remuneration x worksharing % = (1.5% of €101.34) x 50% = €0.76  <b>Outcome – Increase in weekly contributions of €0.76</b>	<u>Contributions:</u>  The new general revised integration formula <u>wef 1 January 2004</u> (see Department of Finance Circular 19/2005) does not involve any change in the method of calculating contributions

<sup>23</sup> With the exception of ‘job-sharers’ who are currently subject to pro rata arrangements. Also, it should be noted that, in practice, calculation of contributions on a pro rata basis is already currently being applied on an administrative basis in many areas. An example has also been included (third column) to show the effect of the combined application of pro rata integration and the new general revised integration formula wef 1 January 2004 (D/Finance Circular 19/2005 refers). The new general integration formula does not involve any change in contributions.

<sup>24</sup> Rate on 7 January 2005 (payable to an adult with no dependant).



**Appendix 5: Example of application of pro rata integration to the benefits (main scheme) of an established civil servant who worked mixed hours**

Person has worked in a full-time, jobsharing and worksharing capacity over 40 years

Salary at time of retirement: €18,000 (based on three day week)

Old Age Contributory Pension (OACP) at time of retirement: €9,355.87<sup>25</sup>      2 x OACP = €18,711.75      3.333333 x OACP = €31,186.24<sup>26</sup>

Service

Full-time	- 10 years	10
Job-sharing (50%)	- 10 years	5
Full-time	- 10 years	10
Worksharing (60%)	- 10 years	<u>6</u>
<b>Total service</b>		<b>31</b>

**Pro rata integration**

	<b><u>From 20 Dec 01</u></b>	<b><u>From 1 Jan 04</u></b> <b><u>(i.e. under revised integration formula)<sup>27</sup></u></b>
Pensionable remuneration	€18,000.00	€18,000
Notional full-time pensionable remuneration	€30,000.00	€30,000
Less twice OACP <sup>25</sup>	<u>€18,711.75</u>	first €31,186.24 x 1/200 <sup>th</sup> x service; balance x 1/80 <sup>th</sup> x service
Net pensionable remuneration	€1,288.25	= <u>€30,000 x 31</u> 200
<b>Occupational Pension</b> (based on 1/80 <sup>th</sup> accrual) (net pensionable remuneration x 1/80 <sup>th</sup> x service of 31 years)	€ 4,374.20	€4,650.00
<b>Lump Sum</b> (based on 1/80 <sup>th</sup> accrual) (net pensionable remuneration x 1/80 <sup>th</sup> x service of 31 years)	€34,875.00	<b>€34,875.00 (no change to the calculation method for lump sum under the revised integration formula)</b>

<sup>25</sup> Rate on 7 January 2005 (payable to an adult with no dependant).

<sup>26</sup> It has been agreed that a multiplier of 3.333333 (i.e. to 6 decimal places) will be used to calculate 3<sup>1</sup>/<sub>3</sub> times OACP.

<sup>27</sup> Department of Finance Circular 19/2005 refers

## Appendix 6

### CONTACT DETAILS FOR QUERIES ON THE PART-TIME AND FIXED TERM ACTS

1. Queries about the interpretation of the Protection of Employees (Part-Time Work) Act 2001 and the Protection of Employees (Fixed-Term Work) Act 2003 are primarily the responsibility of the Department of Enterprise, Trade and Employment and specific queries should be referred to the Employment Rights Section of that Department and/or legal advice sought as appropriate.

**Contact details:**

Employment Rights Information Unit  
Department of Enterprise, Trade & Employment  
Davitt House  
65A Adelaide Road  
Dublin 2

Phone: (01) 631 3131

Lo-call: 1890 201 615 (outside the 01 area)

Fax: (01) 631 3217

Website: [www.entemp.ie](http://www.entemp.ie)

E-mail: [erinfo@entemp.ie](mailto:erinfo@entemp.ie)

That Unit also has a guide to the Protection of Employees (Fixed-Term Act) 2003 for employers and employees which is available on their website [www.entemp.ie](http://www.entemp.ie).

2. Statutory responsibility for Occupational Pensions legislation rests with the Department of Social and Family Affairs, and its state body the Pensions Board offers guidance as appropriate. A guide to the pensions aspects of the Part-Time Act may be obtained from the Pensions Board's website at [www.pensionsboard.ie](http://www.pensionsboard.ie).