

**HSE HR Circular 003/2015**

**13<sup>th</sup> February 2015**

**To: Each Member of the Directorate and Leadership Team HSE  
Each Hospital Group CEO  
Each Chief Officer, CHO  
Each Assistant National Director, HR**

**From: Ian Tegerdine, Interim National Director of Human Resources**

**Date: 13<sup>th</sup> February 2015**

**Re: Revised Rate of Compound Interest for Use in the Calculation of Refunds/Repayments to the Exchequer**

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Dear Colleagues,

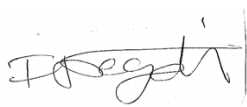
Please see attached Circular 17/2014 from the Department of Health, and Circular 15/2014 from the Department of Public Expenditure and Reform, which provide for a reduction in the rate of compound interest applied in the calculation of refunds/repayments to the Exchequer.

The reduced rate of interest of 3.5% will apply from 1<sup>st</sup> December 2014 in the calculation of refunds/repayments to the Exchequer e.g.

- Repayment of marriage gratuities
- Repayment of refunded pension contributions
- Repayment of refunded Pension-Related Deduction (PRD) Awards
- Remittance of outstanding employee contribution costings
- Recovery of financial loss to the Exchequer

Please take the appropriate measures to implement the revised rates from the effective date of 1<sup>st</sup> December 2014.

Any queries regarding the implementation of the circular should be directed to the local Pensions Unit/Section. Queries in relation to policy clarification may be forwarded to Mr. Sean Keane, Pensions Manager, Standards & Quality. (email [sean.keane@hse.ie](mailto:sean.keane@hse.ie))



**Ian Tegerdine**  
**National Director of Human Resources**



Circular 17/2014

18 December 2014

Mr Ian Tegerdine  
Interim National Director of Human Resources  
Health Service Executive  
Dr Steevens' Hospital  
Dublin 8

**Revised Rate of Compound Interest for Use in the Calculation of Refunds to the Exchequer**

Dear Mr Tegerdine

I am directed by the Minister for Health to bring to your attention, Department of Public Expenditure and Reform (DPER) Circular 15/2014 which provides for a reduction in the rate of compound interest applied in the calculation of refunds to the Exchequer (e.g. repayment of marriage gratuities, repayment of refunded pension contributions, repayment of refunded Pension-Related Deduction (PRD) amounts and the recovery of financial loss to the Exchequer).

The reduced rate of interest of 3.5% will apply from 1 December 2014.

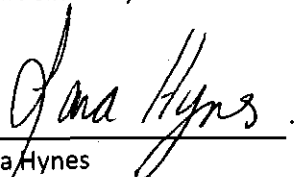
The compound interest rates for relevant refunds, including historic rates, which now apply are set out in paragraph 7 of the DPER circular. However the historic rates for periods prior to 14 November 2000 in respect of the LGSS, VHSS and NHASS are those set out in paragraph 2 of DoHC Circular letters 4 (LGSS) and 4a (VHSS and NHASS) of April 2005. Therefore scheme members and scheme administrators of the LGSS, VHSS and NHASS should refer to these 2005 circulars in respect of historic rates prior to 14 November 2000, the application of these rates, relevant examples etc.

This circular should be brought to the attention of all HSE employees and to all relevant employees of agencies funded by the HSE under Section 38 of the Health Act 2004.

All employee queries should be dealt with by the relevant Human Resources / Superannuation Section of the relevant employer. Requests for clarification from Section 38 providers as well as from local / regional HSE management should be directed to HSE National Pensions Management.

Requests for clarification from National Pensions Management should be submitted by email to Deirdre Meehan in the National HR Unit of this Department at the following email address; [deirdre\\_meehan@health.gov.ie](mailto:deirdre_meehan@health.gov.ie)

Yours sincerely



Lara Hynes  
Principal Officer  
National HR Unit

Enc. Tús Áite do  
Shábháilteacht 1 Othar  
Patient Safety 1 First



Cuirfear fáilte roimh chomhfhreagras i nGaeilge

**An Roinn Sláinte/Department of Health**

Teach Haicín Baile Átha Cliath 2  
Hawkins House Dublin 2

**Fón/Tel** (01) 635 4000

**Facs/Fax** (01) 635 4001

**R-phost/Email** [info@health.gov.ie](mailto:info@health.gov.ie)

**Suíomh Gréasáin/Web** [www.health.gov.ie](http://www.health.gov.ie)

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DPE18/060/14

03 December 2014

To: All Heads of Department/Office

**Circular 15/2014: Revised rate of compound interest for use in the calculation of refunds to the Exchequer**

1. I am directed by the Minister of Public Expenditure and Reform to announce a reduction in the rate of compound interest applied in the calculation of refunds to the Exchequer (e.g. repayment of marriage gratuities, repayment of refunded pension contributions, repayment of refunded Pension-Related Deduction (PRD) amounts and the recovery of financial loss to the Exchequer).

**Background**

2. In 2000 the Commission on Public Service Pensions recommended a compound interest rate of 4% per annum (a reduction from 6%) on such payments and that the compound interest rate should be reviewed periodically.
3. This recommendation was implemented in 2004 as part of wider public service pension reforms and the application of the 4% compound interest rate was backdated to 14 November 2000 as per Department of Finance Circular 9/2005: Public Service Pension Reform: Revised rate of compound interest for use in the calculation of refunds to the Exchequer.
4. Having reviewed the matter, the Minister has approved a reduced rate of 3.5% to apply from 1 December 2014.

**Scope**

5. This Circular applies to all refunds where:
  - 5.1. a rate of compound interest currently applies in calculating the amount of repayment due, and
  - 5.2. the refund is in respect of a period or periods on or after 1 December 2014.

**Effective date**

6. The effective date for this Circular is 1 December 2014.

## Calculation

7. The compound interest rates for relevant refunds which now apply are:

- |  |                 |
|--|-----------------|
| (i) Up to 31 March 1971:                         | 3% per annum.   |
| (ii) From 1 April 1971 to 13 November 2000:      | 6% per annum.   |
| (iii) From 14 November 2000 to 30 November 2014: | 4% per annum.   |
| (iv) From 1 December 2014 onwards:               | 3.5% per annum. |

A calculation example is shown in the Appendix to this Circular.

## Circulation

8. Please bring this Circular to the notice of all staff serving in your Department/Office/ and to the attention of all public service bodies under the aegis of your Department.

## Queries

9. Queries from individual staff members should be directed to the Personnel Section of their own Department/Office/public service body. Queries from Departments/Offices relating to this Circular should be made to Stephen Owens ([Stephen.owens@per.gov.ie](mailto:Stephen.owens@per.gov.ie)) or Finbar Ó hAnnracháin ([Finbar.O'Hannrachain@per.gov.ie](mailto:Finbar.O'Hannrachain@per.gov.ie)).

Mise le meas,

  
Oonagh Buckley  
Assistant Secretary

## Circular 15/2014 Appendix

### Scenario

A person resigned from the Civil Service on 1 June 1969 and received a marriage gratuity of £1,087.43 (€1,380.75). The person is reappointed to the public service subsequently. That person decided to reckon their previous service for superannuation purposes and will be required to repay the marriage gratuity in doing so. The repayment may be made in one lump when the decision to repay is made, in one lump sum when that person retires from the public service or on an instalment basis\*.

### Example - Repayment in one lump sum on 31 Dec 2014

Interest rates applicable:

1 June 1969 to 31 March 1971:	3% per annum.
1 April 1971 to 13 November 2000:	6% per annum
14 November 2000 to 30 November 2014:	4% per annum.
1 December 2014 to 31 December 2014:	3.5% per annum.

Starting Principal amount:	€1,380.75
First Compound interest rate:	3%
No. of Years Compound rate applies:	1.83
Amount to be carried forward	€1,457.62

Second Principal amount:	€1,457.62
Second Compound interest rate:	6%
No. of Years Compound rate applies:	29.62
Amount to be carried forward:	€8,189.41

Third Principal amount:	€8,189.41
Third Compound interest rate:	4%
No. of Years Compound rate applies:	14.05
Amount to be carried forward:	€14,207.34

Fourth Principal amount:	€14,207.34
Fourth Compound interest rate:	3.5%
No. of Years Compound rate applies:	0.08
Amount to be carried forward:	€14,248.91

Total amount due = **€14,248.91**

### \*Repayment on an instalment basis

There may be a facility to make the required repayment over a number of instalments, with compound interest continuing to accrue on outstanding principle amounts. Please contact the relevant pension administrator to ascertain if and how this facility applies.