DPE/071/154/2014

19 May 2014

To: Public Service Employers (Single Scheme “Relevant Authorities”)

Circular 11/2014: Single Public Service Pension Scheme: Benefits Calculation and Statements for Members

PART 1: Purpose and Scope

1. Commenced on 1 January 2013, the Single Public Service Pension Scheme ("Single Scheme") is the default pension scheme for new-entrant public servants. The Scheme’s rules are set out in the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 (“2012 Act”), with additional information available on the Department of Public Expenditure and Reform (DPER) website at http://per.gov.ie/single-scheme/.

2. Responsibility for running the Single Scheme at workplace level rests with “Relevant Authorities”. In most cases a Scheme member’s Relevant Authority is her or her employer (e.g. County Council, Minister, Education & Training Board, State agency), and this is assumed to be the case for ease of reference in this circular. A list of designated Relevant Authorities is contained in Statutory Instrument No. 581 of 2012.

Purpose of circular

3. This circular has two related purposes:

   i. It sets out, based on the 2012 Act, how the future-payable money amounts of **pension** and **retirement lump sum** (“referable amounts”) accrued by Single Scheme members should be calculated by Relevant Authorities. **This calculation process is ongoing throughout a member’s career**; it is not a one-time exercise at retirement. Calculation of the **contributions** payable by members is also covered (as is refund of those contributions, which may arise on occasion).

   ii. It gives guidance to Relevant Authorities on discharging their responsibility to supply statements (here called “benefit statements”) to individual Single Scheme members. The critical content of these statements will be the pension and lump sum referable amounts accrued by the member, along with the contributions paid. **Statements of their end-2013 position are due to be provided to members by end-June 2014.**

4. In calculating Single Scheme benefits, and in issuing statements to members, employers will be discharging important legal duties. In this connection, each employer must decide how best to utilise its own resources. That said, the nature of the required outputs – pay-related money calculations and their communication to members – strongly suggests that employers would normally draw on their payroll function for critical or instrumental support in ensuring compliance with their obligations.

Coverage of circular: standard and non-standard membership categories

5. For most Single Scheme members, a mainstream or standard set of contribution and benefit accrual rates applies. These **“standard accrual”** members include teachers, nurses, doctors, paramedics, general operatives, craftsmen, engineers, civil servants, IT specialists, along with clerical, executive, and managerial personnel across the public service. In fact this standard accrual category covers occupations which comprise over 90% of the public service workforce. The explanations and examples in this circular, along with the guidance on benefits statements, are focussed mainly on this standard accrual category.

6. **“Uniformed accrual”** members is a title of convenience for the other main Single Scheme membership category, comprising Gardaí, Prison Officers, Defence Forces personnel and full-time firefighters. These members, who are subject to lower compulsory retirement ages than other public servants, qualify for early-paid pensions, and **their contribution and benefit accrual rates exceed those of standard accrual members**. Subject to factoring-in these differences in contribution and accrual rates, the preparation of benefit statements for these “uniformed” Single Scheme members should proceed on the same lines as for standard accrual members. Appendix A deals in more detail with the uniformed accrual membership category, highlighting points of difference compared with the standard accrual category.

7. Collectively, the “standard” and “uniformed” categories cover occupations which comprise over 99% of the public service workforce. DPER is liaising directly, in respect of calculations and benefit statements, with Relevant Authorities responsible for the small numbers of Single Scheme members (mainly judges, TDs, Senators and Ministers) outside these two categories. Appendix B provides a full listing of the contribution and benefit accrual rates applying to each distinct membership category.

Definitions

8. In respect of Single Scheme calculations, two key terms defined in the 2012 Act are set out below. (Be aware that these terms could be used with different meanings in a non-Single Scheme context.)

i. **“Pensionable remuneration”** = pensionable pay (wages/salary [excluding overtime] PLUS pensionable allowances) expressed on a full-time basis.

   So a full-time member paid a salary of €40,000 and getting no allowances has pensionable remuneration of €40,000 (expressed in annual terms).

   If that full-time member switches to part-time attendance with a 50% work pattern, his or her pensionable remuneration is unchanged; it remains €40,000 notwithstanding that the member is now paid €20,000 per year.

   In establishing pensionable remuneration for a part-time member, the **salary element** of that pensionable remuneration is the appropriate full-time point on the relevant pay scale. The **pensionable allowances element** of the pensionable remuneration is obtained by adjusting upwards the pensionable allowance payments received pro rata to the member's work pattern, **regardless of the particular type of allowance(s) in question.** For example:

- **A 50% part-time teacher** is paid €2,459 in a year in respect of a qualification allowance whose full-time annual rate is €4,918. This pensionable allowance earnings amount of €2,459 gives rise to an addition of €4,918 to the teacher's pensionable remuneration as follows:

  €2,459 / 0.5 = €4,918

  (For allowances of this kind, the known full-time payment rate can in practice be used for the allowances element of pensionable remuneration.)

- **An 80% part-time nurse** is paid €2,480 in a year in respect of allowances (premia) for working a particular set of Sunday and night-time duties. This pensionable allowance earnings amount of €2,480 gives rise to an addition of €3,100 to the nurse's pensionable remuneration as follows:

  €2,480 / 0.8 = €3,100

ii. **"Net pensionable remuneration"** = pensionable remuneration LESS twice the Contributory State Pension (CSP), expressed on a full-time basis

The CSP is currently €230.30 per week, equivalent to €12,017.05 per year.

So a member with pensionable remuneration of €40,000 has net pensionable remuneration (expressed in annual terms) of €15,965.90:

€40,000 – (2 x €12,017.05) = €15,965.90

(Net pensionable remuneration is only relevant to the calculation of contributions, not benefits.)

PART 2: Contributions by Members

Calculation of contributions

9. For most standard accrual members of the Single Scheme, the contribution regime, including rates, is similar to that which applied to new staff who commenced in their workplace before the start of the Single Scheme. In particular, the Single Scheme's partitioning of the member contribution into two elements based on *pensionable* and *net pensionable* remuneration respectively mirrors the composition of the member contribution in many predecessor schemes. Note however that the Single Scheme has no "Spouse's and Children's" contribution as such (though it does provide for survivor benefits).

10. While contributions are compulsory for all members, these contributions play no part in the **calculation** of Single Scheme benefits (pension and retirement lump sum).

11. Standard accrual members of the Single Scheme pay contributions on the following basis:

[3% of pensionable remuneration **PLUS** **3.5% of net pensionable remuneration]** **… adjusted downwards where the member works on a non-full-time basis (part-time, work-sharing) by reference to the work pattern.**

This means that the first step in calculating a member's contribution assumes full-time pay. This first step – applying the 3% and 3.5% rates to each of the full-time pay measures - suffices to conclude the calculation, and gives the contribution payable where the member works full-time, see *Example (a)* below.

<u>Example (a)</u>
Member working full-time on a salary of €28,000.

This member has
- **pensionable remuneration** of €28,000, and
- **net pensionable remuneration** of €3,965.90 (i.e. pensionable rem. LESS twice CSP).

The member's contribution (expressed in annual terms) is as follows:

€28,000	x 3%	=	€840.00 (3% of pensionable remuneration)
€3,965.90	x 3.5%	=	<u>€138.81</u> (3.5% of net pensionable remuneration)
			€978.81

The member works full-time, so no work pattern adjustment arises.
Total annual contribution: €978.81

In the case of a member who works part-time, a second step is required, in which the result of the first step is reduced *pro rata* to the member's work pattern, see *Example (b)* below.

<u>Example (b)</u>
Member working part-time on a 60% work pattern (3-day week), paid on the basis of whole-time salary of €43,000.

This member has
- **pensionable remuneration** of €43,000, and
- **net pensionable remuneration** of €18,965.90 (i.e. pensionable rem. LESS twice CSP).

The member's contribution (expressed in annual terms) is as follows:

€43,000	x 3%	=	€1,290.00 (3% of pensionable remuneration)
€18,965.90	x 3.5%	=	€663.81 (3.5% of net pensionable remuneration)
			€1,953.81
Work pattern adjustment:			x 60%
Total annual contribution:			**€1,172.29**

12. The calculation examples given above in respect of member contributions use (for convenience) pay expressed in annual ("salary") terms. Depending on the prevailing pay frequency, a member's contribution liability calculated on that annual basis may differ slightly from the contributions actually paid in a calendar year. **For annual benefit statement purposes, the total contributions actually deducted in the calendar year should always be used.** (Certain payroll frequencies have a variable numbers of payrolls per year – 52 or 53 for weekly, 26 or 27 for fortnightly, 13 or 14 for four-weekly – so variability in contributions paid can occur from year to year even where pay is static.)

Refund of contributions

13. Section 17 of the 2012 Act states that a person whose Single Scheme membership ceases before completion of the two-year vesting period is entitled to a refund of his or her contributions; such a refund erases the pension and lump sum entitlements that had accrued. These referable amounts can be restored if, on re-entering public service employment within 24 months of departing the first job, the person repays the refund of contributions.

14. It is recognised that some persons entitled to such refunds under section 17 do not in fact wish to receive them immediately on ceasing employment. To give an example:

- in the first year of a career, a newly qualified teacher could have a series of five short-term contracts (few weeks' or months' duration each) with various public service employers, interspersed with brief periods of unemployment,

- that person would be expected to want all such short employment spells to count towards eventual pension benefits in the Single Scheme, and

- on that basis it would represent efficient administration **not** to make immediate refunds after each of the five lay-offs during the year (otherwise a series of five refunds each followed by a refund-reversing repayment would arise).

15. Where the considerations in paragraph 14 above apply, it is in order for Relevant Authorities not to process section 17 refunds immediately on departure of a non-vested member. However in any instance whatsoever where a non-vested former Single Scheme member requests a refund it should be paid to him or her (with the normal tax withhold also applied).

PART 3: Calculation of Benefits

Basis of benefit accrual

16. During each year of employment, Single Scheme members accrue "referable amounts" of money towards (separately) their pension and retirement lump sum. These referable amounts are generated by applying set percentages (accrual rates) to the member's pay. This money-based accrual of benefits in the Single Scheme is fundamentally different from the service (time) basis of accrual which characterises earlier ("pre-existing") public service pension schemes.

17. Single Scheme referable amounts accumulate year-on-year while a member remains in pensionable public service employment, and are uprated annually by reference to increases in the Consumer Price Index (CPI). Calculating how much pension and lump sum a Single Scheme member builds up is therefore not a one-time operation at retirement; instead it is an ongoing exercise requiring employer attention throughout the member's career.

Accrual of pension – general

18. Standard accrual members of the Single Scheme accrue pension referable amounts on the following basis:

[0.58% of all pensionable remuneration up to 3.74 x Contributory State Pension (CSP)*

PLUS (where applicable)

1.25% of any pensionable remuneration above 3.74 x Contributory State Pension (CSP)*]

… adjusted downwards where the member works on a non-full-time basis (part-time, work-sharing) by reference to the work pattern.

*** This [3.74 x CSP] cut-off is currently €44,943.77 in annual terms (€230.30 x 52.18 x 3.74).**

19. This basis for calculating a member's pension referable amount (paragraph 18 above) can be elaborated in a series of steps as follows:

i. Establish the member's pensionable remuneration (full-time pensionable pay – see paragraph 8).

ii. Apply 0.58% to the lower of
    - the pensionable remuneration, or
    - the cut-off (threshold) of [3.74 x CSP] (€44,943.77 in annual terms currently).

iii. Apply 1.25% to any pensionable remuneration in excess of the cut-off of [3.74 x CSP].

iv. Add the amounts arising at (ii) and (iii); in many cases the amount at (iii) will be zero.

v. In the case of a member working full-time, the total at (iv) is the pension referable amount.

vi. In the case of a member working part-time, the total at (iv) is reduced *pro rata* to the member's work pattern to obtain the pension referable amount.

20. Using the multi-step calculation method in paragraph 19 yields the pension referable amount. **A simpler method** can be used instead **where it is certain that pensionable remuneration does not exceed the cut-off of [3.74 x CSP].** This simpler method dispenses with the need to factor-in the work pattern, and has just one step:

- **Pension referable amount = 0.58% of pensionable pay received.**

21. Within its permitted scope – it can be used only where pensionable remuneration does not exceed [3.74 x CSP] – the one-step method in paragraph 20 gives the same answer as the multi-step method in paragraph 19. Both are effective implementations of the calculation of pension referable amount contained in the 2012 Act and set out in paragraph 18 above.

22. Examples of pension referable amount calculations are set out below:

Example (c)
Member working full-time on a salary of €51,000.

Pensionable remuneration of €51,000 attracts accrual rates as follows:

€44,943.77 x 0.58%	=	€260.67
€6,056.23 x 1.25%	=	€75.70
		€336.37

The member works full-time, so no work pattern adjustment arises.

The pension referable amount accrued in the year is €336.37.

Example (d)
Member working part-time on a 50% work pattern (work-sharing: week-on, week-off), paid on the basis of a whole-time salary of €63,000.

Pensionable remuneration of €63,000 attracts accrual rates as follows:

€44,943.77 x 0.58%	=	€260.67
€18,056.23 x 1.25%	=	€225.70
		€486.37
Work pattern adjustment:		x 50%
		€243.18

The pension referable amount accrued in the year is €243.18.

<u>Example (e)</u>
Member working full-time paid a salary of €32,000 and a pensionable allowance of €6,000 annually.

Since pensionable remuneration, at €38,000, does not exceed the cut-off of [3.74 x CSP], the pension referable amount, in line with paragraph 20 above, can be calculated as:

0.58% of pensionable pay received [€38,000] = €220.40

The pension referable amount accrued in the year is €220.40.

<u>Example (f)</u>
Member working part-time on an 80% work pattern (4-day week), paid on the basis of a whole-time salary of €41,000; also receives pensionable allowance payments of €1,920 in the year in question.

Pensionable remuneration in this case is €43,000 [€41,400 + (€1,920 / 0.8)]

Since pensionable remuneration, at €43,400, does not exceed the cut-off of [3.74 x CSP], the pension referable amount, in line with paragraph 20 above, can be calculated as:

0.58% of pensionable pay received [€34,720, i.e. 80% of €43,400] = €201.38
The pension referable amount accrued in the year is €201.38.

Accrual of pension – part-year employment and work pattern changes

23. The pension calculation examples in paragraph 22 just above are, for ease of explanation, all based on the twin assumptions that the Single Scheme member

- is employed throughout the calendar year (continuous service, January to December), and

- maintains an unchanged work pattern, whether full-time or part-time, over all of that year.

24. Of course these assumptions will not hold true in many cases. However the calculation (of pension referable amount) where the assumptions do not hold true is generally straightforward, and requires no fundamental departure from the approach set out in the preceding paragraphs. **Paragraphs 25 to 27 below deal with particular such cases and include examples.** Since those examples feature accrual over periods of less than one year, the [3.74 x CSP] (€44,943.77 in annual terms) cut-off between the 0.58% and 1.25% pension accrual rates has been adapted for the assumed payroll frequency. For reference, DPER advises the following cut-offs for specific payroll frequencies:

- Weekly payroll: [3.74 x CSP] pension accrual cut-off = €861.32
- Fortnightly payroll: [3.74 x CSP] pension accrual cut-off = €1,722.64
- Four-weekly payroll: [3.74 x CSP] pension accrual cut-off = €3,445.29
- Monthly payroll: [3.74 x CSP] pension accrual cut-off = €3,745.31
- Quarterly payroll: [3.74 x CSP] pension accrual cut-off = €11,235.94
- Annual payroll: [3.74 x CSP] pension accrual cut-off = €44,943.77

25. **Where a member is employed**

- **for only part of the year, and**

- **on a constant unchanging work pattern (full-time or part-time)**

… then the pension referable amount accrued in that year will be proportionate to the duration of employment. So if a member is employed for the last four months of the year, the pension referable amount generated will be one third of what would have been generated if the member had been employed for the full year. *Example (g)* below gives a specific example of part-year working where the member has an unchanged work pattern throughout.

<u>Example (g)</u>
Member working full-time on a salary of €51,000. During 2013 this member is employed from 1 March to 31 December and is paid monthly.

On a monthly basis, pensionable remuneration = €4,250.

Each month, pensionable remuneration of €4,250 attracts accrual rates as follows:

€3,745.31 x 0.58%	=	€21.72
€504.69 x 1.25%	=	<u>€6.31</u>
		€28.03

The member works full-time, so no work pattern adjustment arises.

Therefore pension referable amount accrued in a month = €28.03.

Because the work pattern is unchanged over the 10 months of employment in 2013,
pension referable amount accrued in 2013 = €280.30 [€28.03 x 10].

26. **Where a member's work pattern changes during the year** (whether the member is employed for the entire year or only a part thereof)

… then the pension referable amount for that year is obtained by separately calculating the referable amounts accrued in each distinct phase of employment, and adding those individual amounts. *Example (h)* below shows how such a change in work pattern is handled for pension calculation purposes.

Example (h)

Member working part-time on a salary of €78,000; payroll is run monthly. The member is employed from 1 February to 31 December 2013. During that time the work pattern changes as follows:

(i) Works part-time on an 80% work pattern from 1 February to 31 August.

(ii) Works part-time on a 50% work pattern from 1 September to 31 December.

On a monthly basis, pensionable remuneration = €6,500.

First, calculate the referable amount for the 80% work pattern period:
Each month, pensionable remuneration of €6,500 attracts accrual rates as follows:

€3,745.31 x 0.58%	=	€21.72
€2,754.69 x 1.25%	=	€34.43
		€56.15
Work pattern adjustment:		x 80%
		€44.92

During the 7 months working on this 80% work pattern, the **pension referable amount accrued = €314.44** [€44.92 x 7].

Second, calculate the referable amount for the 50% work pattern period:
Each month, pensionable remuneration of €6,500 attracts accrual rates as follows:

€3,745.31 x 0.58%	=	€21.72
€2,754.69 x 1.25%	=	€34.43
		€56.15
Work pattern adjustment:		x 50%
		€28.08

During the 4 months working on this 50% work pattern, the **pension referable amount accrued = €112.32** [€28.08 x 4].

Adding the separate amounts calculated above for the 80% and 50% work pattern periods yields the member's total pension referable amount accrued in 2013.

The pension referable amount accrued in the year is €426.76 (i.e. €314.44 + €112.32).

Where a work pattern change occurs during a pay period (rather than at the end of a pay period), the separate (before and after) work patterns during that pay period should be proportionately reflected in the pension referable amount calculated for the pay period.

27. **Where a member**

- **is employed by two (or more) Relevant Authorities during a year,**

- **including the special case where for any period during the year those employments overlap (usually two part-time jobs held simultaneously),**

… then, subject to one exceptional contingency (see paragraph 35 below and section 46 of the 2012 Act), the pension referable amount calculation can proceed on an independent, mutually unaware basis in each Relevant Authority, and the simple addition of the pension referable amounts calculated by each Relevant Authority will yield the member's total pension referable amount for the year. This is shown in *Example (i)* below.

<u>**Example (i)**</u>
Member works in two separate employments as a Single Scheme member during 2013:

- ***(i) Works part-time on a 50% work pattern for Relevant Authority A from 8 May to 31 December (34 weeks) paid on the basis of a whole-time salary of €54,000; payroll is run weekly.***

- ***(ii) Works part-time on a 40% work pattern for Relevant Authority B from 31 July to 31 December (11 fortnights) paid on the basis of a whole-time salary of €49,000 and a pensionable allowance with whole-time equivalent rate of €3,000 annually; payroll is run fortnightly.***

First, calculate the referable amount accrued while working in **Relevant Authority A**:

On a weekly basis, pensionable remuneration = €1,034.88.

Each week, pensionable remuneration of €1,034.88 attracts accrual rates as follows:

€861.32 x 0.58%	=	€5.00
€173.56 x 1.25%	=	<u>€2.17</u>
		€7.17
Work pattern adjustment:		<u>x 50%</u>
		€3.58

Because the work pattern is unchanged over the 34 weeks of employment in 2013, **the pension referable amount accrued in Relevant Authority A = €121.72** [€3.58 x 34].

Second, calculate the referable amount accrued while working in **Relevant Authority B**:

On a fortnightly basis, pensionable remuneration = €1,993.10

Each fortnight, pensionable remuneration of €1,993.10 attracts accrual rates as follows:

€1,722.64 x 0.58%	=	€9.99
€270.46 x 1.25%	=	<u>€3.38</u>
		€13.37
Work pattern adjustment:		<u>x 40%</u>
		€5.35

Because the work pattern is unchanged over the 11 fortnights of employment in 2013, **pension referable amount accrued in Relevant Authority B = €58.85** [€5.35 x 11].

Adding the amounts calculated above in respect of the separate employments, and noting that in the job overlap period the aggregate work pattern commitment does not exceed 100% (it's 90%), then **the total pension referable amount is €180.57** (i.e. €121.72 + €58.85).

Accrual of retirement lump sum

28. Standard accrual members of the Single Scheme accrue retirement lump sum referable amounts on the following basis:

3.75% of pensionable remuneration **… adjusted downwards where the member works on a non-full-time basis (part-time, work-sharing) by reference to the work pattern.**

29. This basis for calculating a member's retirement lump sum referable amount (paragraph 28 above), as provided for in the 2012 Act, specifies a work pattern-related adjustment as part of the calculation routine in non-full-time cases. In practice however, the calculation of retirement lump sum referable amount does not need to factor-in the work pattern. Obtaining the correctly calculated outcome is more simply done as follows:

- **Lump sum referable amount = 3.75% of pensionable pay received.**

This equivalence of calculation, which allows the work pattern to be ignored and the simple "3.75% of pensionable pay received" formula to be used in all cases, can be explained as follows:

- For members working full-time, pensionable remuneration is equal to pensionable pay received, and there is no downward adjustment in respect of the work pattern.

- For members working part-time, the original step of translating pensionable pay received into pensionable remuneration is exactly reversed by the subsequent downward adjustment in respect of the work pattern.

30. Examples of retirement lump sum referable amount calculations are set out below:

<u>**Example (j)**</u>
Member working full-time on a salary of €51,000.

3.75% of pensionable pay received [€51,000] = €1,912.50.

The retirement lump sum referable amount accrued in the year is €1,912.50.

<u>**Example (k)**</u>
Member working part-time on a 60% work pattern (3-day week), paid on the basis of a whole-time salary of €63,000.

3.75% of pensionable pay received [€37,800] = €1,417.50.

The retirement lump sum referable amount accrued in the year is €1,417.50.

<u>Example (l)</u>
Member working full-time paid a salary of €32,000 and a pensionable allowance of €6,000 annually.

3.75% of pensionable pay received [€38,000] = €1,425.

The retirement lump sum referable amount accrued in the year is €1,425.

<u>Example (m)</u>
Member working part-time on an 80% work pattern (4-day week), paid on the basis of a whole-time salary of €41,000 and a pensionable allowance with whole-time equivalent rate of €2,400.

3.75% of pensionable pay received [€34,720] = €1,302.

The retirement lump sum referable amount accrued in the year is €1,302.

Inflation – adjustment of referable amounts based on CPI increases

31. As provided for in section 40 of the 2012 Act, pension referable amounts and lump sum referable amounts qualify for uprating based on increases in the Consumer Price Index (CPI).

32. It is planned that this CPI-based uprating of pensionable allowances will operate on the following basis: **referable amounts accrued in a calendar year will qualify for uprating at the end of the next calendar year.**

33. This means that referable amounts accrued in 2013 will not qualify for CPI-based uprating until the end of 2014. Accordingly, benefit statements issuing to members during 2014 which record referable amounts accrued in 2013 will not feature any CPI-based uprating of those referable amounts.

34. DPER will ensure that Relevant Authorities are notified well in advance of the percentage increases arising in respect of CPI-based uprating.

Section 46 restriction of pension and retirement lump sum accrual

35. Section 46 of the 2012 Act restricts a member's capacity to accrue Single Scheme benefits at any one time to **"one full-time employment or the aggregated equivalent of one full-time employment only"**. This restriction should not affect many members; such members as are affected would be those who hold two jobs with separate Relevant Authorities at the same time, and whose aggregate work pattern commitment tallying both those jobs exceeds 100%. Given that this circular provides, for the moment, that each Relevant Authority should issue benefit statements to members only in respect of employment with that Relevant Authority (see paragraph 38 below) it is accepted that instances in which this section 46 restriction would apply may not be identified until later review (2015 onward).

PART 4: Benefit Statements

36. Relevant Authorities are responsible for issuing benefit statements to their Single Scheme staff, based on properly kept records. As required by section 43 of the 2012 Act (reproduced at Appendix C), these statements are to be issued

i. routinely on an annual basis to all active (employed) members at 31 December (by end-June of the following year), and

ii. to individual members whose employment ceases, within 6 months of leaving the job.

37. The benefit statements are to contain information for each member as follows:

i. The **contributions (€) paid by the member** in the latest calendar year.

ii. The **pension "referable amounts" (€) accrued by the member** in the latest complete calendar year and (where applicable) the total of such amounts for all previous years as a Single Scheme member, with appropriate CPI-based uprating applied.

iii. The **retirement lump sum "referable amounts" (€) accrued by the member** in the latest complete calendar year and (where applicable) the total of such amounts for all previous years as a Single Scheme member, with appropriate CPI-based uprating applied.

38. **Until further notice (see paragraph 42 below), each Relevant Authority should issue benefit statements to members only in respect of employment with that Relevant Authority.** For clarity, this means that the money amounts reported in each statement issued by a Relevant Authority, comprising contributions, pension referable amounts and lump sum referable amounts, should reflect only those sums arising from the member's employment with that Relevant Authority. On this account, some members may receive more than one benefit statement in respect of their 2013 membership.

39. Relevant Authorities should issue these benefit statements to:

i. **persons who were employed as Single Scheme members at end-2013;** these statements are due to be issued by end-June 2014, and should cover the contributions and benefits position of those persons in respect of 2013;

ii. **persons who left employment in 2013 having been members of the Single Scheme and who may not yet have received a statement at departure.** These persons may have received a refund of contributions and have no vested Single Scheme benefit; however, they may be able to repay such a refund on any resumption of public service employment, and would need to know the amount of "restored" benefits arising in the event of such repayment;

iii. **persons who left or leave employment in 2014 having been members of the Single Scheme;** these persons should get a statement within six months of departure.

40. Appendix D is a model benefit statement that may be used or adapted by Relevant Authorities. The model statement is framed and populated as an example case of the annual statement to be supplied to persons who were members at end-2013 (paragraph 39(i) above). Where instead a statement is to be supplied to a member who has ceased to be employed (as per paragraph 39(ii) or (iii) above) and to whom a contributions refund has been paid, adaptation of the model statement should cover the following points:

- “ANNUAL STATEMENT” should be replaced with “STATEMENT ON CESSATION OF EMPLOYMENT” (or equivalent).

- The “Pension referable amount” and “Retirement lump sum referable amount” lines in the table should both indicate zero amounts.

- The “Notes” section should be appropriately modified; in particular Note no. 1 in the model statement is not appropriate for departure-and-refund cases.

41. Relevant Authorities must retain copies of all benefit statements issued to members. DPER may request copies of the statements, or the data they contain, from Relevant Authorities.

PART 5: Future Developments

Single Scheme administration

42. DPER is examining options for the running of the Single Scheme from 2015 onward, including an element of central co-ordination / administration being put in place. The scope and form of such possible new arrangements as may emerge is not yet fixed, but a key objective will be to ensure reliable and comprehensive capture of benefit entitlements accrued by a Scheme member. Relevant Authorities will be kept fully informed of any Single Scheme administration changes along these lines which may arise. Pending the advent of such changes, Relevant Authorities should not make assumptions about possible alterations to their operational role in the Scheme. Care should be taken to ensure that all records of all Single Scheme staff, consisting in particular of

- actual benefit statements issued, and

- the member-specific information underpinning such statements (period employed, earnings, work pattern)

are carefully retained. These records will be required for the purpose of future benefit statements, and also for the purpose of any review of already-issued statements in respect of the benefit accrual restriction provided for under section 46 of the 2012 Act (may affect certain persons who have held more than one job simultaneously).

Purchase of additional pension rights, inward transfers

43. No facility to purchase additional pension rights currently exists for Single Scheme members. Likewise, the Single Scheme does not at present accept inward transfers of pension savings from other pension schemes. Subject to feasibility confirmation, DPER is planning to make available both purchase and transfer arrangements in the Single Scheme as soon as possible. It is hoped that details of the planned purchase and transfer arrangements can be finalised and announced later this year.

Retirement on medical grounds

44. Regulations covering enhancement of benefits in cases of retirement on medical grounds for Single Scheme members who have completed the two-year vesting period are expected to be in place by the end of 2014. The payment of a gratuity for a member who retires on medical grounds having completed less than the vesting period is provided for already in section 29(1) of the 2012 Act.

PART 6: Circulation and Queries

Circulation

45. This circular is a public domain document and can be made available to any interested parties. It is, however, primarily intended as a reference document for pensions, payroll and HR personnel in public service workplaces, and each Relevant Authority is requested to make it available to appropriate personnel in these areas. There is no requirement or request that the circular be sent to all employees.

Queries

46. Queries about this circular may be pursued as follows:

- Individual public servants with queries should raise them with their Relevant Authority / employer.

- Relevant Authorities / employers wishing to raise queries should send them to singleschemequeries@per.gov.ie. It would be appreciated if such queries included "Circular 11/2014" in the subject line.

Mise le meas,

Oonagh Buckley
Assistant Secretary

Appendix A – "Uniformed accrual" members of the Single Scheme (Gardaí, Prison Officers, members of the Permanent Defence Forces and full-time firefighters) – considerations in relation to:
(i) the calculation of contributions and benefits, and
(ii) the issuing of benefit statements

Gardaí, Prison Officers, Permanent Defence Forces personnel and full-time firefighters must retire before the general compulsory retirement age of 70 for Single Scheme members. In reflection of this, these grades (which can be collectively termed "uniformed services") have a customised set of pension terms in the Single Scheme, which in particular give them

- pensions paid earlier than in the case of standard-accrual public servants (those earlier ages may vary),

- higher accrual rates for pension and retirement lump sum than those applying to standard-accrual public servants,

- a higher contribution rate than applies to standard-accrual public servants.

In calculating contributions and benefits of "uniformed services" members of the Single Scheme, the approach set out earlier in this circular in respect of standard accrual members should be followed, except that the contribution and benefit accrual rates specific to the uniformed services category, as set out below, should be used.

Contributions

Uniformed services members of the Single Scheme pay contributions on the following basis:

[3.3% of pensionable remuneration **PLUS** **4.2% of net pensionable remuneration]** **… adjusted downwards where the member works on a non-full-time basis (part-time, work-sharing) by reference to the work pattern.**

This means that the first step in calculating such a member's contribution assumes full-time pay. This first step – applying the 3.3% and 4.2% rates to each of the full-time pay measures – suffices to conclude the calculation and give the contribution payable where the member works full-time.

In the case of a part-time member a second step is required, in which the result of the first step is reduced pro rata to the member's work pattern.

Accrual of pension

Uniformed services members of the Single Scheme accrue pension referable amounts on the following basis:

[0.58% of all pensionable remuneration up to 3.74 x Contributory State Pension (CSP)*   **PLUS (where applicable)**   **1.43% of any pensionable remuneration above 3.74 x Contributory State Pension (CSP)*]**   **… adjusted downwards where the member works on a non-full-time basis (part-time, work-sharing) by reference to the work pattern.**   *** This [3.74 x CSP] cut-off is currently €44,943.77 in annual terms (€230.30 x 52.18 x 3.74).**

As with standard accrual members, a simpler method can be used **to calculate the pensionable referable amount for uniformed services personnel where it is certain that pensionable remuneration does not exceed the cut-off** of [3.74 x CSP]. This method dispenses with the need to factor-in the work pattern, and has just one step:

- **Pension referable amount = 0.58% of pensionable pay received.**

Accrual of retirement lump sum

Uniformed services members of the Single Scheme accrue retirement lump sum referable amounts on the following basis:

4.29% of pensionable remuneration   **… adjusted downwards where the member works on a non-full-time basis (part-time, work-sharing) by reference to the work pattern.**

In practice, the calculation of retirement lump sum does not need to factor-in work pattern. The correct calculation outcome is more simply obtained as follows:

- **Lump sum referable amount = 4.29% of pensionable pay received.**

Benefit statements

These should be prepared and issued along the lines set out for Single Scheme members generally earlier in the circular and as at Appendix D. At the “Membership category” line of the supplied model form, “Standard accrual” should be replaced, as appropriate, by “Garda”, “Permanent Defence Force”, “Prison Officer” or “Firefighter”.

Appendix B – Single Scheme contribution and accrual rates for all member groups

Single Scheme Contribution and Accrual Rates				
	Contribution Rate (1)		**Accrual Rates**	
	Pensionable remuneration	Net pensionable remuneration	**Pension**	**Lump Sum**
	%	%	%	%
Standard (most public service grades)	3%	3.5%	0.58% up to 3.74 x CSP & 1.25% above 3.74 x CSP	3.75%
Uniformed: - Gardaí - Defence Forces - Prison Officer - Career firefighter	3.3%	4.2%	0.58% up to 3.74 x CSP & 1.43% above 3.74 x CSP	4.29%
Judge	13%	-	2.5%	7.5%
TD / Senator	13%	-	2.5%	7.5%
Minister	13%	-	5.0%	-
President	13%	-	7.14%	-
Designated office holder – full PRSI (2)	4.3%	5.7%	0.58% up to 3.74 x CSP & 1.67% above 3.74 x CSP	2.5% or 5.0%
Designated office holder – modified PRSI (2)	10%	-	1.67%	2.5% or 5.0%
Comptroller and Auditor General – full PRSI	6%	7%	0.58% up to 3.74 x CSP & 2.5% above 3.74 x CSP	7.5%
Comptroller and Auditor General – modified PRSI	13%	-	2.5%	7.5%

Notes:

1. Members pay the rate prescribed on pensionable remuneration, plus, where applicable, the rate prescribed on net pensionable remuneration.

2. The "Designated office holder" category comprises the following: Director of Public Prosecutions, the Ombudsman, Master of the High Court, County Registrar, Labour Court member, An Bord Pleanála member, Competition Authority member, Environmental Protection Agency member and Revenue Appeals Commissioner. See section 25 of the *Public Service Pensions (Single Scheme and Other Provisions Act)* for full details of the retirement lump sum rates and restrictions that apply to Single Scheme members in respect of these individual posts.

Appendix C – Section 43 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012

43.—(1) The relevant authority that is responsible for, or authorises, the payment of pensionable remuneration to a Scheme member shall keep full and proper account of—

(*a*) the contributions paid by the Scheme member concerned in each pay period, and

(*b*) the referable amounts accrued by the Scheme member in each pay period.

(2) As soon as practicable after the end of a year of assessment for income tax purposes (in this section referred to as a "tax year") but not later than 6 months after the end of such tax year, the relevant authority that is responsible for, or authorises, the payment of pensionable remuneration to a Scheme member shall provide a statement to each Scheme member concerned setting out—

(*a*) the total amount of contributions paid by the Scheme member concerned in such tax year,

(*b*) the total referable amounts accrued by the Scheme member in such tax year, and

(*c*) the total referable amounts accrued by the Scheme member in previous tax years (including any periods in previous employments in respect of which he or she was a Scheme member) as adjusted in accordance with *section 40*.

(3) Notwithstanding *subsection (2)*, where a Scheme member ceases to be employed in a public service body before the end of a tax year then, as soon as may be after the member's last day being so employed, but not later than 6 months after that day, the person who is responsible for, or authorises, the payment of remuneration to a Scheme member shall provide a statement to the Scheme member and, where relevant, to the Scheme member's relevant authority at that time which sets out—

(*a*) the total amount of contributions paid by the Scheme member in such tax year in respect of the period during which he or she was so employed,

(*b*) the total referable amounts accrued by the Scheme member in such tax year in respect of the period during which he or she was so employed, and

(*c*) the total referable amounts accrued by the Scheme member in previous tax years (including any periods in previous employments in respect of which he or she was a Scheme member) as adjusted in accordance with *section 40*.

(4) A failure by a relevant authority to provide a statement in accordance with *subsection (2)* or *(3)* shall be a ground for a complaint or dispute in respect of which the Pensions Ombudsman may investigate and determine under section 131 of the Pensions Act 1990 and the other provisions of Part XI of that Act which relate to a complaint or dispute shall apply.

Single Public Service Pension Scheme (“Single Scheme”)

ANNUAL STATEMENT issued by [Name & No. of Relevant Authority / employer]

Date of Statement: [XX XXXX 2014]
Scheme Year: 1 January – 31 December 2013
Employment period(s): 7 March - 31 December 2013

Name of member: Joe Bloggs
PPSN: P87654321

Membership category: Standard accrual

In respect of your employment as a Single Scheme member during 2013 by [Relevant Authority / employer], this statement records, in the table below, and on a provisional basis*, the **pension contributions which you paid during 2013**, and the **future-payable amounts of pension and retirement lump sum, known as "referable amounts"**, which you accrued during 2013.

NB: Read the notes below the table – they are an important part of your pension statement.

Single Scheme contributions and benefit accrual in 2013	
	€
1. Contributions	
Paid by you in 2013:	1,980
Refund (if any) to you of contributions paid in 2013:	-
Net contributions paid by you in 2013:	**1,980**
2. Referable amount towards pension	
Accrued during 2013:	266
Offset (if any) due to contributions refund:	-
Pension referable amount:	**266**
3. Referable amount towards retirement lump sum	
Accrued during 2013:	1,541
Offset (if any) due to contributions refund:	-
Retirement lump sum referable amount:	**1,541**

* For periods of overlapping employment in two or more public service jobs, downward adjustment of referable amounts may arise on review, as set out in section 46 of the *Public Service Pensions (Single Scheme and other Provisions) Act 2012*, which limits benefit accrual in such periods to “one full-time employment only or the aggregated equivalent of one full-time employment only”.

Notes:

1. Your referable amounts as recorded above will be carried forward and added to any referable amounts you accrue after 2013. The resultant accumulating totals, increased in line with increases in the Consumer Price Index (CPI), will appear in future annual statements, and will in time become the pension and lump sum payable to you on retirement.

2. **If your contributions are refunded to you on ceasing employment and before you have worked for two years as a Single Scheme member then you are deemed to have accrued zero referable amounts for the period of employment to which the refund relates.** You can restore the referable

amounts thereby lost by repaying such a refund if and when you subsequently become employed as a Single Scheme member **within 24 months of ceasing employment**. Contact your new employer if you are in a position to avail of this restoration option and wish to do so.

3. You can consult your employer or go to http://www.per.gov.ie/pensions/SingleScheme for further information on the Single Scheme.