

Civil Service Conciliation and Arbitration Scheme

General Council Report 1281

(Meeting/s of 25 January 1995, 22 February 1995, 29 March 1995)

PRSI

Social Insurance Cover of Established Civil Servants

1. At the General Council meeting of 27 April 1994 the Official Side referred to the decisions announced by the Minister for Finance in his 1994 Budget Statement, viz. that modified PRSI would no longer apply to new public sector employees recruited on or after 6 April 1995 and that the occupational schemes of such recruits would be amended in accordance with the arrangements applicable to existing Class A public sector employees to take account of their entitlement to the full range of social welfare benefits.

2. The Official Side outlined the background to these decisions including, in particular, the December 1993 Report of a Joint Government/Congress Working Party on the application of full social insurance to public servants who had modified status. The Minister had indicated in his Budget Statement that staff interests would be fully consulted as regards the amended conditions of employment and the Official Side suggested that the best way of dealing with the issue would be to establish a joint subcommittee of the General Council and the Higher Council.

3. Following further discussion, it was agreed to refer the matter to a subcommittee.

4. The three issues on which it had not been possible to reach agreement at sub-committee (paragraphs 8 to 18 of the attached sub-committee report refer) were discussed at length at the General Council meetings of 25 January and 22 February 1995. The Staff Side indicated that they were particularly opposed to the Official Side's proposals in relation to spouses' and children's pensions.

5. During the course of further discussions, it was noted that

(a) established officers currently paid a contribution of 1½% of full remuneration (with a matching notional contribution by the employer) and the survivors' pensions payable in respect of such officers were calculated,

ultimately, by reference to the officers' full pensionable remuneration;

(b) under the Official Side's proposals, these officers would pay a contribution of 1½% of net remuneration (with a matching notional contribution by the employer) and that, in consequence, the survivors' pensions payable would be calculated, ultimately, by reference to the officers' net pensionable remuneration;

(c) it would be open to individual officers to purchase by way of an AVC scheme the difference between the survivors' pensions payable under the revised scheme being proposed by the Official Side and the pensions which would be payable if the scheme was not coordinated.

6. The Staff Side did not consider that the purchase of an AVC scheme was an appropriate mechanism to deal with this matter. An AVC scheme, by its nature, was voluntary and, therefore, might not be purchased by new entrants; it would involve the payment of a significant level of charges and fees to the underwriters of the scheme and would not, in any event, guarantee a specific level of salary-related benefits to survivors. The Staff Side proposed that the officers concerned should pay a contribution of 1½% of full (rather than net) remuneration, and that in return for this enhanced employee contribution, the extent to which survivors' pensions would be reduced on foot of the co-ordination of personal pension benefits would be halved. They pointed out that this proposal would not involve any increase in the notional employer contribution. The Official Side indicated that they would be prepared to agree to such an approach provided it was accepted as being in full and final settlement of the issue in dispute.

7. Accordingly, it was agreed at the meeting of 29 March 1995 to recommend that the following revised arrangements in relation to survivors' pensions should apply to established officers covered by Class A social insurance:

(a) such officers would pay a contribution of 1½% of full remuneration, with a notional contribution by the employer of 1½% of net remuneration;

(b) the survivors' pensions payable in respect of such officers would be based on the pension or potential pension, as appropriate, which would have been paid to the deceased officer if her/his net pensionable remuneration had been defined as the amount by which pensionable remuneration exceeds once the annual rate of social insurance old age contributory pension payable at the maximum rate to a person with no adult dependant or qualified children.

8. It was also agreed to revise the Appendix to the sub-committee report

(and the associated Annexes) to incorporate the foregoing revised arrangements.

9. This report was adopted on 29 March 1995.

Report of the Subcommittee of the General Council on the Social Insurance Cover of Civil Servants

1. At the General Council meeting of 27 April 1994 and the meeting of the Conciliation Council (Higher Scheme) on 13 July 1994 it was agreed to establish a joint subcommittee to discuss the revised arrangements which would apply to established civil servants appointed on or after 6 April 1995 as a result of the application of full PRSI cover to such appointees.

2. The subcommittee met on six occasions - 27 July, 28 September, 26 October and 22 November 1994, 25 January and 14 March 1995.

3. The Official Side explained that the Minister for Social Welfare would be making the necessary regulations to provide for the application of full PRSI cover to public sector employees appointed on or after 6 April 1995. The intention was to define new entrants in such a way as to embrace persons who entered the relevant public sector employment on or after 6 April 1995 but to exclude any such persons who immediately prior to entry were serving in a position which was covered by modified social insurance. Accordingly, persons who entered established civil service employment on or after 6 April 1995 but who immediately prior to entry were serving in public sector employment in a position which was covered by modified social insurance would not be regarded as new entrants for PRSI purposes.

4. In response to a number of queries from the Staff Side, the Official Side confirmed that,

(a) an officer's date of appointment would be the determining factor in deciding which PRSI class would be applicable - officers appointed on or after 6 April 1995 from competitions which had been advertised and run before that date would be treated as new entrants,

(b) officers appointed before 6 April 1995 who, prior to or after that date, were granted special leave (with or without pay) or career breaks would not, on resuming duty on or after 6 April 1995, be regarded as new entrants, but

(c) officers appointed before 6 April 1995 who resigned from the civil service prior to or after that date and who were subsequently re-appointed or re-admitted to established positions on or after 6 April 1995 would be regarded as new entrants for PRSI purposes unless, immediately prior to re-

entry, they were serving in a public sector employment in a position which was covered by modified social insurance.

5. The Staff Side referred to the long-standing practice of running establishment competitions for members of certain unestablished grades such as Services Officers. They contended that such officers had been recruited on the understandings that (i) they would have an opportunity of becoming established and (ii) they would, on establishment, be liable for only the modified rate of PRSI contribution.

6. The Official Side accepted that there was merit in the point raised by the Staff Side and, after further discussion, indicated that they were prepared to agree that unestablished officers who were serving on 5 April 1995 and who, without a break in their employment, were subsequently appointed to established positions would not, on such appointment, be liable for Class A insurance.

7. The Official Side confirmed that the application of full PRSI status to officers appointed to established positions on or after 6 April 1995 would mean that such officers would be treated no differently than existing full-rate PRSI contributors as far as social insurance benefits and the existing PRSI income tax allowance of £286 were concerned. The occupational schemes of such officers would have to be amended to take account of their entitlement to the full range of social welfare benefits and the revised arrangements in this regard would be in accordance with the arrangements applicable to existing Class A public sector employees.

8. The implications of the revised PRSI status of post-April 1995 appointees for their occupational schemes were discussed in detail at a number of meetings. Without prejudice to the fact that the Staff Side did not agree with the decision to change the social insurance category of new entrants for the reasons set out by the Congress representatives in the Report of the Joint Government/Congress Working Party, they agreed with the Official Side that, within the context of this decision, the arrangements set out in the Appendix to this report should, subject to what follows, apply to new entrants. It did not, however, prove possible to reach agreement on -

(a) options for serving staff,

(b) the extension of certain non-cash benefits to existing pensioners, or

(c) the occupational spouses' and children's pensions for new entrants.

The Staff Side also said, however, that their agreement to these arrangements was subject to the understanding that in the event of

corresponding agreements in respect of other groups of public sector employees affected by the introduction of full PRSI being made which differed in some material respect from the arrangements agreed for the civil service, they reserved the right to re-open the discussions on the relevant aspects of the civil service arrangements.

9. The Staff Side said that serving established staff should be given the opportunity to opt, on an individual basis, to have their future service dealt with under the revised social insurance and occupational scheme arrangements which would be applied to new entrants. The creation of two categories of staff with different conditions would generate a whole variety of strains of an industrial relations nature in the future. While the Staff Side were opposed to the introduction of full PRSI for new entrants, they were convinced that if the revised arrangements were being implemented there should be provision for individual options for serving staff in order to minimise problems which would otherwise arise in the future. They pointed out that what was envisaged involved a change in the superannuation scheme for new entrants. All previous situations where this had happened involved an option for existing staff.

10. The Official Side said that this issue had been considered during the course of the Joint Government/Congress Working Party examination and that it had been made clear to the Congress representatives that there could be no question of an option for serving staff. Such an option would run totally counter to the principles underlying the social insurance system and, in particular, the concept of social solidarity under which the risks, costs and benefits should be shared as widely as possible in the community.

11. The Staff Side said that while they were disappointed with the Official Side's response on an option for existing staff as regards the social insurance category which should apply to them, they could see that it might be argued that this might be regarded as a general legislative issue rather than a matter of conditions of employment. This was not the case so far as the superannuation scheme itself was concerned. That was clearly a condition of employment. The Official Sides's proposals involved changes in the superannuation scheme for new entrants. While some of these changes arose directly from the integration with the social insurance scheme, they also involved a fundamental change in the superannuation scheme itself in that it was proposed that it would become contributory for new entrants. The Official Side would be aware that the Staff Side had sought such a change in the superannuation scheme in the past and had taken a claim seeking that change to the Arbitration Board but that the claim had been adjudged to be non-arbitrable. The Official Side would also be aware that the majority of staff in the public sector covered by modified social insurance were covered by superannuation schemes which were contributory in character. They

pointed out that a major group of public servants (national teachers) whose superannuation scheme had, like the civil service, been on a non-contributory basis, had had their superannuation scheme changed to a contributory basis. In these circumstances, the Staff Side argued that, as with all changes made in the superannuation scheme in the past for new entrants, serving staff should at least have the option of changing to a contributory superannuation scheme. They said that a failure to provide for this option would be bound to give rise to considerable industrial relations difficulties in the future.

12. The Official Side said that their agreement to the introduction of an explicit employee superannuation contribution for new entrants was directly and inextricably linked to the contemporaneous introduction of coordinated superannuation benefits for such officers as a result of the application to them of full social insurance benefits and contributions. There could be no question of allowing serving staff, whose social insurance status and occupational superannuation benefits would remain unchanged, to opt for a contributory superannuation scheme. Indeed, this could hardly be described as a true option in the manner which had operated in the past given that this change would clearly be of benefit to *all* serving staff - it was impossible to conceive of any serving civil servant not opting for the contributory scheme. As had been made clear by the Government representatives during the Joint Government/Congress Working Party discussions, the introduction of a contributory scheme for new-entrant civil servants (and other groups in a similar position) was necessary in order to ensure that such employees were treated no less favourably than their colleagues in other currently modified public sector employments who were already members of contributory superannuation schemes and whose superannuation contributions would be lower than heretofore as a result of the introduction of coordinated superannuation schemes. As regards the previous claim by the Staff Side for the introduction of a contributory scheme, the Staff Side would be aware that this claim had been strongly opposed by the Official Side.

13. The Staff Side referred to various non-cash benefits associated with social insurance pensions (such as television licence, electricity allowance and telephone rental allowance). They had been seeking the extension of these benefits to civil service pensioners for some time and information which had been provided to them recently in regard to levels of civil service pensions in payment supported their case in this regard. They contended that these benefits should, accordingly, be provided for all current and future civil service pensioners. The Official Side said that any question of extending these benefits to all civil service pensioners was entirely separate from the issue of introducing full PRSI for new recruits and they did not, therefore, consider that the matter was appropriate for discussion by the subcommittee.

14. The Official Side confirmed that while the occupational spouses' and children's pensions of serving staff were based on the former member's

pensionable remuneration, the benefits of new entrants would be based on the former member's net pensionable remuneration ^{Pensionable remuneration means the aggregate of retiring salary and pensionable allowances. Net pensionable remuneration means the amount by which pensionable remuneration exceeds twice the annual rate of social insurance old age contributory pension payable at the maximum rate to a person with no adult dependant or qualified children. It was, however, agreed that the payment made in respect of the first month in the event of a death in service would be based on full pensionable remuneration.}

15. The Staff Side said that this approach would result in a substantial and unwarranted reduction in the overall level of survivors' benefits for established staff. It would mean that in the case of officers recruited on or after 6 April 1995, the maximum spouse's pension would be 25% of net pensionable remuneration and the maximum overall benefit (assuming three qualifying children) would be 50% of net pensionable remuneration. The Staff Side provided an illustration of the effects of the change proposed by the Official Side to indicate the scale of the change involved: in the case of an officer whose salary under the current regime was £15,000, who had a spouse and three qualifying children, and who had 40 years' reckonable service, the overall benefits payable would amount to £13,527 (£7,500 from the occupational scheme and £6,027 in social insurance pensions) whereas new entrants would receive only £10,217 (£4,190 from the occupational scheme and £6,027 social insurance). Serving staff on modified PRSI were entitled to full occupational benefits (i.e. based on pensionable rather than net pensionable remuneration) and full social insurance survivors' pensions. Given that the revised PRSI arrangements did not involve any change in the social insurance cover provided for survivors, that the existing occupational scheme had operated satisfactorily and proved acceptable to the Official Side for the past twenty-five years, that the scheme was contributory and actuarially based, and that retirement lump sums would continue to be based on full pensionable remuneration, there was no good reason why the survivors' benefits for new entrants should be reduced.

16. The Staff Side accepted that their position would involve the payment of contributions on full remuneration rather than net remuneration ^{Remuneration means the aggregate of salary and pensionable allowances. Net remuneration means the amount by which remuneration exceeds twice the annual rate of social insurance old age contributory pension payable at the maximum rate to a person with no adult dependant or qualified children.} The Staff Side said that, aside from the issues of principle to which they had adverted above, they were also extremely concerned about the regressive nature of the practical effects of the Official Side's proposals. They pointed out that the effect of the change proposed for new entrants varied wildly with income level, for example - in the case of a new entrant equivalent to a serving person on an annual

salary of £10,000, the reduction in the maximum level of spouses' and children's pension came to £3,442 a year or over 31% of the current level of benefit whereas

in the case of a new entrant equivalent to a serving person on a salary of £100,000, the reduction was £1,073 a year or less than 2% of the current level of benefit.

The Official Side's proposals in this regard were totally unacceptable to the Staff Side.

17. The Official Side said that the survivors' benefits for new entrants would be the same as those payable to existing full-rate PRSI contributors elsewhere in the public sector, including non-established State employees. The non-coordination of modified employees survivors' benefits in the past was largely attributable to historical reasons and the fact that survivors' benefits were based on personal benefits. When occupational spouses' and children's pensions were introduced for civil servants in 1969, many employees were not in fact eligible for social insurance survivors' benefits because of the existence at that time of the income limit for social insurance purposes, or were eligible only because they were paying voluntary social insurance contributions. However, the integration of survivors' benefits would be the only reasonable and logical approach to adopt following the introduction of full PRSI and the consequent coordination of personal pensions. Any other approach would involve -

(i) a fundamental departure from the existing link between personal and survivors' rates of pension (a link which was explicitly evident even in the existing Civil Service Spouses' and Children's Contributory Pension Scheme for established officers, which provided that the pension payable to a surviving spouse was calculated by reference to the deceased member's pension or notional pension, and that the pensions payable to qualifying children were, in turn, calculated by reference to the spouse's pension or notional pension) and

(ii) the application of different conditions to existing and new full-rate public sector employees - a situation which could not be defended as tenable in the future.

As far as the illustrations provided by the Staff Side were concerned, the Official Side said that these merely served to underline the anomalies which were inherent in the existing arrangements for modified staff. For example, in the case of a serving officer on a salary of £10,000 a year, the maximum level of spouses' and children's pension at present actually exceeded the former member's salary. Moreover, the revised arrangements could hardly

be regarded as regressive given that, in the circumstances outlined by the Staff Side, the income replacement ratio at a current salary equivalent of £10,000 would be 72% compared to 55% at a salary of £100,000.

18. The Staff Side said that apart altogether from the serious objections which they had expressed in relation to the integration of occupational and social insurance survivors' benefits, account also had to be taken of the concerns expressed by the Congress representatives at the Joint Government/Congress Working Party discussions about the future reliability of social insurance benefits, in particular survivors' benefits. The Official Side said that in order to allay any concerns in this regard, they would be willing to include a provision in the scheme for new entrants to allow for payment of a supplementary pension along the lines of that referred to at paragraph 10(c) in the Appendix to this report, i.e. to provide that in the event of a spouse failing to qualify for a social insurance spouse's pension (or less than the maximum personal rate of such pension) due to causes outside her/his control, a supplementary pension would be payable which would be equal to the difference between (i) the occupational pension which would have been payable if the deceased member's pension had not been coordinated and (ii) the combined value of the occupational pension and any social insurance pension which were actually payable.

19. The Staff Side said that they were very concerned about the possibility that a change in the social insurance category of civil servants could produce an effect on their status or security of tenure.

20. The Official Side confirmed that neither the statutory employment position (including status, tenure, etc.) nor conditions of employment of post 5 April 1995 appointees to established positions in the civil service would change as a result of the introduction of full PRSI except to the extent outlined in this report.

21. This report was adopted on 14 March 1995

Appendix to Sub-Committee Report on the Social Insurance Cover of Established Civil Servants

Note: This Appendix incorporates the revised arrangements agreed at the General Council meeting of 29 March 1995 in regard to spouses' and children's pensions

Sick Pay

1. The current sick leave allowance for established civil servants is set out in Appendix A to Circular 25/78. Briefly, such officers may be allowed full

pay for up to a maximum of six months in one year and half-pay thereafter, subject to a maximum of twelve months' sick leave in any period of four years or less. Where sick leave with pay has been exhausted, officers with the necessary service may qualify for further leave with pay at pension rate.

2. Established officers appointed on or after 6 April 1995 will qualify for the same sick leave allowance but account will be taken of the social welfare benefits for which they will qualify as a result of their PRSI contribution record.

3. In order to minimise the burden on Departments of administering the new system, ensure that officers are not at a loss while their claims for social insurance benefits are being processed and avoid difficulties in relation to the tax liabilities of employees, the following arrangements will apply:

(a) on appointment, officers will be required to sign suitable mandates authorising the Department of Social Welfare to pay any benefits due to them under the social insurance system directly to their employing Departments;

(b) when absent on sick leave, each officer will be required to make the necessary claims for social insurance benefit to the Department of Social Welfare within the required time limits and to comply with whatever requirements are laid down by that Department as a condition of claiming benefit;

(c) in the event of an officer failing to abide by the foregoing conditions, arrangements will be made by the employing Department to recoup from the officer's salary an amount equivalent to the total benefits which would otherwise have been transmitted to the relevant Department in respect of that absence.

4. The rate of sick pay will be calculated as follows:

(a) if sick pay at full pay or half pay is more favourable to an officer than the rate of benefit payable to her/him under the social insurance scheme, sick pay will issue in the normal way;

(b) if the rate of benefit payable to an officer under the social insurance scheme is more favourable than sick pay, the equivalent of the rate of social insurance benefit will be paid to the officer by her/his employing Department;

(c) if the sick leave with pay allowable has been exhausted, the equivalent of the rate of social insurance benefit payable to an officer under the social

insurance scheme will be paid to the officer by her/his employing Department in addition to any pay at pension rate for which the officer is eligible (as indicated at paragraph 10, the revised superannuation, and hence pay at pension rate, arrangements for established officers covered by Class A PRSI assume payment of a social insurance benefit and, accordingly, no deduction in respect of social insurance benefit falls to be made from sick pay at pension rate);

(d) in all of the foregoing situations, the actual social welfare benefit received from the Department of Social Welfare will be retained by the employing Department.

5. The following additional provisions will also apply:

(a) payment of the equivalent of the rate of social insurance benefit in lieu of sick pay under paragraph 4(b) above will not affect either the sick leave allowable (i.e. the period will still reckon as sick leave at full or half pay as appropriate) or the reckoning of such periods for superannuation purposes;

(b) in deciding whether the rate of benefit payable to an officer under the social insurance scheme is more favourable than sick pay at full or half pay, account will be taken of

(i) the deductions which would fall to be made from the salary payment and the social welfare benefit in respect of PRSI and income tax, and

(ii) the superannuation contribution payable in respect of the period involved (employee superannuation contributions for both personal and survivors' benefits would, during periods of sick absence on both full and half pay, be calculated by reference to the rate of remuneration (full and net as appropriate) that would have been payable to her/him if s/he was not so absent);

(c) periods in respect of which the equivalent of the rate of social insurance benefit is paid under paragraph 4(c) above (i.e. where sick leave with pay has been exhausted) will not reckon for superannuation purposes and no superannuation contributions will be payable in respect of same.

Maternity Pay

6. Circular 27/81 already provides that during maternity leave a woman will be entitled to full pay less any social welfare allowance payable on foot of her social insurance. Arrangements corresponding to those outlined at paragraphs 3 to 5 above will also apply to paid maternity leave, viz.

(a) each officer will be required to sign a mandate authorising the

Department of Social Welfare to pay any benefit due to her under the social insurance system directly to her employing Department;

(b) when absent on paid maternity leave, each officer will be required to make the necessary claims for social insurance benefit to the Department of Social Welfare within the required time limits and to comply with whatever requirements are laid down by that Department as a condition of claiming benefit;

(c) if full pay is more favourable to an officer than the rate of benefit payable to her under the social insurance scheme, the employing Department should issue full pay in respect of the period of paid maternity leave in the normal way and retain the social insurance benefit;

(d) if the rate of benefit payable to an officer under the social insurance scheme is more favourable to her than full pay, the equivalent of the rate of social insurance benefit should be paid to her by her employing Department and the actual social welfare benefit received from the Department of Social Welfare should be retained by the employing Department ^{As in the case of sick leave,} employee superannuation contributions for both personal and survivors' benefits would, during such periods of paid maternity leave, be calculated by reference to the rate of remuneration (full and net as appropriate) that would have been payable to her if she was not so absent).

Occupational Injuries Benefits

7. The application of full PRSI status to new civil service recruits will entail eligibility for full Occupational Injuries benefits rather than the reduced benefits for which established staff are currently eligible and the arrangements outlined in Circular 25/75 will be adjusted accordingly in the case of such staff. The pay of any such officers who are absent on sick leave arising from an occupational injury or disease will be dealt with in much the same way as "ordinary" sick leave (see paragraphs 3 to 5) with the exception that the following arrangements will apply in respect of disablement benefit:

(a) the mandate referred to at paragraph 3(a) will not cover any disablement benefit which an officer may qualify for and, accordingly, the appropriate full rate of benefit will be payable directly to the individual officer by the Department of Social Welfare;

(b) no account will be taken of disablement benefit where (i) an officer remains at or resumes work after an occupational injury or disease or (ii) an officer is entitled to a social insurance disablement pension while at work and is subsequently absent on "ordinary" sick leave;

(c) if an officer is absent on sick leave arising from an occupational injury or disease and is in receipt of a disablement pension while so absent, a

deduction in respect of the disablement pension will be made from the rate of sick pay being issued by the employing Department subject, however, to the proviso that the combined payments received by the officer from her/his Department and the Department of Social Welfare should be no less than the total payments which the officer would have received from the Department of Social Welfare if s/he had not signed the mandate referred to above.

Claims in respect of the cost of medical care will be the responsibility of the Department of Social Welfare.

Injury Warrant

8. Officers to whom the Injury Warrant applies and who retire by reason of their injury may be granted an annual allowance ranging from one-eighth to one-half of the difference between pensionable remuneration and pension. Any social welfare benefits which are payable (under the Occupational Injuries scheme or otherwise) are taken into account in the calculation of benefits under the Warrant, i.e. the aggregate of the annual allowance, any social welfare benefit, any pension under the Superannuation Acts and the annuity value of any retirement lump sum may not exceed five-sixths of pensionable remuneration at the date of injury.

9. The annual allowances payable under the Injury Warrant to the surviving spouse, children and/or dependent parents of an officer who dies as a direct result of the injury are based on the deceased officer's pensionable remuneration. The actual allowance payable to a dependent parent is the relevant proportion of pensionable remuneration less the amount of pension payable to the parent under the Occupational Injuries Scheme and, in the case of post 5 April 1995 recruits, the same arrangement will apply to the allowances payable to the surviving spouse and/or children.

Superannuation benefits and contributions

10. The maximum benefits payable to established civil servants comprise a pension of 50% of pensionable remuneration plus a lump sum of 1½ times pensionable remuneration. In the case of officers recruited on or after 6 April 1995, the following arrangements will apply:

(a) no change will be made in the occupational lump sum benefits (because social insurance benefits are in pension form only);

(b) the occupational pension benefits will be calculated on the basis of 1/80th of net pensionable remuneration per year of service ^{In the case of staff to whom}
the terms of the Superannuation (Prison Officers) Act, 1919 apply, the pension benefit for each year of service in excess of

twenty will be 2/80ths of net pensionable remuneration.; and

(c) provision will be made for the payment of a supplementary pension to pensioners in respect of periods during which the pensioner is not employed in any capacity which involves a social insurance contribution and fails to qualify for social insurance benefit or qualifies for such benefit at less than the maximum personal rate (in both cases due to causes outside his/her own control By way of example, the Official Side said that a supplementary pension would not be payable where a person failed to qualify for benefits at the maximum rate because of a failure to sign for credits at his/her local Social Welfare Office.): the supplementary pension will be equal to the difference between (i) the occupational pension which would have been payable had it not been coordinated and (ii) the aggregate of the actual occupational pension payable and actual rate of social insurance benefit.

11. Employee contributions for main scheme superannuation benefits will be introduced for established officers appointed on or after 6 April 1995 and the necessary consequential adjustment will be made to the salary scales applicable to such staff. This will involve an increase in gross salary of one-nineteenth The revised salary scales will be equivalent to 20/19ths of the corresponding scales applicable to established members of the relevant grade at 5 April 1995 and any future increases will be applied to these scales in the normal way. and

the payment by the officers concerned of a contribution equal to 1½% of remuneration plus 3½% of net remuneration. The Official Side confirmed that the employee contributions in respect of main scheme benefits would, in the case of prison staff, be payable in respect of each year of reckonable service but that, as was the situation under the existing Spouses' and Children's Scheme, employee contributions in respect of occupational survivors' benefits would be due in respect of up to a maximum 40 years' service. The Official Side also confirmed that in the event of an officer being appointed to an established position on or after 6 April 1995, employee contributions in respect of main scheme benefits would not be payable in respect of any previous reckonable service under the Non-Established State Employees' Scheme.

12. The occupational spouses' and children's pensions of serving officers covered by Class B insurance are based on the pension which was, or would have been, payable to the former member. As indicated above, the latter pension will, in the case of established officers covered by Class A PRSI, be based on the member's net pensionable remuneration. In normal circumstances, therefore, the spouses' and children's pensions of the latter group would, in effect, be based on the member's net pensionable remuneration and the contribution of 1½% in respect of these benefits would be levied on net remuneration, rather than full remuneration. However, the revised arrangements for such officers will provide for the payment by them of a contribution of 1½% of full remuneration and, as a result, for benefits based on the pension which would have been paid to the deceased member if her/his net pensionable remuneration had been defined as remuneration less once the annual rate of social insurance old age contributory pension payable at the maximum rate to a person with no adult dependant or qualified children (i.e. the old age pension figure is not doubled as is the

case for the personal pension). In addition, the payment made for the first month after death in the event that a member dies in service would be based on full pensionable remuneration.

13. Under the existing Civil Service Spouses' and Children's Contributory Pension Scheme, periodic contributions are not payable in respect of reckonable pensionable allowances - instead a deduction of 1% of any such allowances is made from the lump sum or death gratuity for each year of reckonable service up to a maximum of 40 years. However, the normal arrangement in other public sector schemes is to levy periodic contributions on such allowances and it would not be practical to extend the existing civil service arrangement to the contributions which new entrants would be paying for personal benefits. In the case of new entrants, therefore, employee contributions for both personal and survivors' benefits will be levied on the remuneration and net remuneration payable from time to time (i.e. any pensionable allowances will be taken into account in calculating such contributions). As a corollary to this, where such allowances are not explicitly expressed as a percentage of salary (i.e. are expressed as monetary amounts) the rate of allowance will be increased to 20/19ths of the rate effective at 5 April 1995.

14. A table illustrating the foregoing provisions is attached as Annex A.

Other superannuation issues

15. At present, job-sharing officers are eligible for superannuation benefits on the same basis as full-time staff, save that each year of service given in a job-sharing capacity reckons as six months service for superannuation purposes. In addition, for the purpose of calculating retirement pension, lump sum, etc., pensionable remuneration is deemed to be the pensionable remuneration which would be applicable if the officer had returned to full-time employment immediately prior to retirement or death. The spouses' and children's contribution of 1½% is levied on the job-sharing salary. The provisions regarding reckonable service and calculation of benefits will continue to apply to established job-sharing officers covered by Class A insurance. The superannuation contributions payable by such officers will be levied on the remuneration applicable to them as job-sharers and, as appropriate, on their net remuneration. However, in the case of such job-sharing officers, net remuneration will mean the amount by which their remuneration exceeds once the annual rate of social insurance old age contributory pension payable at the maximum rate to a person with no adult dependant or qualified

children (i.e. the old age pension figure is not doubled as is the case for full-time staff). See Annex B.

16. The scheme of "professional added years" provides that any added years entitlement will be appropriately reduced where there are pension entitlements under the Social Welfare Acts. This provision will not apply to officers appointed on or after 6 April 1995 who will be liable for the full rate of PRSI.

17. The rates of periodic and lump sum contributions under the Purchase Scheme (set out in Tables I & II of the Scheme enclosed with the Letter to Personnel Officers of 12/2/90) will fall to be revised in the case of post 5 April 1995 recruits to reflect the coordinated pension benefit which would accrue in respect of each year of service purchased.

18. As far as AVC schemes are concerned, the limits set by the Revenue Commissioners are based on full (i.e. un-coordinated) salary. Accordingly, it would be possible for officers appointed on or after 6 April 1995 to make additional voluntary contributions with a view to securing additional pension benefits which when aggregated with the coordinated occupational scheme benefits, would equate to what would be payable under an un-coordinated occupational superannuation scheme.

19. As indicated in paragraphs 3 and 6 of the sub-committee's report, certain staff who take up established civil service positions on or after 6 April 1995 will not be regarded as new entrants for PRSI purposes. Such staff (and staff mentioned at paragraph 4(b) of the report) will continue to pay modified PRSI and none of the revised arrangements outlined in this report, including the revised salaries and superannuation scheme, will apply to such officers.

20. As indicated in paragraph 4(c) of the sub-committee's report, certain officers appointed before 6 April 1995 who resign from the civil service prior to or after that date and are subsequently re-appointed or re-admitted to established positions on or after 6 April 1995 will be regarded as new entrants. Such officers will, accordingly, be liable for the full rate of PRSI contribution and their future service will be governed by the terms of the revised superannuation terms outlined in this report. As far as any service prior to re-entry is concerned, such officers will have the choice of (i) aggregating such service with their future service under the new superannuation terms Employee contributions in respect of main scheme benefits would not be payable in respect of such prior service. or (ii) retaining any preserved benefits which they had prior to re-entry in respect of their past service Such benefits would be based on the officer's former grade, i.e. the pensionable remuneration/net pensionable remuneration at date of resignation increased by reference to pension increases granted in the interval between the date of resignation and date of eventual retirement. with only their future service being governed by the new terms (the latter option would be subject to an overriding limit of 40 years' reckonable service - 30 years' for certain grades - and to the proviso that the preserved benefits would not become payable from an earlier date than would have been the case had the officer

aggregated all her/his service). A once-off option may be exercised at any time up to retirement In the event of an officer dying in service prior to exercising this option, the option may be exercised by his/her personal representative.

21. The superannuation terms applicable to established staff appointed on or after 6 April 1995 will, apart from the amendments arising as a result of the change in PRSI status and outlined above, be the same as the existing terms for established officers. In particular, the scheme for new entrants will provide for payment of immediate pension at age 60 (or age 55 where this applies at present).

Annex A

Illustration of effects of change in social insurance status of civil servants

Current Salary: £15,000.00

Contributory old age pension (max. single rate): £3,705.00

Serving Staff New Staff

Salary £15,000.00 Salary⁽¹⁾ £15,789.47

Contributions⁽²⁾

Pension Contribution⁽³⁾

Base = Nil Base = Pay less 2 OAP
Rate 0.00% Rate 3.50%
Amount £0.00 Amount £293.28

Lump-sum Contribution⁽⁴⁾

Base = Nil Base = Full Pay
Rate 0.00% Rate 1.50%
Amount £0.00 Amount £236.84

Survivors Pension Contribution⁽⁵⁾

Base = Full Pay Base = Full Pay
Rate 1.50% Rate 1.50%
Amount £225.00 Amount £236.84

Total Superannuation Contribution

£225.00 £766.96

Pay after Superannuation Contribution

£14,775.00 £15,022.51

PRSI Contribution⁽⁶⁾

Rate 0.90% Rate 5.50%

Amount £132.98 Amount £826.23

Net Pay after Superannuation and PRSI Contributions

£14,642.03 £14,196.28

Difference (£445.75)

Benefits

Maximum Personal Pensions⁽³⁾

Occupational £7,500.00 Occupational £4,189.74

SW Pension £0.00 SW Pension £3,705.00

Total £7,500.00 Total £7,894.74

Difference £394.74

Lump Sums⁽⁴⁾

Max Lump Sum £22,500.00 Max Lump Sum £23,684.21

Difference £1,184.21

Survivors' Pensions⁽⁵⁾

Occupational: Occupational:

Spouse £3,750.00 Spouse £3,021.11

Children £3,750.00 Children £3,021.11

Social insurance: Social insurance:

Spouse £3,366.00 Spouse £3,366.00

Children £2,661.00 Children £2,661.00

Total £13,527.00 Total £12,069.22

Difference (£1,457.78)

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Notes:

(1) The salary of £15,000 in a non-contributory pension scheme is equivalent to a salary of £15,789 in a contributory pension scheme where the pension contribution is set at 5% for personal superannuation benefits (£15,789.47 less 5% = £15,000).

(2) This contribution rate of 5% is divided into a rate of 1.5% for superannuation lump sum and 3.5% for personal pension.

(3) The personal pension entitlement is being integrated with the Social Insurance system with the result that net pensionable remuneration is used as the base for calculating the personal pension contribution and entitlement. Net pensionable remuneration is set at gross pay less twice the single rate of contributory old age pension (i.e. £15,789.47 less twice £3,705 = £8,379.47). Thus, the personal pension contribution is £293.28 (3.5% of £8,379.47) and the maximum pension entitlement is £4,189.74 (40/80 of £8,379.47).

(4) The lump sum benefit is not being integrated with the Social Insurance system with the result that the contribution rate of 1.5% applies to the entire salary and, equally, the benefit is calculated on the entire salary.

(5) The employee contribution for survivors' pensions is levied on the entire salary. The maximum occupational pension payable to (i) a spouse and (ii) three qualifying children is, in each case, 50% of the pension which would have been paid to the former member if her/his net pensionable remuneration had been defined as salary less the single rate of contributory old age pension, i.e. 50% of (£15,789.47 - £3,705)*40/80 = 50% of £6,042.23).

(6) PRSI contributions are calculated on gross pay less superannuation contributions. In the case of serving staff, this is 0.9% of (£15,000 less £225) i.e. 0.9% of £14,775 = £132.98. In the case of new staff, it is 5.5% of (£15,789.47 less £766.96) i.e. 5.5% of £15,022.51 = £826.23.

Annex B

Illustration of effects on job-sharing staff⁽¹⁾

Current Full-time Salary: £15,000

Contributory old age pension (max. single rate): £3,705.00

Serving Staff New Staff

Salary £7,500.00 Salary⁽²⁾ £7894.74

Contributions

Pension Contribution⁽³⁾

Base = Nil Base = Pay less OAP
Rate 0.00% Rate 3.50%
Amount £0.00 Amount £146.64

Lump-sum Contribution

Base = Nil Base = Full Pay
Rate 0.00% Rate 1.50%
Amount £0.00 Amount £118.42

Survivors Pension Contribution

Base = Full Pay Base = Full Pay
Rate 1.50% Rate 1.50%
Amount £112.50 Amount £118.42

Total Superannuation Contribution

£112.50 £383.48

Pay after Superannuation Contribution

£7,387.50 £7,511.26

PRSI Contribution

Rate 0.90% Rate 5.50%
Amount £66.49 Amount £413.12

Net Pay after Superannuation and PRSI Contributions

£7,321.01 £7,098.14
Difference (£222.87)

Benefits⁽⁴⁾

Maximum Personal Pensions

Occupational £3,750.00 Occupational £2,094.87
SW Pension £0.00 SW Pension £3,705.00
Total £3,750.00 Total £5,799.87
Difference £2,049.87

Lump Sums

Max Lump Sum £11,250.00 Max Lump Sum £11,842.11
Difference £592.11

Survivors' Pensions

Occupational: Occupational:
Spouse £1,875.00 Spouse £1,510.56
Children £1,875.00 Children £1,510.56
Social insurance: Social insurance:
Spouse £3,366.00 Spouse £3,366.00
Children £2,661.00 Children £2,661.00
Total £9,777.00 Total £9,048.12
Difference (£728.88)

Notes:

(1) See Notes to Annex A.

(2) Half of the corresponding figure in Annex A.

(3) As indicated at paragraph 15 of the Appendix, the net pensionable remuneration is arrived at by deducting from the job-sharing rate of remuneration the annual maximum single rate of social insurance old age contributory pension.

(4) The benefits outlined assume 40 years job-sharing service. As indicated at paragraph 15 of the Appendix, each year of service given in a job-sharing capacity reckons as six months service for superannuation purposes and pensionable remuneration is deemed to be pensionable remuneration which would be applicable if the officer was not job-sharing. The rates of occupational benefits shown are, accordingly, half of the corresponding figures in Annex A.

22. This report, recording agreement, was adopted on 29 March 1995.

This report was adopted on 29 March 1995