

Reference No: P18/17/75; **Date:** 13/07/76

13/07/1976 GL:- Non-Contributory Pension Scheme for non-established State Employees

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1. I am directed by the Minister for the Public Service to say that he has agreed to improvements to the above scheme on the basis set out in the Appendix to this letter.
2. I am to ask that the improvements, other than those at 8 and 9 of the Appendix, which are to be the subject of further discussions with staff representatives, be implemented as soon as possible by Departments or Offices empowered to make awards under the scheme. Further instructions will be issued regarding the implementation of the improvements at 8 and 9 of the Appendix and in regard to item 4 of the Appendix. The deferring of the implementation of item 8 will not affect the existing arrangements, as set out in Department of Finance Circular 9/73, whereby two years of service in the Defence Forces during the Emergency is reckoned for pension, lump sum and gratuity.
3. Attention is drawn to the arrangements for Effective Date in the Appendix. Priority should be given to cases of retirement or death between 1 January, 1975 and 30 September 1975 where no award was payable under the existing scheme rules. It should be noted that in such cases any awards should be calculated by reference to the scale of benefits applying prior to 1 October 1975. Pensions only may be revised from that date to take account of relevant improvements. In making awards in these cases account should be taken of any compassionate gratuity already paid. Details of cases in this category arising in Departments/Offices which do not make their own awards under the scheme, including the amount of any compassionate gratuity paid, should be submitted to this Department as soon as possible together with details of cases requiring revision as a result of the terms of this letter.
4. Unrecorded or unverified service does not reckon under the pension scheme for non-established State employees. The attention of the Minister has been drawn to the fact that cases have arisen in Departments where proper records of service are not available and where it has not been possible to verify service in the normal way. It has been represented that there is some evidence to suggest that service was in fact rendered in such cases. Details of these cases may be submitted to this Department for further consideration. It should be clearly understood, however, that there is no change in the general rule whereby unrecorded service does not reckon for pension. Furthermore, the foregoing arrangement does not imply any commitment on the part of the Minister to allow all or any of the service in question to reckon under the non-established scheme.
5. A revised version of the pension scheme for non-established State employees, incorporating the amendments set out in the Appendix to this letter, will be issued to Departments in due course.

Mise le meas,
P. J. Moore

Appendix - Improvements in Non-Contributory Pension Scheme for non-established State Employees

Improved benefits

1. Lump sum and death gratuity should be calculated at the rate of 3/80ths instead of 1/30th) of pay for each year of pensionable service.
2. Where a member dies the minimum qualifying period of 5 years' service for the grant of a death gratuity will no longer be required.
3. The minimum period of service needed for pension and lump sum is being reduced from 10 to 5 years.
4. On voluntary resignation after at least 5 years' service pension and lump sum will be preserved (and uprated) until normal retirement age if pension rights cannot be transferred to other employment.
5. Averaging of pay (where there has been a change in grade in last three years of service) will not apply in cases of death in service provided the employee has sufficient potential service to avoid averaging or where an employee retires, or is discharged on grounds of ill-health provided he has sufficient potential service to age 65 to avoid averaging.

Reckoning of Service

6. Service should be reckoned in completed days instead of completed years. The method of averaging (where applicable) is being correspondingly improved. Average pensionable salary will now be the total calculated by multiplying by 1/1095 the annual rate of salary appropriate on the last day of pensionable service for each grade in which the officer served during the last three years of pensionable service, and multiplying the result by the number of days of his employment in each grade during those years.

Example:

An employee who is earning £2,000 is promoted on 2 August, 1973 and retires on 1 December, 1975, with a salary of £3,000. His pensionable salary is calculated as follows:

(1)	Number of days in the last three years during which he served in the higher grade:	852
(2)	Number of days in which he served in the lower grade:	248
(3)	Annual salary at date of retirement:	£3,000
(4)	Annual salary at date of retirement had he not been promoted - say:	£2,500

Pensionable salary is:

(1) x (3)	+	(2) x (4)	
1095		1095	£2,889

7. The rule under which a break of 3 years barred the reckoning of earlier service is hereby abolished.
8. Service with the Defence Forces may be reckoned unless a pension is already payable in respect of such service or the service was terminated by dismissal, Where a gratuity was paid under the Defence Forces (Pensions) Schemes an equivalent (uprated) amount will be deducted from final lump sum or death gratuity to enable the Defence Forces service to reckon.

9. Local authority service will, in principle, reckon to the extent to which it would have reckoned if the employee had remained in the local authority service.

Ill-health benefits

10. (1) The reckonable service of an officer who retires, or is discharged, on grounds of ill health, will, subject to a maximum of 40 years, be the aggregate of (a) and (b) following:

(a) service reckonable under the existing rules as now amended;

(b) a period of added service calculated on the following basis:

(i) members with between 5 and 10 years of actual reckonable service at retirement will be allowed an equivalent amount of added service, such amount of added service not to exceed the difference between the member's age at retirement and age 65;

(ii) members with between 10 and 20 years of actual reckonable service at retirement will be allowed the more favourable of:

(I) an amount of service equal to the difference between actual reckonable service and 20 years, the added service not to exceed the difference between the member's age at retirement and age 55;

(II) 6 years and 243 days, the added service not to exceed the difference between the member's age at retirement and age 65. Members over age 65 at retirement cannot, therefore benefit under this section.

(iii) members with more than 20 years of actual reckonable service at retirement will be allowed to add whichever is the lesser of 6 years and 243 days and the difference between their age at retirement and age 65. Members over age 65 at retirement cannot, therefore, benefit under this section.

(2) Attention is drawn to paragraph 6.3 of the pension scheme which provides that a member must be medically certified, to the satisfaction of the Minister (for the Public Service), to be permanently incapacitated for the duties of his employment in order to qualify for a pension on ill-health retirement. It is essential, therefore, that this Department be consulted before resignation on grounds of ill-health is effected in any case.

(3) The addition of years specified above will not apply to awards on redundancy discharge made under para 6.4 of the scheme.

Effective Date

The improvements listed above will apply to cases of death or retirement on or after 1 October 1975.

The improvements at 2, 3, 7, 8 and 9 will be applied to any case of retirement or death between 1 January 1975 and 30 September 1975 in which no award was payable under the existing scheme rules. They will not be applied to increase an award already made in that period.

All pensions (whether service ended before or after 1 January 1975) - but not lump sums or death gratuities in respect of service ended before 1 October 1975 will be revised, with effect from 1 October, 1975 to take account of the improvements at 5, 6, 7, 8, 9 and 10.

Retirement Age

With effect from 1 January 1976 the retirement age under the scheme will be reduced from 70 to 67 and, in future, will be the same as the minimum age at which the Social Welfare Contributory Old Age Pension becomes payable. Service after age 67 will not therefore be reckonable for pension purposes (except in the case of veterans of the War of Independence as provided in existing modifications to the scheme). Where a person who is over 67 has been granted an extension in employment for a period ending after 1 January 1976 he may, if he wishes, continue to serve until the end of that period.

Calculation of Pensions

The changes listed above do not affect the method of calculating pensions under the scheme. The pension will continue to be at the rate of 1/80th of reckonable pay, less twice the Contributory Old Age Pension, for each complete year of service (and now pro rata for periods of less than a year) subject to a maximum of 40/80ths e.g.

Reckonable pay	£40.00 a week
less twice Old Age Pension (£12.15 x 2)	£24.30
Pensionable pay	£15.70
Pension after 40 years service (40/80)	£7.85
Old Age Pension	£12.15
Total	£20.00 = half pay

No account is taken of additions to Old Age Pension for dependants. Lump sums and death gratuities are calculated on reckonable pay without any deduction in respect of social welfare benefits.

Department of the Public Service

July 1976