

Reference No: P18/11/75; **Date:** 27/04/79

27/04/1979 LP:- Purchase of notional service for superannuation purposes

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I am directed by the Minister for the Public Service to refer to Circular 16/79 dated 20 April 1979 about the purchase of service for superannuation purposes. This letter contains detailed instructions for the implementation of the new arrangements. The scheme agreed under the scheme of Conciliation and Arbitration is set out in Appendix 1. Examples of the treatment of cases under the scheme are set out in Appendix 2.

2. Applications under the scheme

The existence of facilities for purchasing notional service should be brought to the notice of all serving established personnel (including officers on special leave with pay) and new appointees to established positions. Any officer who expresses a wish to purchase service should, as a preliminary measure, be given an estimate of the cost involved based on his age and known service. If he then wishes to pursue the matter further he should submit an application in writing. The application should give details of any jobs held before entry to the Civil Service (if any such service is reckonable for superannuation purposes, it may increase the amount of notional service which may be purchased) and should indicate whether there are any retained benefits (e.g. a refund of superannuation contributions) in respect of those jobs - such benefits may operate to reduce the service which can be purchased. Cases involving retained benefits specified in paragraph 5 of Appendix 1 of the scheme should be referred to this

Department.

3. The following points should be noted in particular:-

(1) Special transitional terms (as detailed in paragraph 6 of the scheme) apply in respect of officers serving in an established capacity on 1 June 1973.

(2) Where an option to purchase service is made after a period of sick leave or suspension, it should not be accepted unless the Department is satisfied that it is likely that the officer in question will serve to minimum retiring age.

(3) Periodical contributions will be payable with effect from the birthday following the date of the option and will continue until the person attains the minimum retiring age. Lump-sum contributions will be payable within six months of the exercise of the option. Paragraph 6 of the Scheme sets out special arrangements in relation to certain serving and retired staff.

(4) Income tax relief is not allowed on superannuation contributions in excess of 15% of salary and any officer who opts to purchase service should be so informed.

(5) Where a pensioner is eligible to make an option under paragraph 6(2) of the scheme, the Department which awarded his pension should deal with the option. The Paymaster General's Office (or Department of Posts and Telegraphs where appropriate) will notify pensioners of the existence of facilities for purchasing service and tell them to apply to their parent Departments if they require further information.

All of the examples in Appendix 2, except those numbered 4, 6 and 10, assume a minimum retiring age of 60. The only civil servants who do not have a minimum retiring age of 60 are prisons staff who come

within the ambit of the Superannuation (Prison Officers) Act 1919 - they have a minimum retiring age of 55.

4. Accounting for contributions

Departments should keep a record of the contributions paid by each officer who opts to purchase service. All contributions (whether periodical or lump-sum) are applied as appropriations-in-aid of the Vote for Superannuation and Retired Allowances (or of the Vote for the Department of Posts and Telegraphs in the case of officers of that Department. Accordingly, Departments (except the Department of Posts and Telegraphs) should pay over the contributions they collect to the Accounts Branch, Department of Finance, for credit to the Appropriations-in-aid subhead of the Vote for Superannuation and Retired Allowances. Transfers should be made quarterly, as soon as practicable after the close of the quarter in which the contributions were collected. The Department of costs and telegraphs should credit and contributions it collects to the Appropriations-in-aid subhead of its own Vote.

5. Where less than full salary is paid for any period (e.g., three quarters or half-pay) contributions should be calculated on the notional full salary. No deduction should be made from sick pay at pension rate (since the period in question would not be reckonable service) or any other non-reckonable periods and the service credit should be appropriately reduced in any such case in accordance with paragraph 4(2)(a) of the Scheme.

6. Where an officer transfers to another Department/Office between the effective date of a pay increase and the date on which payment of any arrears is made, the Department which pays the arrears is responsible for collecting the appropriate contributions.

7. Position of officers on special leave without Pay

An officer who was on special leave without pay on 7 April 1979 will not be allowed an option under the scheme unless he returns to his Civil Service post. If he so returns, and opts to purchase service by a lump sum contribution, the expression "beginning of service as an established civil servant" in paragraph 2(3) of the Scheme may be interpreted as the date of his return. On return he can also exercise an option to purchase service by periodical contributions at time subsequently, provided the terms of the Scheme are complied with. Where an officer goes on special leave without pay after the commencement date, he may, on return, make a lump-sum option provided he had not exercised such an option at any stage prior to coming on special leave.

8. Reference to Department of the Public Service

Any enquiries about the scheme should be referred in writing to the Pensions Section of this Department.

9. A return showing the number and grades of the officers availing of the scheme should be forwarded to this Department in June each year.

10. Statutory Scheme

A statutory scheme incorporating the new arrangements will be made under section 2 of the Superannuation and Pensions Act 1976 in due course. Pending the making of that scheme, the decision of the Minister for the Public Service in any exceptional case or on any question of interpretation will be final.

Mise le meas,
P.J. Moore

Appendix 1 to Letter to Personnel Officers dated 27 Aibreán 1979

Scheme for Purchase of Notional Service for Superannuation Purposes

1. Scope

This scheme applies only to civil servants (other than officers to whom section 28(2) of the Finance (Miscellaneous Provisions) Act, 1968, applies viz., certain Appeal Commissioners for the purposes of the Income Tax Acts) serving in an established capacity on or after 1 April 1979 who

(a) would have at least nine years' pensionable service (excluding purchased service) by the time they attain the minimum retiring age (which is 55 in the case of officers to whom the Superannuation (Prison Officers) Act 1919 applies and 60 in other cases),

(b) are not on sick leave or suspended from duty (with or without pay) or likely to retire on medical grounds,

(c) are not disqualified by virtue of having received, or having an entitlement to, retained benefits (see Appendix 1),

(d) exercise a valid option at the appropriate time (see paragraph 2).

2. Conditions

(1) The notional service which an officer may opt to buy may not exceed the limits described in Appendix 1 to this Scheme.

(2) An option to buy notional service by periodical deductions from salary may be exercised at any time in the officer's career, provided that at least two years will elapse between the date of his next birthday and the date on which he will reach the minimum retiring age.

(3) An option to buy notional service by lump sum payment must be exercised within two years of the beginning of service as an established civil servant or before 1 April 1981 in the case of an officer serving on 1 April 1979.

(4) An option to buy notional service by either method must be exercised in writing while the officer is still serving in an established capacity.

(5) An officer will not be allowed to revoke an option under this scheme unless he gives notice in writing to that effect before the lump sum payment is made or the periodical contributions commence. In the case of an option to pay by way of periodical contributions, the officer may, if he so wishes, choose to cease paying the contributions with effect from the date of his next birthday following receipt of his notification of cesser; in such a case his credit in respect of purchased service will be calculated under paragraph 4(2)(b) as if he had ceased to be a civil servant on the date of that birthday.

3. Procedure

(1) Subject to sub-paragraph (5) of this paragraph, notional service may be bought by two methods:

(a) by periodical deductions from salary, or

(b) by lump sum payment.

(2) For the purposes of this Scheme the term "salary" means;

(a) the pensionable remuneration by reference to which the officer's lump sum was calculated, where the purchase option is made at retirement; or

(b) the actual rate of an officer's salary (or wages) from time to time, where the purchase option is made before retirement.

(3) If an officer opts to buy notional service by periodical deductions from salary, contributions will be payable from the date of his next birthday until the date he reaches the minimum retiring age. The contributions will be calculated on his salary and will be at the rate shown in paragraph 1 of Appendix 2.

(4) If an officer opts to buy notional service by lump sum payment, the contribution will be based on his salary at the date he exercises the option, and will be calculated according to the table in paragraph 2 of Appendix 2. It must be paid within six months of the actual date of exercising the option; otherwise the option will be invalidated.

(5) Where an officer who makes an option to purchase notional service by way of lump sum payment, or periodical deductions from salary, pays contributions on salary only, and his retirement benefits are calculated by reference to an amount which includes an element other than salary, an extra contribution will be payable, by way of a deduction from death gratuity or preserved death gratuity, in respect of the extra contribution, additional to which would be payable if the lump sum or preserved lump sum or preserved amount of such non-salary element. be the equivalent of the that based on his salary,

(a) at the date of retirement, resignation or death, he had exercised an option to purchase by lump sum an equivalent number of added years, and

(b) the salary by reference to which the contribution fell to be calculated was equal to the non-salary element in the pensionable remuneration by reference to which his retirement benefits were calculated.

(6) Where an extra contribution under the preceding subparagraph falls to be made from a preserved lump sum or preserved death gratuity, and the preserved lump sum or preserved death gratuity in question falls to be increased by reference to any pensions increases granted under regulations made under the Pensions (Increase) Act, 1964 during the period between resignation and the date on which the preserved lump-sum or preserved death gratuity becomes payable, the extra contribution shall be calculated by reference to an amount equivalent to the non-salary element at date of resignation as increased by reference to the aforesaid pensions increases.

(7) Where purchased service is less than one year it must be paid for by lump-sum contribution.

4. Crediting of Purchased Service

(1) Purchased service will be taken into account for the purpose of calculating all superannuation benefits other than marriage gratuities. The officer concerned must, however, have the requisite minimum actual pensionable service (excluding purchased service) to qualify for the benefit in question.

(2) (a) If an officer dies, or leaves the civil service, on or after reaching the minimum retiring age, the full amount of any notional service he has bought will count as pensionable service. The service credit will be appropriately reduced in any case where an officer opted to pay periodic contributions but did not actually pay them for the full period (e.g. where he had a period of unpaid leave).

(b) If an officer who has bought notional service dies, or leaves the civil service, before the minimum retiring age, his pensionable service will be increased by the full amount of the notional service paid for by way of lump sum contribution; if he has paid by way of periodical deductions from salary his pensionable service will be increased by $A \times B/C$ where A is the number of years of notional service which he opted to buy, B is the period (expressed to the nearest day) over which he has paid periodic contributions for notional service and C is the total period over which he would have paid periodic contributions for notional service if he had stayed in service until the minimum retiring age. If the second sentence of paragraph 2(5) applies, the increase in his pensionable service will be calculated as if he had died on the day on which the periodic contributions ceased.

(c) If an officer has more than one option to buy notional service each such option will be treated separately for the purpose of the calculations in this sub-paragraph and Appendix 2.

(3) Any notional service bought by an officer to whom the Superannuation (Prison Officers) Act, 1919, applies shall only have the effect of increasing

(a) the superannuation allowance otherwise payable by $1/80$ th of the pensionable remuneration, by reference to which that allowance was calculated, for each year of notional service

and

(b) the additional allowance by $2/80$ ths of that pensionable remuneration for each year.

(4) Where an officer who has purchased service qualifies for notional service

(a) under section 6 of the Superannuation and Pensions Act 1963

and/or

(b) on ill health grounds,

the purchased service shall be credited so that the service arising under (a) and/or (b), is equal to the service which would have been so credited if he had not purchased service.

5. Refunds

(1) If an officer who has bought pensionable service does not qualify for a superannuation benefit or for a transfer of his service for superannuation purposes to another organisation or service, the contribution paid will be refunded. A female officer who qualifies for a marriage gratuity will also qualify for a refund.

(2) If a member of the Civil Service Widows' and Children's Contributory Pension Scheme 1977, while unmarried,

(a) dies in service, or

(b) retiree or resigns (other than when his service is transferred to another organisation or service)

his contribution for added years in respect of widows' and children's benefits will be refunded as follows:-

- (i) if he has paid by periodical deductions from salary, all contributions paid since his last marriage ended will be refunded;
- (ii) if he has paid by lump sum payment, the lesser of the following will be refunded.
 - (A) the contribution paid, or
 - (B) the proportion A/B of the contribution will be refunded, where A is the period (expressed to the nearest day) since his last marriage ended and B is the period (expressed to the nearest day) since he opted to buy added years.

(3) The rate of contribution for widows' and children's benefits is the rate obtained by subtracting the rate of contribution appropriate to a man who is not a member of the Widows' and Children's Pension Scheme from the rate of contribution actually paid.

(4) Refunds under rules (1) and (2) will be paid in the same way as refunds of contributions for widows' pensions are paid. A deduction in respect of tax will be made from all refunds of contributions in accordance with section 21 of the Finance Act, 1972.

6. Serving Officers

(1) In the case of officers serving in an established capacity on 1 April 1979 whose established service commenced on or before 1 June 1973, this Scheme will apply with the following modifications:-

- (a) The option period referred to in paragraph 2(3) will terminate on 1 April 1981.
- (b) An officer may opt, before 1 October 1979, to purchase service as follows:
 - (i) Pay periodic contributions with effect from his next birthday after 1 June 1973. If such an option is made the contributions will be calculated as if he had made the option on 1 June 1973 and the amount payable in respect of contributions due in relation to the period prior to 1 April 1979 will be payable within six months of that date; and/or
 - (ii) pay a lump sum contribution by reference to age as at 1 June 1973 and salary at date of option.

(2) Officers serving in an established capacity on 1 June 1973 who retired at or after age 60 before 1 April 1979 and were not, prior to retirement, on sick leave or under notice of premature retirement or retirement on medical grounds or suspended from duty, will be allowed a lump sum option which must be exercised, and the contribution paid, before 1 October 1979.

The contribution will be calculated by reference to the officer's age on 1 June 1973 and the pensionable remuneration on which his retirement lump sum was calculated. The benefits in respect of the purchased service will be as follows:-

- (a) He will receive an increase in his lump sum equivalent to $A/B \times C$ where A is the number of years of service purchased, B is the number of years (any fraction of a year being taken into account on a pro-rata basis) by reference to which the basic lump sum as calculated and C is the amount of the basic lump sum.

(b) The pension in payment to him on the date on which he pays the contribution due will be increased with effect from that date by a percentage equivalent to $100 A/B$ where those letters have the meaning outlined in the preceding sub-paragraph.

Appendix 1 to the Scheme for the purchase of notional service for superannuation purposes: Limits on the amount of notional service which may be bought

1. The maximum amount of notional service which may be bought depends on the officer's prospective pensionable service at minimum retiring age and any retained benefits received or receivable by virtue of earlier service under another occupational pension scheme. (Retained benefits mean benefits from a previous pension scheme, and include pensions, commutation payments, lump sums, gratuities and refunds of superannuation contributions).

2. For an officer

(1) who would have at least nine years' pensionable service (excluding notional service, whether purchased, ill-health or professional) at minimum retiring age;

(2) who is not entitled to retained benefits from a previous pension scheme; the maximum amount of notional service which may be bought is as follows:-

(1) Actual reckonable service (including transferred service but excluding notional service, whether purchased, ill-health or professional) which the officer would have if he remains in service until minimum retiring age	(2) Maximum service which can be purchased
20 years or more	Difference between 40 years and actual reckonable service by minimum retiring age.
19 years	17 years
18 years	15 years
17 years	13 years
16 years	11 years
15 years	9 years
14 years	7 years
13 years	5 years
12 years	4 years
11 years	3 years
10 years	2 years
9 years	1 year

Where actual reckonable service by minimum retiring age is less than twenty years and includes days of service in excess of a whole number of years of service, sufficient days to bring him up to the next whole number of years may be added to the appropriate number of years in the second column of the Table.

3. For an officer who is entitled to retained benefits for earlier service under another occupational pension scheme, the maximum number of years of notional service which may be bought is the smaller of

- (1) the maximum specified in paragraph 2; and
- (2) 40 - A - B,

where A is the actual reckonable service which he would have if he serves to the minimum retiring age, and B is the length of his pensionable service in the previous scheme.

4. In the following circumstances the retained benefits may be left out of account altogether:

(1) where the retained benefit consists only of a refund of superannuation contributions which was either paid when the employee was under 45 or was less than £2,000 in amount; or

(2) where the retained benefit consists of a small pension of not more than £52 a year or of a small lump sum payment (e.g. a gratuity or commutation payment) of less than £200.

Where the retained benefits are to be left out of account altogether the previous service may be ignored completely.

5. Where the retained benefits are not in any of the categories in paragraph 4 the case should be referred to the Department of the Public Service which will decide whether purchase can be allowed. Sand, if allowed, the amount by which the number of added years which may be bought should be decreased or increased.

Appendix 2 to the Scheme for the purchase of notional service for superannuation purposes: Contribution for Notional Service.

For an officer whose minimum retiring age is 60, and who opts to buy notional service by periodical deductions from salary, the following table shows the rate of contribution (as a percentage of salary) for each year of notional service which will be levied on salary payable between the date Or the officer's next birthday and the date on which he attains minimum retiring age.

Age next birthday at exercise of option	Contribution for women	Contribution for men who are members of the Civil Service Widows' and Children's Pension Scheme	Contribution for men who are not members of the Widows' and Children's pension Scheme
	%	%	%
20	.21	.23	.16
21	.22	.24	.17
22	.23	.27	.19
23	.24	.28	.20
24	.26	.30	.22
25	.28	.32	.24
26	.30	.34	.25
27	.32	.36	.27

28	.34	.38	.29
29	.36	.41	.31
30	.38	.42	.32
31	.40	.44	.34
32	.43	.46	.35
33	.46	.48	.37
34	.49	.51	.39
35	.53	.53	.41
36	.57	.56	.43
37	.61	.59	.46
38	.65	.63	.49
39	.68	.66	.52
40	.73	.71	.56
41	.77	.76	.60
42	.83	.81	.64
43	.89	.88	.70
44	.95	.95	.76
45	1.04	1.03	.83
46	1.12	1.13	.92
47	1.22	1.25	1.02
48	1.34	1.36	1.12
49	1.49	1.50	1.24
50	1.66	1.69	1.41
51	1.87	1.89	1.58
52	2.12	2.14	1.80
53	2.44	2.50	2.11
54	2.95	2.97	2.52
55	3.53	3.55	3.03
56	4.49	4.61	3.95
57	6.25	6.03	5.20
58	9.00	9.39	8.14

2. For an officer whose minimum retiring age is 60, and who opts to buy notional service by a lump sum payment, the following table shows the rate of contribution for one year of notional service for each £100 of pensionable pay:

Age next birthday at exercise of option	Contribution for women	Contribution for men who are members of the Civil Service Widows' and Children's Pension Scheme	Contribution for men who are not members of the Widows' and Children's pension Scheme
	£	£	£
20	7.95	9.57	6.63
21	8.07	9.60	6.72
22	8.24	9.65	6.84
23	8.40	9.76	7.01

24	8.57	9.87	7.18
25	8.72	9.97	7.34
26	8.89	10.08	7.50
27	9.05	10.20	7.66
28	9.21	10.35	7.83
29	9.37	10.50	7.99
30	9.54	10.66	8.14
31	9.76	10.85	8.31
32	10.02	11.04	8.48
33	10.25	11.23	8.64
34	10.48	11.41	8.80
35	10.70	11.59	8.96
36	10.92	11.78	9.13
37	11.15	11.95	9.29
38	11.42	12.14	9.48
39	11.63	12.37	9.71
40	11.86	12.65	9.98
41	12.09	12.88	10.20
42	12.31	13.12	10.43
43	12.64	13.33	10.65
44	12.93	13.53	10.87
45	13.22	13.78	11.14
46	13.54	13.97	11.36
47	13.83	14.16	11.59
48	14.11	14.45	11.91
49	14.44	14.73	12.20
50	14.77	15.04	12.52
51	15.11	15.32	12.81
52	15.46	15.63	13.14
53	15.84	16.01	13.53
54	16.20	16.35	13.88
55	16.61	16.67	14.22
56	17.07	17.04	14.61
57	17.51	17.48	15.07
58	17.99	17.84	15.47
59	18.46	18.26	15.93
60	18.94	18.75	16.46
61	18.98	18.79	16.50
62	19.02	18.83	16.54
63	19.06	18.87	16.58
64	19.09	18.94	16.65
65	19.20	19.04	16.75

3. For an officer whose minimum retiring age is 55, the tables apply as if his age were increased by 5 years.

4. Where purchased service is not an exact number of completed years, the appropriate contribution will be calculated by applying the appropriate fraction to the contribution rate in question (e.g. a female officer aged 40 who wishes to buy 2 years and 97 days by periodic contributions would pay $2 \frac{97}{365} \times 0.77\%$).

Appendix 2 to Letter to Personnel Officers dated 27 April 1979

Examples (in all cases it is assumed that the officer is not on sick leave, suspended or likely to retire on ill-health grounds and that the start of service does not coincide with a birthday).

1. Serving male officer aged 51 next birthday with 12 years reckonable service, who was serving on ___ June 1973, whose present salary is £6000, a year and who has a pensionable allowance. His only retained benefit is a refund of contributions of £500, he is a member of the Widows' and children's contributory pension scheme and his minimum retiring age is 60.

Having regard to paragraph 4.1 of Appendix 1 of the scheme, the retained benefits can be ignored. Thus, the options open to the officer are as follows:

(1) Under paragraph 2(2) of the scheme he can opt at any time up to age 58 to pay periodical contributions. Under paragraph 2(3), as modified by 6(1)(a), he can opt before ___ April 1981 to pay a lump sum contribution; that contribution must be paid within 6 months of the option being made.

(2) In addition to, or in lieu of, either or both of the options at (1) above he may, under paragraph 6(1)(b)(i), opt to pay periodic contributions with effect from the date of his next birthday after 1 June, 1973; the option must be made, and the arrears of contribution paid, before ___ October 1979.

(3) In addition to, or in lieu of, the options to pay periodic contributions under (1) and (2) above (but not in addition to the lump sum option at (1)) he may opt before ? October 1979 to pay a lump sum contribution under paragraph 6 (1)(b)(ii); the contribution due must be paid before 1 October 1979.

Paragraph 2 of Appendix 1 of the Scheme shows that the maximum service which can be purchased is 18 years plus days i.e. 40 - 21 plus days (actual service at age 60) .

The contribution in respect of each year of purchased service will be calculated as follows:-

(a) If the option is to pay periodical contributions under (1) above, he will pay 1.89% (assuming the option is made before his 51st birthday) of salary for the period between his 51st and 60th birthdays.

In addition, if his pensionable remuneration at retirement at, say, age 60 includes an element in respect of the pensionable allowance, he will pay 18.79% of that element.

(b) If the option is to pay lump sum contributions under (1) above, he will pay 15.32% (assuming the option is made before his 51st birthday) of salary at date of option. An additional payment as at (a) above would be due in respect of any pensionable allowance which forms part of pensionable remuneration.

(c) If an option under (2) is made, the periodic contribution would be 1.13% (assuming he was 45 years of age on 1 June 1973) and would be payable from the 46th to the 60th birthday.

Any lump sum contribution in respect of a pensionable allowance would be calculated as at (a) above.

(d) If the option is to pay a lump sum contribution under (3) above, the contribution would be 13.97% of £6000. Any lump sum contribution in respect of a pensionable allowance would be calculated as at (a) above.

If the officer makes a lump sum option he will be credited with the full Period of service purchased irrespective of whether he serves to age 60 or resigns or dies before attaining that age. If the option is to pay by way of periodical contributions he will only be credited with the full period of purchased service if he serves to age 60 and pays the contributions throughout the period in question. The service credit will be reduced appropriately if he

- (i) resigns or dies before age 60 (see paragraph 4(2)(b) of Scheme
- (ii) decides to cease paying periodic contributions before that age (see paragraph 2(5)), or
- (iii) was not paid salary for Portion of the period in question (see paragraph 4(2)(a)).

If the officer resigns with preserved benefits, and pensionable emoluments are taken into account in calculating his preserved lump sum or preserved death gratuity, a contribution calculated on the basis outlined in paragraph 3(6) of the Scheme will be payable.

If the officer remains single throughout the period from the date of option to the date on which he ceases to be a civil servant, he will qualify for a refund of widows and childrens contributions under paragraph 5 of the Scheme, provided he is not transferring his service to another organisation or service; a partial refund may apply in the case of a widower.

2. Male officer serving on 1 June 1973 who retired at age 65 on 30 June 1977 with 30 years service and pensionable remuneration of £5000. He had no retained benefits and was not a member of the Widows' and Children's Contributory Pension Scheme.

He can purchase up to 14 years and one month by way of lump sum contribution only, of course, he only needs 10 years for maximum benefits,. The contribution, under paragraph 6(2) of the Scheme, would be 16.50%, of £5000 (assuming he was 60 years of age on 1 June 1973) for each year purchased. The benefits purchased would apply with effect from the date on which the contribution is paid. This option must be exercised, and the contribution paid, before 1 October 1979.

3. Female officer entering the Civil Service on 1 February 1979 at age 51, with 6 Years service transferable from a local authority. Her salary is £6000 a year and she has no retained benefits.

The maximum service she can buy is 7 years plus days. The lump sum in respect of each year would be 15.46% (assuming the option is made before her 52nd birthday) of £6000, plus the appropriate payment at retirement or death in respect of any pensionable emoluments.

The periodic contribution in respect of each year would be 2.12% of salary for the period from the 52nd to the 60th birthday (plus the appropriate payment at retirement or death in respect of any pensionable emoluments.)

4. Male officer who enters the Civil Service on 1 March 1979 at age 39 in a grade with a minimum retiring age of 55. His salary is £5000 a year and he has no retained benefits.

Because of the earlier minimum retirement age, calculations are based on his actual age plus 5 years. The maximum service which he can purchase is 9 years plus days. The periodic contribution for each year would, assuming the option is made before his 40th birthday, be 1.03% (in accordance with paragraph 3 of Appendix 2, the contribution rate would be that appropriate to a man who will be 45 next birthday) in respect of the period from the 40th to the 55th birthday plus an appropriate contribution at retirement or death in respect of pensionable emoluments.

The lump sum contribution would be 13.78% of salary, assuming the option is made before his 40th birthday, plus an appropriate contribution at retirement or death in respect of pensionable emoluments.

5. Male officer born on 1 March 1944 who enters the Civil Service on 1 July 1979 and decides, on 1 April 1989, that he wishes to purchase service. He has no retained benefits

No lump sum option is allowed because he did not opt within two years of commencement of service. He can, however, purchase a maximum of 15 years by periodical contributions commencing on 1 March 1990. The contributions for each year would be 1.13% (i.e. that appropriate to a man aged 46 next birthday) and would be payable from the 46th to the 60th birthday. An appropriate contribution in respect of any pensionable emoluments would also be payable.

6. The officer mentioned in example 4 opts to purchase 180 days of service.

A lump sum option only is allowable (paragraph 3(7) of scheme). The contribution would be 6.80% ($180/365 \times 13.78\%$) of salary (assuming the option is made before his 40th birthday, i.e. 45 for purposes of the scheme) plus the appropriate payment at retirement or death in respect of any pensionable emoluments.

7. The officer mentioned in example 5 above dies on 13 May 1997.

In accordance with paragraph 4 (2) (b) of the Scheme, the service credit will be 51.45% of the period of service (say 5 years) he is purchasing i.e. $5 \times 7/74/365 / 14 = 2$ years 209 days.

8. The officer in example 5 above resigns on 13 May 1997

He will be credited with 2 years 209 days of purchased service (see calculation in example 7) for purposes of his preserved benefits or transfer of pension rights.

9. The officer in example 5 above decides, on 13 May 1997, to cease paying periodic contributions.

Under paragraph 2(5) of the scheme, the periodic contributions may cease with effect from 1 March 1998 (his next birthday). The service credit would be 2 years 313 days ($5 \text{ years} \times 8/14$).

10. The officer in example 4 resigns on 1 March 1983

Since his reckonable service (exclusive of purchased service) is less than 5 years, he cannot qualify for preserved benefits. Accordingly, unless he is transferring his service for superannuation purposes to another organisation or service, he qualifies for a refund of contributions in accordance with paragraph 5. If he transfers he will qualify for a service credit in respect of his purchased service calculated in accordance with paragraph 4(2) (b) of the scheme.

11. Officer on sick leave or suspension wishes to make an option

Option is allowed. If the officer returns to his post, however, the position would be reviewed and an option may be allowed if the Department is satisfied that the circumstances are such that it is unlikely that the individual will retire on pension before minimum retiring age.

12. Officer who is in receipt of a pension greater than £52 a year under the Defence Forces (Pension) Schemes wishes to make an option.

The case should be referred to this Department in accordance with paragraph 5 of Appendix 1 of the Scheme.

13. The Officer in example 5 retires on 1 March 2005, having opted on 1 April 1989 to purchase 10 years service. His wife died on 1 July 1994 and he has remained a widower

He will have paid periodical contributions of 11.3% of salary for the period 1 March 1990 to 29 February 2004. A refund of that portion of the contribution which is in respect of widows' and children's benefits - i.e. 2.1% (11.3% - 9.2%) will be due in respect of the period 1 July 1994 to 29 February 2004. The actual refund may be calculated using the formula

$$\frac{2.1}{11.3} X y$$

where Y is the total contribution paid during the period 1 July 1994 to 29 February 2004.