

Reference No: P18/11/75; **Date:** 28/09/79

28/09/1979 GL:- 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, and to this Department's Letter to Personnel Officers dated 27 April 1979, about the purchase of service for superannuation purposes.

2. It has now been agreed that the time-limit specified for making options in paragraphs 5(1)(b) and 5(2) of the Circular should be extended to 31 January, 1980, that the final date for making payments under these options should be extended to 31 March 1980, and that the salary for purposes of the option in paragraph 5(1)(b)(ii) should be the rate of salary effective from 1 April 1979 (i.e. to include pay increases announced subsequent to that date but effective from or before that date).

Accordingly, an option under those paragraphs may be exercised up to (and including) 31 January 1980. In the case of an option to purchase by periodical contributions under paragraph 5(1)(b)(i), the contributions payable in respect of the period prior to the option date will have to be paid before 1 April 1980. Where an option to purchase by lump sum under paragraph 5(1)(b)(ii) or 5(2) has been made the contribution due will have to be paid before 1 April 1980. Paragraph 6 of Appendix 1 to the Letter of 27 April 1979, referred to above, and the relevant examples in Appendix 2 to that Letter, should be regarded as appropriately amended.

3. All eligible officers (see paragraph 2 of Circular) should be notified of the foregoing concession as soon as possible, in particular those who have opted to avail of the terms of the Circular and those who have made enquiries about purchase of service. Attached for convenience is a revised version of paragraph 5 of the Circular.

4. Pensioners are being asked by the Paymaster General's Office to contact their former Departments if they wish to exercise the option under paragraph 5(2) of the Circular.

5. An officer retiring on grounds of ill-health over age 60 may be allowed an option to purchase under the scheme (lump-sum only) and paragraphs 1(b) and 6(2) of Appendix 1 to Letter of 27 April 1979 should be regarded as modified accordingly.

6. Some doubt has arisen about the interpretation of the expression "age next birthday at date of option." In the case of a person aged, say, 54 on date of option, it means age 55. The only exception to this is where the date of option coincides with the 54th birthday - in such a case, it means age 54.

7. It should be noted that periodical contributions may only be paid from salary. Accordingly, where no salary is payable for a particular period (whether due to sick leave without pay, special leave without pay or any other reason), no periodical contributions may be paid and the service credit will be reduced appropriately in accordance with paragraph 4(2)(a) of Appendix 1 to the Letter of 27 April 1979.

8. Attached for information is a note of the position in relation to income tax relief on contributions for purchased service. Questions relating to income tax should be taken up by the officer concerned with his Inspector of Taxes.

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Michael Murphy