

Reference No: P18/7/94; **Date:** 17/06/94

17/06/1994 GL:- Purchase of service for superannuation purposes by job-sharers

A Chara

I refer to General Council Report 1270, copy attached, which extends the scope for the purchase of additional service by job-sharing officers under The Revised Scheme for Purchase of Service for Superannuation Purposes by Established Civil Servants. The detailed terms of the Purchase Scheme were set out in the attachment to this Department's letter of 12 February 1990 to Personnel Officers.

The Purchase Scheme allows officers, at maximum, to purchase the additional notional service necessary to bring their total pensionable service by age 65 to 40 years. The potential service of job-sharing staff at any given time is difficult to determine, depending as it does on whether or not an officer is likely to resume full-time duties at some future stage. Accordingly, job sharers have up to now only been permitted to purchase additional service in situations where their potential service to age 65, if they were to resume full-time duties, would be less than 40 years.

Under the revised arrangements outlined in the General Council Report, job-sharers who are currently precluded from purchasing additional service, i.e. those whose potential service to age 65 would, if they resumed full-time duties, exceed 40 years will also be permitted to purchase service provided either;

(a) that at the time they exercise an option to purchase service they have already been job-sharing for at least 5 years, or

(b) that they were at least 50 years of age at the time they commenced job-sharing.

Apart from the following necessary modifications to the Scheme, purchases by officers affected by the Report will be subject to all the provisions of the Revised Purchase Scheme.

Section 4.2(b) of the Scheme: "salary" means twice the actual rate of the officer's job-sharing pay.

Section 6 of the Scheme: if an officer who is purchasing additional service on foot of General Council Report 1270 resumes full-time service and, as a result, the contributions already paid are in excess of the amount required to bring his/her potential reckonable service by age 65 to 40 years, payment of contributions will cease and the excess may be refunded through the payroll system.

Appendix 2 to the Scheme: in determining the actual reckonable service (paragraph 2) of an officer affected by this Report, it may be assumed that the officer will remain job-sharing until age 65.

The terms of this letter should be brought to the attention of any officers in your Department/Office who are job-sharing at present, or who commence job-sharing in the future.

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Principal/Pensions Section

Report of the Joint Official Side/Staff Side Working Party on Superannuation

1. At its meetings of 7 February, 11 June and 6 November 1992, 5 March, 11 June and 5 October 1993, and 7 February 1994, the Working Party considered the question of the purchase of service by job-

sharers under the terms of the Revised Scheme for the Purchase of Service for Superannuation Purposes by Established Civil Servants.

2. The Staff Side stated that certain officers who were job sharing had been informed that they could not purchase service as they had the potential to have 40 years service by the maximum retiring age. They considered that a realistic purchase option should be available to such staff. Some staff whose potential service to age 65, prior to the commencement of job-sharing, was less than 40 years had also been precluded from purchasing service while they were job-sharing.

3. The Official Side indicated that they had no objections to staff in the latter category purchasing the amount of service by which their potential service, prior to job sharing, fell short of 40 years. There was no provision in the Scheme precluding such purchases. There was a difficulty in relation to staff whose potential service to age 65 either before they commenced job-sharing or if they returned to full time duties would exceed 40 years. As the scheme only allowed the purchase of sufficient service to increase one's potential service to 40 years, such staff were precluded from purchasing until such time as their potential service was less than that amount. The Official Side also indicated that the Revenue Commissioners might object to the provision of tax relief on purchase contributions in respect of which no benefits might be obtained. It was agreed however that the matter would be considered further and that the tax implications, in particular, would be clarified. The Staff Side also requested that

clarification be sought from Revenue as to whether there could be any difficulties about the salary base and/or reckonable service on which superannuation benefits would be based for staff who were job-sharing immediately prior to retirement.

4. The Revenue Commissioners subsequently indicated that, in the event of the extension of purchase facilities to job sharers, their concerns would be satisfied if any surplus contributions arising were repaid through the payroll system, thereby being made liable for PRSI and tax deductions. They also confirmed that the calculation of superannuation benefits by reference to the appropriate full-time salary for a job sharing officer would not conflict with Revenue Approval Practice provided that job-sharing service continued to be reckoned as to half for calculation of pensionable service.

5. Following the clarification of the taxation implications, the Official Side put forward the following proposals:

(a) Job-sharers who are currently precluded from purchasing service (i.e. those whose potential service to age 65 would, if they resumed full-time service, exceed 40 years) may do so provided (a) they have been job sharing for at least 5 years or (b) were over the age of 50 when they commenced job-sharing.

(b) The amount of service purchased may not exceed the difference between 40 years and the reckonable service which the officer would have if s/he remained job-sharing till age 65.

(c) If an officer resumes full-time service and, as a result, the contributions already paid on foot of (a) or (b) are in excess of the amount required to bring his/her potential reckonable service by age 65 to 40 years, payment of contributions will cease and the excess may be refunded through the payroll system; the effect being that such refunds would be subject to the officer's marginal tax rate.

(d) Purchase options by job-sharing staff would of course be subject otherwise to the provisions of the Purchase Scheme.

6. The Staff Side indicated their agreement to the above arrangements. The Working Party accordingly agreed to recommend to the General Council that the Purchase Scheme be appropriately amended.