[To all Personnel Officers]

29 March 2006

Dear Personnel Officer

Unpaid Absences and Pensions Accrual

Introduction

1. The purpose of this note is to clarify the impact a period of unpaid leave has on the accrual of pensionable service in the Civil Service Pension Schemes. It is based on the existing pensions legislation and rules with regard to how pensionable service accrues. It is considered appropriate to issue this clarification now in the context of the publication of Circular 20/2005 [Revised Arrangements for Part-time Civil Servants], which introduced pro-rata pension arrangements for worksharing staff and the development of a facility in the new version of HRMS to calculate the impact on pensions of unpaid absences.

2. It is important to note that the methodology set out in this note relates to the impact of unpaid absences on pensions. As such, it will not necessarily be the same as the impact for other purposes, such as pay, sick leave or the calculation of entitlement limits to certain types of unpaid leave where the entitlement is expressed in days.

3. The Rules (set out in paragraph 5 below) to be applied in cases of unpaid absence for pension purposes apply to all work patterns and, it is considered, could be applied to new patterns as they are developed in the future. Selected worked examples relating to a range of existing attendance patterns are included in the Appendix by way of illustration.

Reckoning of service and unpaid absences - Rules to be applied

4. Under the Superannuation Acts, pension accrues in years. Under Circular 46/75 and the Civil Service Superannuation Regulations1980 (S. I. 188 of 1980), parts of a year in excess of completed years is calculated on a pro-rata basis i.e. X

Days/365 (subject to a maximum of 364/365). Particular attention should be paid to this where a person is worksharing in the final year of service.

5. Unpaid absence is treated as follows:
   a. for absences of individual days, a day is discounted for each day's absence or the portion of the day the person was scheduled to work is discounted if the person is scheduled to work less than the full day.

   b. for absences of more than one day (and less than 13 weeks – see par. 7 below), the period of absence is taken as a block and all days (or portion of a day) that the person was scheduled to work in the period from the start to the end of the absence, inclusive, is discounted, including weekend days where the person has been absent on the last working day before and the first working day after the weekend . For worksharers the weekend days are calculated by multiplying those days by the F.T.E. decimal. Where the person has been absent on the last working day before a Public Holiday and the first working day after the Public Holiday, the pensionable service loss in respect of the Public Holiday is equal to the proportion of the day the person was scheduled to work on that day.

   Saturdays, Sundays, Public/Bank Holidays and Privilege Days falling at the start or finish of a period of unpaid leave are, in general, not reckoned as part of the period of unpaid leave (para 5.1 of Circ Letter 2/76 refers), unless otherwise specified in the terms of the leave. An example of where it is otherwise specified is Term Time Leave, where there is a minimum period of leave which must be taken and the period is specified in weeks. In such a case, for pension purposes, pensionable service is reduced by the number of days resulting from the number of weeks multiplied by 7, multiplied by the FTE of the person's attendance pattern.

   Public/Bank Holidays (and Privilege Days) falling <u>within</u> a period of unpaid leave are, in general, reckoned as part of the period of unpaid leave (para 5.1 of Circ Letter 2/76 refers), and consequently do not reckon for pension purposes, unless otherwise specified in the terms of the leave. Examples of where it is otherwise specified are Additional Maternity Leave and Additional Adoptive Leave. Where payment is made in respect of a Public/Bank Holiday, falling within such a period of unpaid leave, that day (or part of the day) is pensionable.

   c. For longer periods of absence, such as career breaks, the accrual of pensionable service is stopped and resumes when the member returns from the break.

These rules apply to all unpaid absences, including periods of parental leave.

With regard to unpaid leave where the entitlement is expressed in days, it is important to distinguish between how the limit to the entitlement is calculated and how the absence impacts on pension accrual.

Staff should be advised that a period of unpaid leave may be made reckonable by lump sum purchase within six months from the date of return, subject to the Purchase Scheme rules. For career breaks, there is also a facility whereby the period of the career break may be made reckonable by way of appropriate purchase contributions while on career break, subject to the rules of the Purchase Scheme.

Worked Examples applying the Rules outlined at Paragraph 5

6. The **Appendix** to this letter sets out a number of worked examples of the impact that unpaid absences have on pensionable service accrual for the selected Work Patterns (including Full-Time). The impact of absences taken as a single day, a week, two weeks and a longer period covering weekend days is shown. By working through the examples, a consistent picture emerges across the work patterns which is also consistent with the way in which the accrual of pension credit is applied.

Longer Periods of Unpaid Absence

7. As outlined in paragraph 5 (c), for longer periods of unpaid absence, such as career breaks, pension accrual should be stopped for the period of the break. In the HRMS, the 'cut-off' point in defining such "longer" periods is generally 13 weeks.

Integrating Pension Rules for unpaid absence into HRMS

8. The pension rules outlined above have been integrated in the next version of the HRMS to calculate automatically the loss of pensions accrual for each unpaid absence.

Maintaining a consistent approach

9. If not currently the case, the approach set out in this letter should be implemented in all Departments, including those with delegated sanction for pensions. The upgrading of the HRMS will assist Departments in maintaining a record of unpaid absences and pension accrual. It is important that the relevant data are input to the HRMS to ensure that individual records are up-to-date. In making manual pensionable service calculations the approach outlined above should be used. The pensionable service entered on the form E Gen 24, should include the full information, including the deduction in respect of unpaid absences.

Notification to other Bodies

10.   Departments are requested to bring the contents of this letter to the attention of Bodies under their aegis.

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Cloda Ryan/Sarah Kyne
Principal (Worksharing)
Pensions Section

APPENDIX

Worked Examples

Impact of unpaid leave on loss of pensionable service for various work patterns

These examples are based on a selection of work patterns taken from the HRMS. The Rules set out in Par. 5 of the letter should similarly be applied to any other work pattern.

A – Civil Service Standard Week [Full Time]

Mon – Fri each week	FTE = 1

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – off Mon	1 Full Day
Total Pension Loss = 1 Full Day	

Example 2	
Unpaid Leave	*Pension Loss*
Week 1 – off Mon – Fri (incl)	5 full days
Total Pension Loss = 5 Full Days	

Example 3		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon – Fri (incl)	5 Full Days	2 Full Weekend days
Week 2 – off Mon	1 Full Day	
Total Pension Loss = 8 Full Days		

Example 4		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon – Fri (incl)	5 Full Days	2 Full weekend days
Week 2 – off Mon – Fri (incl)	5 Full Days	2 Full weekend days
Week 3 – off Mon	1 Day	
	11 Days	**4 Days**
Total Pension Loss = 15 Full Days		

Note: Absence on Monday of week 3 results in additional pension loss of 3 days. This outcome is a function of how pensionable service is and continues to be calculated.

Work Schedule B – Week on/Week off

1 Week on/1 Week off		FTE = .5
Week 1	**On**	Mon - Fri
Week 2	**Off**	Mon – Fri
Week 3	**On**	Mon - Fri

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – off Mon	1 Full Day
Total Pension Loss = 1 Full Day	

Example 2	
Unpaid Leave	*Pension Loss*
Week 1 off Mon – Fri (incl)	5 Full Days
Total Pension Loss = 5 Full Days	

Example 3		
Unpaid Leave	*Pension Loss*	
Week 1 off Mon – Fri (incl)	5 Full Days	Weekend = 4 Days (both weekends) * .5 = 2 Full Days
Week 3 off Mon	1 Full Day	
Total Pension Loss = 8 Full Days		

Work Schedule C – Split Week

Split Week	FTE = .5	
Week 1	**On**	Wed, Thurs, Fri
Week 2	**On**	Mon, Tues

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – Wed off	1 Full Day
Total Pension Loss = 1 Full Day	

Example 2	
Unpaid Leave	*Pension Loss*
Week 1 – off Wed, Thurs, Fri	3 Full Days
Total Pension Loss = 3 Full Days	

Example 3		
Unpaid Leave	*Pension Loss*	
Week 1 – off Wed, Thurs, Fri	3 Full Days	+ 2 weekend days * .5 = 1 Full Day
Week 2 – off Mon and Tues	2 Full Days	
Total Pension Loss = 6 Full Days		

Example 4		
Unpaid Leave	*Pension Loss*	
Week 1 – off Wed, Thurs,	3 Full Days	2 Weekend Days * .5 = 1

Fri		Full Day +
Week 2 – off Mon, Tues	2 Full Days	2 Weekend Days * .5 = 1
Week 3 – off Wed	1 Full Day	Full Day
Total Pension Loss = 8 Days		

Work Schedule D – Half Day on each day

Half Day On/Half Day Off	**FTE = .5**
Most commonly works each morning i.e. ½ day every day, but could be each afternoon.	

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – off Monday	½ Day
Total Pension Loss = ½ Day	

Example 2	
Unpaid Leave	*Pension Loss*
Week 1 off Mon – Fri	5 * ½ Days = 2½ Days
Total Pension Loss = 2½ Days	

Example 3	
Unpaid Leave	*Pension Loss*

Week 1 – Mon to Fri	5 * ½ Days = 2 ½ Days	2 Weekend Days * .5 = 1 Full Day
Week 2 – Mon to Fri	5 * ½ Days = 2 ½ Days	
Total Pension Loss = 6 Full Days		

Example 4		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon to Fri	5 * ½ Days = 2 ½ Days	2 Weekend days * .5 = 1 Full Day + 2 Weekend days * .5 = 1 Full Day
Week 2 – off Mon to Fri	5 * ½ Days = 2 ½ Days	
Week 3 – off Mon & Tues	2 * ½ Days = 1 Day	
Total Pension Loss = 8 Full Days		

Work Schedule E – 2 ½ Days on-2 ½ Days off

2 ½ Days on/2 ½ Days off	**FTE = .5**
Works Mon and Tues (full days) and Wed morning each week.	

Example 1		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon	**1 Full Day**	
Total Pension Loss = 1 Day		

Example 2	
Unpaid Leave	*Pension Loss*

Week 1 – off Mon, Tues, Wed am	2 ½ Days
Total Pension Loss = 2 ½ Days	

Example 3		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon, Tues Wed am	2 ½ Days	2 Weekend days *
Week 2 - off Mon, Tues, Wed am	2 ½ Days	.5 = 1 Day
Total Pension Loss = 6 Days		

Example 4		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon, Tues, Wed am	2 ½ Days	2 Weekend days * .5 = 1
Week 2 – off Mon, Tues, Wed am	2 ½ Days	Full Day +
Week 3 – off Mon	1 Day	2 Weekend days * .5 = 1 Full Day
Total Pension Loss = 8 Full Days		

Work Schedule F - Every 2nd day on/off

Every 2nd day on/off		FTE .5	
Week 1	**On**	Mon, Wed, Fri	
Week 1	**Off**	Tues, Thurs	
Week 2	**On**	Tues, Thurs	

Week 2	**Off**	Mon, Wed, Fri

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – off Mon	1 Full Day
Total Pension Loss = 1 Full Day	

Example 2	
Unpaid Leave	*Pension Loss*
Week 1 off Mon, Wed, Fri	3 Full Days
Total Pension Loss = 3 Full Days	

Example 3		
Unpaid Leave	*Pension Loss*	
Week 1 - off Mon, Wed, Fri	3 Full Days	2 Weekend days * .5 = 1 Full Day
Week 2 – off Tues, Thurs	2 Full Days	
Total Pension Loss = 6 Full Days		

Example 4		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon, Wed, Fri	3 Full Days	2 Weekend days * .5 = 1 Full Day
Week 2 – off Tues, Thurs	2 Full Days	2 Weekend days * .5 = 1 Full Day
Week 3 – off Mon	1 Full Day	
Pension Loss = 8 Full Days		

Work Schedule G - 2 weeks on/2 weeks off

2 weeks on/2 weeks off		FTE = .5
Week 1	**On**	Mon – Fri
Week 2	**On**	Mon – Fri
Week 3	**Off**	Mon – Fri
Week 4	**Off**	Mon - Fri

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – off Mon	1 Full Day
Total Pension Loss = 1 Full Day	

Example 2	
Unpaid Leave	*Pension Loss*
Week 1 off Mon – Fri	5 Full Days
Total Pension Loss = 5 Full Days	

Example 3		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon – Fri	5 Full Days	2 weekend days * .5 = 1 Full Day
Week 2 – off Mon	1 Full Day	
Total Pension Loss = 7 Full Days		

Example 4		
Unpaid Leave	Pension Loss	
Week 1 – off Mon – Fri	5 Full Days	8 weekend days * .5 = 4 Full Days
Week 2 – off Mon – Fri	5 Full Days	
Week 5 – off Mon	1 Full Day	
Total Pension Loss = 15 Full Days		

* Note the effect of taking Monday in Week 5 unpaid (following unpaid leave in the last working day of week 2) is a pension loss of 4 days. However, this reflects the way in which pensionable service accrues – If the person worked the 5 full days in weeks 1 and 2and the Monday of week 5, they would accrue 14 Days credit in the four week period (4 weeks x .5) plus1 Day = 15 Days.

Work Schedule H - One Day per week

One Day per week	FTE = .2
On each Wednesday	

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – Wed	1 Full Day
Total Pension Loss = 1 Full Day	

Example 2		
Unpaid Leave	Pension Loss	
Week 1 – Off Wed	1 Full Day	2 weekend days * .2 = .4
Week 2 – Off Wed	1 Full Day	
Total Pension Loss = 2.4 Days		

Work Schedule I - 3 Days per week

3 Days per week	FTE = .6
On Tues, Wed, Thurs each week	

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – off Tues	1 Full Day
Total Pension Loss = 1 Full Day	

Example 2	
Unpaid Leave	*Pension Loss*
Week 1 off Tues, Wed, Thurs	3 Full Days
Total Pension Loss = 3 Full Days	

Example 3		
Unpaid Leave	*Pension Loss*	
Week 1 – off Tues, Wed, Thurs	3 Full Days	2 weekend days * .6 = 1.2 days
Week 2 – off Tues, Wed, Thurs	3 Full Days	
Total Pension Loss = 7.2 Days		

Example 4

Unpaid Leave	Pension Loss	
Week 1 – off Tues, Wed, Thurs	3 Full Days	2 weekend days * .6 = 1.2
Week 2 – off Tues, Wed, Thurs	3 Full Days	2 weekend days * .6 = 1.2
Week 3 – off Tues	1 Full Day	
Total Pension Loss = 9.4 Days		

Work Schedule J - 9am to 3pm each day

9am to 3pm each day	FTE = .73

Example 1	
Unpaid Leave	*Pension Loss*
Week 1 – off Mon	0.73 Days
Total Pension Loss = 0.73Days	

Example 2	
Unpaid Leave	*Pension Loss*
Week 1 – off Mon – Fri (incl)	5 days * 0.73
Total Pension Loss = 3.65 Days	

Example 3		
Unpaid Leave	*Pension Loss*	
Week 1 off Mon – Fri (incl)	5 Full Days * 0.73	2 Weekend Days *

Week 2 off Mon – Fri (incl)	5 Full Days * 0.73	0.73 = 1.46 days
	7.3	**1.46**
Total Pension Loss = 8.76 Days		

Example 4		
Unpaid Leave	*Pension Loss*	
Week 1 – off Mon – Fri (incl)	5 * 0.73	4 Weekend days * 0.73
Week 2 – off Mon – Fri (incl)	5 * 0.73	
Week 3 – off Mon	1 * 0.73	
	8.03	**2.92**
Total Pension Loss = 10.95 Days		