



Circular 0018/2008

**To: THE PRINCIPAL AND THE BOARDS OF MANAGEMENT OF THE
PRIMARY SCHOOL NAMED IN THE ADDRESS**

**Pension Scheme for Caretakers employed in Primary Schools
and paid salary directly by the Department of Education and
Science (1979 Scheme)**

1. INTRODUCTION

- 1.1 Following discussions with the education partners it has been agreed to make a Pension Scheme and an associated Spouses and Children's Pension Scheme for Caretakers employed in Primary Schools in posts sanctioned under the Department's 1979 Scheme. The Scheme will be a contributory, defined benefit Scheme and will provide standard public service pension benefits on the lines of the Department of Finance's "Model Scheme". A brief outline of the Pension Scheme is given at [Appendix 1](#).
- 1.2 The Minister for Education and Science has determined, and the Minister for Finance has concurred, that the pension arrangements outlined in this Circular Letter may operate on an administrative basis pending the introduction of a formal pension scheme and associated Spouses and Children's Pension Scheme. For ease of reference throughout this Circular Letter, unless otherwise indicated, "pension Scheme" means "the Main Pension Scheme and associated Spouses' and Children's Pension Scheme for Caretakers provided for under this Circular Letter".

2. ELIGIBILITY FOR MEMBERSHIP

Conditions for eligibility

- 2.1 In order to be admitted to membership of the Scheme, a person must comply with the following conditions from the effective date of admission to the Scheme (see paragraph 5.1 below):
- (i) he or she must be a permanent Caretaker employed on or after 1 September 2001 in a primary school in a post sanctioned under the 1979 Caretakers Scheme, and
 - (ii) he or she must be paid his or her salary through the Department's payroll, and
 - (iii) he or she must meet the health requirements outlined in paragraph 3 below.

3. SATISFACTORY HEALTH

- 3.1 A Caretaker who is serving on the date of this Circular Letter need not undergo a medical examination solely for the purpose of admission to the pension scheme. The Board of Management are reminded that they should obtain from the successful candidate prior to appointment a certificate of medical fitness that he or she is fit to undertake the duties of the post.

4. MEMBERSHIP

- 4.1 Membership of the pension scheme will, subject to existing contractually binding arrangements, be compulsory with effect from 1 September 2001 for all eligible Caretakers. It will not be necessary for a Caretaker to apply for membership of the Scheme.
- 4.2 Membership of the pension scheme will be subject to the payment of appropriate contributions in respect of reckonable service given as a Caretaker – see paragraph 7 below. Contributions at the prescribed rates must be paid in respect of all service which is reckonable under the pension scheme.
- 4.3 A Caretaker who was serving on or after 1 September 2001, who met the eligibility requirements specified in paragraph 2 during his or her service and who has retired or resigned before the date of this Circular Letter has an option to join the pension scheme, subject to payment of the appropriate contributions at the time of opting into the pension scheme. **Boards of Management are asked** to now inform any such Caretakers who were in their employment–
- (i) of this option, and
 - (ii) that it must be exercised on or before 30 June 2008.

5. COMMENCEMENT OF MEMBERSHIP OF THE PENSION SCHEME

- 5.1 The effective date of admission to the pension scheme is 1 September 2001 or date of appointment as a Caretaker, if later.
- 5.2 Deductions for contributions from Caretakers under 65 years of age serving prior to the issuing of this Circular Letter commenced on 7 March 2006 or date of appointment as a Caretaker, if later.

6. CARETAKERS WHO HAVE RETIRED OR DIED SINCE 1 SEPTEMBER 2001

- 6.1 Eligible service given by a Caretaker who has retired prior to the issuing of this Circular Letter will be regarded as pensionable. Eligible service given by a Caretaker who has died prior to the commencement of ongoing deductions will also be regarded as pensionable.
- 6.2 Appropriate contributions will be offset against pension benefits. The contribution will consist of arrears in respect of the period from 1 September 2001 (or date of appointment, if later) to date of retirement or death-in-service and a contribution in respect of any reckonable service given prior to 1 September 2001. The contribution of pre-1 September 2001 service will be a co-ordinated contribution and will be based on pay applicable on 20 December 2001. In the case of a death in service or on ill-health retirement, a Spouses' and Children's Scheme contribution in respect of **potential service to 65 years of age** will also be charged.

7. PENSION CONTRIBUTIONS

Contribution Rates

- 7.1 Both the Main Pension Scheme and the associated Spouses and Children's Pension Scheme are contributory. The contribution rates are:

| | |
|--|---------------------------------|
| Main Pension Scheme: | 3.5% of Co-ordinated Pay |
| | <u>plus</u> |
| | 1.5% of Gross Pay |
| Spouses and Children's Pension Scheme: | 1.5% of Co-ordinated Pay |

- 7.2 For full-time staff, **Co-ordinated Pay** means Gross Pay less twice the maximum personal rate of State Pension (Contributory) (SPC). The SPC was previously known as the Social Welfare Old Age Contributory Pension or OACP. An example is given in [Appendix 1](#).

Payment of contributions in respect of the period from 1 September 2001

- 7.3 Contributions in respect of the period 1 September 2001 (or date of appointment if later) to 6 March 2006 (the date of commencement of ongoing contributions) in accordance with the terms of this Circular Letter will be calculated at the historic salary and SPC rates appropriate to the period in question. The arrears will be recovered by increasing the ongoing contribution. This increase will not continue beyond the length of previous service to which the arrears relate. The Department will notify each caretaker of the arrangements once these arrears have been calculated. Where any arrears remain outstanding on the date of retirement or death in service, they will be offset against the lump sum payable on retirement.

8. BENEFITS

- 8.1 Pensions payable under the Scheme will be co-ordinated with social welfare entitlements.
- 8.2 Where a Caretaker retires on or after 1 September 2001, a lump sum and pension based on reckonable service and pay on his or her last day of service (which cannot be before attaining 60 years of age or 65 in the case of a new entrant) will be payable. Correspondingly, contributions under the Main Scheme and Spouses' and Children's Schemes in respect of reckonable service will be deducted from the lump sum in question. Arrangements will be made for payment of the net lump sum, *ie* the lump sum less contributions owed, as soon as possible after a Caretaker's reckonable service has been verified. The pension payable at the time of retirement will be uprated in accordance with certain approved pay increases.

9. RECKONING OF SERVICE GIVEN BEFORE 1 SEPTEMBER 2001

Service pre-1 September 2001

- 9.1 The Scheme will provide Caretakers with the option to reckon for pension purposes service as a Caretaker in a post sanctioned under the Department's 1979 Scheme given before 1 September 2001, subject to the payment of appropriate contributions.
- 9.2 Prior service which may be reckoned consists of wholetime service as a Caretaker in a post sanctioned under the Department's 1979 Scheme.

Payment of Contributions in respect of service prior to 1 September 2001

- 9.3 Contributions to the Main Pension Scheme in respect of reckonable service given prior to 1 September 2001 will be calculated at the salary and SPC rates which applied on 20 December 2001, subject to the contributions being paid within 30 months of the

date on which a caretaker is notified of the amounts falling due. If the full liability is not discharged by that date then any remaining liability, will be determined by the pay and SPC rates applicable on the date of payment. Where a caretaker does not exercise an option within the required timeframe (see paragraph 9.9) then, in order to reckon this pre-1 September 2001 service, he or she will be required to pay contributions at the time of his or her subsequent application provided that a valid option is then exercised. If there is any remaining liability by the date of retirement, it will be offset against the lump sum payable on retirement (based on the salary and SPC rates applicable on that date).

- 9.4 Any caretaker appointed under the 1979 scheme on or after 1 September 2010 will not be entitled to reckon service given before 1 September 2001 at the rates applicable on 20 December 2001. The contributions will be based on the salary and SPC rates applicable at the time the option is exercised.
- 9.5 Contributions for service given prior to 1 September 2001 in respect of the Spouses' and Children's Scheme are payable only where the member is married at retirement or has been married at some time since 1 September 2001. Caretakers will have the option of paying the Spouses' and Children's contribution—
- (i) at the rate of 1.5% of the current co-ordinated pay by making additional periodic contributions over a period of a least one school year, or
 - (ii) deferring payment to retirement and paying 1% of the Caretaker's retiring co-ordinated salary for each year of reckonable service or part thereof.
- 9.6 A Caretaker who wishes to reckon service given prior to 1 September 2001 as a Caretaker in a post sanctioned under the Department's 1979 Scheme may apply to the Department to do so at any time up to date of retirement, having regard to the time limits for payment as specified in paragraph 9.3. An application form for this purpose is in [Appendix 2](#) of this Circular Letter. Separate copies of the form should be completed by the Caretaker and the board of management of each school in which the Caretaker worked prior to 1 September 2001.
- 9.7 Once the Department has established the overall amount of prior service which may be reckoned, the Caretaker will be advised by letter of the details of reckonable service and contribution payable.

Timing of Payment

- 9.8 Having regard to the time limits specified for payment in paragraph 9.3, the Caretaker will have the following options regarding the method of payment—
- (i) A single lump sum payment while in service, or
 - (ii) Instalments by way of salary deductions while in service over a specified period, or
 - (iii) Deduction of the amount from retirement lump sum.
- 9.9 When a caretaker is given an option on the timing of payment, he or she will have 1 month from the date of the option to confirm in writing which method of payment to opt for.

10. REFUND OF CONTRIBUTIONS

- 10.1 A Caretaker who resigns from his or her position without qualifying for immediate or preserved benefits, and who does not transfer his or her service to another employment (see paragraph 11), is entitled to a refund of his or her contributions, subject to normal tax charges.

11. TRANSFERABILITY OF RECKONABLE SERVICE

- 11.1 There are 2 transfer of service Schemes in operation in the public service – the Public Sector Transfer Network and the Local Government Transfer Network. It is intended that this Scheme will apply for membership of both networks in due course and, once membership has been granted, a Caretaker who subsequently takes up employment with another member organisation may, subject to the rules of the relevant network, be able to transfer any reckonable service given under this pension scheme to that organisation for pension purposes.
- 11.2 Any contribution owed by an individual in respect of such service will be calculated by the Department and will, in most circumstances, be payable to the organisation to which the service has been transferred.
- 11.3 Similarly, any Caretaker who has prior service with a member organisation may, subject to the rules of the relevant network, transfer that prior service to this Scheme.

12. PENSIONS ADJUSTMENT ORDERS

- 12.1 Where a valid Pensions Adjustment Order has been made, the rules of this pension scheme and payment of any benefits under those rules are subject to the terms of such an Order and cannot override it.

13. TAXATION ISSUES

- 13.1 Periodic pension contributions normally qualify for income tax relief. This is credited at source. Payment of contributions by way of lump sum are not credited at source but a statement for tax purposes will be issued by the Department. Caretakers are advised to contact the Office of the Revenue Commissioners in respect of any tax queries.

14. ENQUIRIES

- 14.1 Enquiries regarding the provisions of this Circular Letter may be made to the Department of Education and Science using the following contact details:

Pensions (Caretakers) Section
Department of Education and Science
Cornamaddy
Athlone
County Westmeath
Tel: 090-648-4005/6

15. CIRCULATION

- 15.1 **Boards of Management are asked** to bring the contents of this Circular Letter to the attention of all eligible Caretakers currently or formerly employed on or after 1 September 2001 under the 1979 Scheme including those on career break or on other approved leave of absence and, in the case of deceased Caretakers, their families.
- 15.2 This Circular Letter should be retained for future reference in the school. It may also be accessed on the Department of Education and Science website at www.education.ie.

Dalton Tattan
Principal Officer
Pensions Section

February 2008

Appendix 1

BRIEF OUTLINE OF THE PENSION SCHEME

1. The pension provisions consist of two Schemes (i) the Main Pension Scheme – which provides essentially for pension and lump sum at retirement or for the payment of a Death Gratuity where a member dies in service and (ii) the associated Spouses' and Children's Pension Scheme which provides for widows' and widowers' pensions and/or Children's Pension.
2. The value of the superannuation benefits is related to pensionable service, subject to a minimum of 2 years and a maximum of 40 years, and to pensionable pay at retirement or, where death in service occurs, at death.
3. Added years of pensionable service, subject to a maximum in most circumstances of 6 and $\frac{2}{3}$ years, may be credited to a member who retires on health grounds having completed at least 5 years pensionable service.
4. In the event of death in service, a Death Gratuity of not less than one year's pay at the rate applicable at the date of death and not more than 1.5 times that rate of pay will be payable. If there is a surviving spouse and/or dependent children, the deceased member will be credited with added years of pensionable service which will bring total pensionable service, for purposes of calculating the Spouses' and Children's Pension, up to 40 years or up to the amount which the member would have had by age 65, whichever is less.
5. In general, 65 is the minimum age at which pension is payable. However for appointees who are not new entrants, an earlier minimum age of 60 may apply. Under the terms of the Public Service Superannuation (Miscellaneous Provisions) Act 2004, a person who is deemed to be a new entrant (as defined in that Act) shall not be obliged to retire on age grounds. The Act also provides that the minimum pension age for new entrants will be 65 years of age. The term "new entrant" is defined in detail in the Act – broadly speaking, a new entrant is a person who commences employment in the public service on or after 1 April 2004, or returns to employment on or after that date following a break in public service employment of more than 26 weeks. This broad definition is for general information only and should not be relied on – the Act itself should be consulted when determining whether a person is or is not a new entrant for the above purpose.
6. The Main Pension Scheme provides for ongoing deductions from salary from the date of admission to the Scheme until retirement or death in service. The Spouses' and Children's Scheme provides for ongoing deductions from salary and also provides, where a married member retires on health grounds or dies in service, for the deduction of contributions from the Disability Retirement Gratuity or Death Gratuity in respect of any added years granted and potential service to age 65. The Scheme makes provision for pensions to be payable to spouses and children even where the marriage or birth take place after retirement but there is no provision for a refund of contributions where the member retires unmarried or dies unmarried.
7. Pension benefits are payable upon the application for those benefits by a member.
8. Pensions which fall due for payment on or **after** 1 January 2004 are calculated as follows:
 - $\frac{1}{200}$ th of pensionable remuneration up to $3\frac{1}{3}$ times SPC
[The rate used is the maximum rate payable to a single adult with no dependant]
 - multiplied by the total number of years reckonable service

- **plus** (where applicable)
- $\frac{1}{80}$ th of pensionable pay in excess of $3\frac{1}{3}$ times SPC
- multiplied by the total number of years reckonable service

Note: The same total number of years is used in both the above calculations. A multiplier of 3.333333 (i.e. to 6 decimal places) will be used to calculate $3\frac{1}{3}$ times SPC.

9. Pensions which fall due for payment **before** 1 January 2004 are calculated as follows:

- $\frac{1}{80}$ th of pensionable pay in excess of 2 times SPC
- multiplied by the total number of years reckonable service

10. The retirement lump sum is calculated at the rate of $\frac{3}{80}$ th of pensionable pay for each year of pensionable service.

11. Example of superannuation benefits payable on retirement on or after 1 January 2004

Pension: A caretaker, with annual gross pay of €27,937.00 at retirement who has 20 years reckonable service would qualify for a gross annual pension of €2,793.70.

Lump sum: The gross lump sum payable, based on the above pay and reckonable service, would be €20,952.75. Where the reckonable service is 40 years, the pension and lump sum would be double these amounts. In the case of the lump sum, arrears of contributions (both Main Scheme and Spouses and Children's Scheme) together with contributions for prior service, outstanding at retirement, would be payable by deduction from the lump sum before it would issue.

12. Example of contributions payable by a full-time Caretaker

With effect from 4 January 2008 the weekly maximum personal rate of SPC is €223.30. Twice the fortnightly rate is €893.20 (i.e. 223.30 x 2 x 2).

The fortnightly contribution payable by a Caretaker currently earning €1,070.79 per fortnight will be €24.94, calculated as follows:-

| | |
|---|---------------|
| <u>Main Scheme contribution</u> | |
| 1.5% of Gross Pay (€1,070.79) | €16.06 |
| Plus 3.5% of Co-ordinated Pay (€1070.79 - €893.20) | 6.22 |
| <u>Spouses' and Children's Scheme contribution</u> | |
| 1.5% of Co-ordinated Pay (€177.59) | <u>€ 2.66</u> |
| Total contribution per fortnight | €24.94 |

13. Preserved Pension Rights [Deferred benefits]: A Caretaker with at least two years pensionable service who leaves on or after 2 June 2002 without immediate entitlement to pension may get pension and lump sum from age 60 (age 65 in the case of a new entrant) based on actual service. (In 2002 the qualifying period was reduced from 5 years to 2 years in the case of Scheme members who leave service on or after 2 June 2002.)

14. Under the terms of Cost Neutral Early Retirement, a pension scheme member aged 50 years of age, or 55 years of age in the case of a new entrant, and who has a minimum of 2 years' qualifying service may retire and receive immediate benefits.

The benefits are actuarially reduced to take account of the fact that the member will receive his or her benefits before normal retirement age.

15. A member of the Scheme may purchase notional service provided that he or she would have at least 9 years potential actual service by the time he or she attains 60 or 65 years of age (in the case of new entrants, it is by reference to 65 years of age only). Payment can be by way of lump or periodic deductions. Terms and conditions apply to the purchase of notional service which forms a contract between the member and the Department.
16. Details of the "Model Scheme" are available on the Civil Service Pensions website www.cspensions.gov.ie. The Scheme should be read in conjunction with the more recent developments with regard to public service pensions reform, namely the Public Service Superannuation (Miscellaneous Provisions) Act 2004 and Department of Finance Circulars 8/2005, 9/2205, 10/2005, 19/2005, 20/2005 and 4/2006. Appeals provisions will be made as required under Part XI of the Pensions Acts 1990-2002.

Appendix 2

CERTIFICATE OF PAID SERVICE AS A CARETAKER GIVEN PRIOR TO 1 SEPTEMBER 2001

Notes on completion of form:

Part 1: The Caretaker should complete this part of the form before submitting it to the board of management.

Part 2: The board of management should note the following when completing this part.

Periods of Service: Only periods of paid service need be listed; *ie* where the Caretaker was paid directly by the school. Unpaid leave or other forms of unpaid absence should not be included. Service should be shown in periods of unbroken service.

Signatory: This certificate must be signed by the Chairperson of the Board of Management or the Principal of the school in which the service was given.

Return of form: The completed form should be returned to the Caretaker.

When parts 1 and 2 have been completed the Caretaker should return the form to:

**Pensions (Caretakers) Section
Department of Education and Science
Cornamaddy
Athlone
County Westmeath**

Part 1

To be completed by the Caretaker

To the board of management of:

| | |
|----------------|--|
| School Name | |
| School Address | |
| | |
| | |
| | |

In accordance with Circular 0018/2008 I wish to purchase, for pension purposes, reckonable service given as a Caretaker prior to 1 September 2001.

| | |
|----------------|--|
| Name | |
| Date of Birth | |
| Payroll Number | |
| PPS No. | |

To the best of my recollection, I worked in your school in the following period(s)

| From | To |
|-------------|-----------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

I would be grateful if you would check your records regarding this service and complete Part 2 of this form.

On completion, please return this form to me at the following address:

| |
|--|
| |
| |
| |
| |

Signed: _____
Caretaker

Date: _____

Part 2

To be completed by the certifying board of management

Details of Service:

| Period of Service | |
|-------------------|----------|
| Start Date | End Date |
| | |
| | |
| | |
| | |
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| | |
|--------------|--|
| Roll Number: | |
|--------------|--|

I certify that the details of employment listed above are in accordance with the records of paid employment for this school and that these details are true and correct in all respects to the best of my knowledge and belief.

Name: (please print) _____
Chairperson of Board of Management/Principal

Signed: _____

Date: _____

School stamp