

**Reference No:** P18/52/74; **Date:** 13/10/75

### **Circular 46/1975 :- Revision of the Superannuation Code**

A Dhuine Uasail,

1. I am directed by the Minister for the Public Service to refer to his acceptance last year of agreed recommendations made by the General Council, under the scheme of conciliation and arbitration for the civil service, in regard to the superannuation terms of established civil servants. The present circular conveys detailed instructions to Departments in regard to the implementation of these recommendations.

#### Scope of Circular

2. This Circular applies to all civil servants serving in an established capacity on or after 1 June 1973 and also to certain civil service pensioners and other beneficiaries as indicated in paragraph 16.

#### Reckonable Service

3. (1) Reckonable service, at present computed by reference to completed years, will be computed by reference to completed days for all types of benefit (including marriage gratuities).

(2) A break in service (even where it occurred between temporary and established service) will no longer, of itself, debar the reckoning of service.

#### Qualifying Service

4. (1) The minimum qualifying period of 5 years' reckonable service for the grant of death gratuities and pensions under the Contributory Widows' and Children's Scheme is abolished.

(2) The minimum qualifying period of 10 years' reckonable service for the grant of pension and lump sum is reduced to 5 years.

(3) The minimum qualifying period of one year's reckonable service for the grant of a short service gratuity remains unchanged.

#### Lump sums, short service and death gratuities

5. The fraction of 1/30th of pensionable remuneration (i.e. pensionable salary plus reckonable emoluments) for each year of reckonable service, where used in calculating lump sums, short-service and death gratuities, will be increased to 3/80th, but the maximum payment will continue to be 1½ times the annual pensionable remuneration. As the amount of a death gratuity is the greater of a year's pay or the lump sum payable if retirement on grounds of ill-health had taken place at the date of death, account will be taken, where appropriate, of the provisions of paragraphs 9 and 10 (3) following.

#### Superannuation Act, 1954

6. The percentage increase in the additional allowances (lump sums) payable on retirement to certain female officers in accordance with section 2(4) of the Superannuation Act, 1954 will apply to such allowance where they are computed by reference to the 3/80th fraction and to reckonable service counted in completed days.

Example:

A female officer, whose reckonable service commences on 2 May, 1940, retires on 2 October, 1978, with pensionable remuneration of £4,000, having adopted the terms of the 1954 Act. Her pensionable service is 38 years and 154 days. Her additional allowance is, accordingly, £5,763.20 (£4,000 x 3/80 x 38 154/365). Increasing this by ½% in respect of service prior to 13 April, 1954, gives £401.70 (£5763.20 x ½% x 13 346/365) bringing the total additional allowance to £6164.90.

#### Part-time service

7. Where an officer gave, at any time prior to establishment, part-time service in the civil service in a directly employed personal capacity (and not under a contract for service or on a fee or commission paid basis), the part-time service will, for the purposes of this paragraph, be treated as reckonable service on the following basis:

(a) if given prior to 1 June, 1973, each period of such service will, provided the officer had worked at least 18 hours a week, be reckoned as to one half of comparable full-time service in calculating reckonable service;

(b) if given on or after 1 June, 1973, each period of such service will, provided the officer worked at least 18 hours a week, be reckoned in the proportion which the hours worked bear to comparable full time service.

(c) the calculations for the purposes of (a) and (b) above will be on the basis of net hours worked.

#### Purchase of added years

8. Officers whose reckonable service by age 65 (60 in the case of officers pensionable under the Superannuation (Prison Officers) Act, 1919) would not be sufficient to qualify for maximum pension and lump sum, will be allowed, subject to certain limits, to purchase extra years of pension credit. As indicated in paragraph 19, further instructions in regard to the purchase arrangements will be issued.

#### Ill health Retirement

9. (1) The reckonable service of an officer who retires, or is discharged, on grounds of ill health, will, subject to a maximum of 40 years, be the aggregate of (a) and (b) following:

(a) service reckonable under the existing rules as now amended;

(b) added service calculated on the following basis;

(i) officers with between 5 and 10 years' actual reckonable service will be credited with an equivalent amount of added service, subject to such credited service not exceeding the additional reckonable service which would have accrued if the officer had remained in service up to age 65 [60 for officers pensionable under the Superannuation (Prison Officers) Act, 1919];

(ii) officers with more than 10 years' actual reckonable service will be credited with the more favourable of -

(l) an amount of service equal to the difference between actual reckonable service and 20 years, subject to such credited service not exceeding the additional reckonable service which would have accrued if the officer had remained in service up to age 65 [60 for officers pensionable under the Superannuation (Prison Officers) Act, 1919],

(II) 6 years and 243 days (i.e. two-thirds of a year), subject to such credited service not exceeding the additional reckonable service which would have accrued if the officer had remained in service up to age 60 [55 for officers pensionable under the Superannuation (Prison Officers) Act, 1919].

(2) Attention is drawn to the fact that, under section 10 of the Superannuation Act, 1859, the Minister for the Public Service may not grant a superannuation allowance to anyone under age 60 (55 for officers pensionable under the Superannuation (Prison Officers) Act, 1919) unless he is satisfied in the light of medical evidence that the person is incapable from infirmity of mind or body of discharging his duties and that the infirmity is likely to be permanent. It is essential, therefore, that this Department be consulted before resignation on grounds of ill health is effected in any case.

#### Pension rate of pay

10. (1) An officer who goes on sick leave at pension rate of pay will have that rate enhanced to the rate of pension that would be payable if he had retired on grounds of ill health on the day that sick leave at pension rate commenced, subject to a maximum rate of one half of pensionable remuneration.

(2) Where an officer goes on sick leave at pension rate of pay, then resumes duty and subsequently goes again on sick leave at pension rate of pay, or retires on ill health grounds, his reckonable service will be the sum of his actual reckonable service at that time and of any added service to which he is then entitled under paragraph 9 above. If, however, this total is less than that on which sick leave at pension rate of pay was at any time based, the latter service will continue to apply (see example following).

#### Example:

(i) An officer aged 52 years with 25 years' service goes on sick leave at pension rate of pay. He gets 6  $\frac{2}{3}$ rd added years. His reckonable service is, therefore, 31  $\frac{2}{3}$ rd years. If after 2 years sick leave at pension rate of pay, he resumes duty for a year and goes on sick leave at pension rate of pay again, his reckonable service will still be 31  $\frac{2}{3}$ rd years rather than 31 years (viz. 26 plus the difference, 5 years, between age 60 and age of retirement).

(ii) If, in the foregoing example, the officer, on resuming duty after 2 years on sick leave at pension rate of pay, serves until retirement on ill health at age 62, his reckonable service will be 33 years i.e. his actual pensionable service at age 52 together with the service between ages 54 and 62. Since his reckonable service (33 years) is greater than what could have been reckoned up to age 60 (31  $\frac{2}{3}$ rd years) when he first went on sick leave at pension rate of pay no credited service can be awarded under paragraph 9 (I)(b)(ii)(II) above.

(3) If an officer retires on ill-health grounds at or after age 60 and his reckonable service would have been greater had he retired on such grounds before 60, his pension and lump sum will be computed by reference to such greater period of reckonable service.

11. (1) Subject to a maximum aggregate of 40 years' service civil servants will be allowed to reckon for superannuation purposes any pensionable service given in the Garda Siochana, Defence Forces and as a Primary or Secondary Teacher provided that:

- (a) no other pension is payable in respect of that service;
- (b) where a return of contributions or award of lump sum or gratuity has been made to an officer, the appropriate refund is made by him;
- (c) the earlier service was not terminated by dismissal.

(2) Similar arrangements will apply in the case of transfers of civil servants to any of the branches of the public service mentioned above.

(3) In reckoning transferred service account will be taken of the differences between the respective superannuation provisions.

#### Preservation of superannuation benefits

12. (1) An officer who resigns voluntarily after at least 5 years' service will, provided he cannot benefit under paragraph 11 above, or otherwise, have his pension' lump sum and death benefits preserved. Pension and lump sum will be paid as from age 60 upon application for payment being made. If he dies before age 60 a death gratuity equivalent to the lump sum (i.e. based on actual service only) will be payable. If he was a member of the contributory widows' and children's scheme and leaves a widow whom he married before he resigned, she, and any of their children conceived before his resignation, will be eligible for pensions in accordance with the terms of the contributory scheme. Such pensions will, however, be based on actual service only (credit will not be given for potential service). Any contributions due in respect of prior service reckonable under the contributory widows' and children's scheme will be deducted from the lump sum or death gratuity.

(2) The preserved benefits will be based on actual reckonable service and on the officer's pensionable remuneration as increased by reference to pensions increases granted in the interim. Any contributions due under the contributory widows' and children's scheme will also be based on such pensionable remuneration.

#### Example:

An Assistant Principal resigns in 1975 having given 20 years' pensionable service; his date of birth is 20 April, 1935. His pension and lump sum will come into payment on 20 April, 1995. Any widows' and children's scheme contribution due in respect of service prior to 1 January 1969 will be deducted from the lump sum. The pension, lump sum and contributions will be based upon the rate of pensionable remuneration which would then be appropriate under the Pensions (Increase) Act, 1964, if the pension had been awarded at the date of resignation.

(3) It should be noted that there is no right to re-employment following voluntary resignation or transfer of service.

(4) Where an officer proposes to resign with preserved benefits his Department should complete a form E Gen 8 in respect of him and advise him of the need to apply for the payment of the preserved benefits when he reaches age 60. In order to enable consideration to be given to the possibility of transferring his service, the officer should let his Department know what employment he is taking up. A copy of the E Gen 8 should be forwarded to this Department.

#### Averaging

13. (1) Pensionable salary will not be averaged where an officer

(a) dies in service with sufficient potential service to avoid averaging, or

(b) retires, or is discharged, on grounds of ill health, or goes on sick leave at pension rate of pay, provided he has sufficient potential service to age 60 [55 for officers pensionable under the Superannuation (Prison Officers) Act, 1919] to avoid averaging.

(2) The present method of averaging is being replaced. Average pensionable salary will now be the total calculated by multiplying by 1/1095 the annual rate of salary appropriate on the last day of pensionable service for each grade in which the officer served during the last three years of pensionable service, and multiplying the result by the number of days of his employment in each grade during those years.

Example:

An Executive Officer whose incremental date is April 1 and who is earning £2,371 (11th point on the B scale) is promoted on 2 June, 1973 and retires on 1 October, 1975, with a salary of £4639 (3rd point of the Higher Executive Officer B scale). His pensionable salary is calculated as follows:

(1)	Number of days in the last three years during which he served in the higher grade:	852
(2)	Number of days in which he served in the lower grade:	243
(3)	Annual salary at date of retirement:	£4,639
(4)	Annual salary at date of retirement had he not been promoted (i.e. the 13th point on the Executive Officer B Scale as at 1 October 1975):	£3,977

Pensionable salary is:

(1) x (3)	+	(2) x (4)	
1095		1095	£4,492

#### Contributory Widows' and Children's Scheme

##### 14. (1) Children's pensions

(a) Children's pensions, which are at present calculated at the rate of 1/6th of the widow's pension up to a maximum of six children, will now be improved to 1/3rd of the widows pension subject to a maximum of three.

(b) Orphaned children will be eligible for the pension which the widow would have received had she lived, in the proportions of 2/3rds of that pension for the first child and 1/3rd for the second child.

(c) In cases of permanent invalidity a child's pension will continue as long as the child is incapable of maintaining himself or herself.

(2) Where a married officer whose actual reckonable service is less than 40 years retires, or is discharged, on grounds of ill health, his potential service to age 65 [60 in the case of officers pensionable under the superannuation (Prison Officers) Act, 1919] will, subject to a maximum of 40 years, be reckonable for purposes of the Contributory Widows' and Children's Scheme. The appropriate contributions (inclusive of those relating to potential service) will be deducted from the benefits payable at retirement.

(3) Members of the Contributory Widows' and Children's Scheme who have prior reckonable service in respect of which periodic contributions were not paid will have the option of reducing their liability for lump sum reductions at retirement by making extra periodic contributions from salary at a rate

of 1½% a year (or a multiple thereof subject to the annual maximum allowable by the Revenue Commissioners from time to time; at present, the aggregate of a member's annual superannuation contributions, whether voluntary or otherwise, must not exceed 15% of his pensionable salary) for each year of reckonable service. Thus the payment of an extra 4½% for one year, or an extra 1½% for three years, would cancel liability for three years' prior noncontributory service. The extra periodic contributions can, subject to the agreement of the Department concerned, commence on the first day of any quarter subsequent to the date of this Circular. An officer cannot opt to pay the extra contributions for a period of less than one year. If an officer opts to pay the extra periodic contributions for a period of one year, he will not be allowed to change that option. If he opts to pay the extra contribution for a period of two or more years' and subsequently wishes to change his option, he will be allowed to do so only in respect of the contribution year, or years, following that in which he notifies his Department that he wants to change his option.

(4) Where a member of the Contributory Widows' and Children's Scheme dies leaving a widow who is eligible for a pension under that scheme, her rate of pension (including any additions in respect of children) will, during the calendar month following the date of her husband's death (e.g. if the officer dies on 12 March the increased pension is payable from 13 March to 12 April, inclusive).

(a) if he dies in service, be increased to his actual rate of pensionable pay at the date of his death;

(b) if he dies after retirement, be increased to his actual rate of pension payable under the Superannuation Acts immediately before his death, if greater than the rate of pension otherwise payable to her under the Contributory Widows' and Children's Scheme;

(c) if he dies while on sick leave at pension rate of pay, be increased to that rate.

#### Statutory Authority

15. Authority for the introduction, in advance of the necessary amending legislation, of the changes outlined above was obtained by way of additional estimate. Subject to the necessary legislation being passed it is intended that changes in the superannuation code will be effected by way of statutory regulations. The changes outlined above will, accordingly, be incorporated in regulations in due course. In the meantime they are being applied administratively.

#### Pensioners

16. The Minister has decided that the pensions, but not the lump sum or gratuities, payable to, or in respect of, established officers who retired or died before 1 June 1973 will be revised, with effect from 1 June 1973 or such later date on which payment commences, to take account of the improvements in paragraphs 3, 7, 9, 10 (3), 11(1), 13 and 14 (1) and (2). The Department of the Public Service will undertake these revisions.

#### Action required by Departments

17. Departments/Offices which, under delegated authority, grant pensions, lump sums and gratuities under the Superannuation Acts, or marriage gratuities, or pensions under the Contributory Widows' and Children's Scheme, should make payments in accordance with this Circular to officers who retired or died on or after 1 June 1973.

As a result of the improvements in paragraphs 3, 13 and 14 (2) additional contributions under the Contributory Widows' and Children's Scheme may be required; these should be deducted from the increased lump sums or death gratuities.

#### General

18. The improvements at paragraphs 9 and 13 (1) (b) will not apply to awards made under section 6 of the Superannuation Act, 1909 (i.e. to an officer who retires or is removed in consequence of the abolition of his office, or for the purpose of facilitating improvements in the organisation of the Department to which he belonged, by which greater efficiency and economy can be effected) or section 4 of the Superannuation Act, 1914 (i.e. to an officer who transfers to approved employment).

19. Further circulars will issue in due course about matters:

- (1) Purchase of added years (pending the issue of a circular, officers who wish to avail themselves of the facility should be asked to get in touch with this Department through their own Departments)
- (2) Transfer of superannuation benefits
- (3) Preservation of superannuation benefits
- (4) The Contributory widows' and Children's Scheme.

20. This Circular does not purport to cover every case which may occur and queries arising from it should be referred in writing to this Department.

Mise le meas,

S Mac Gamhna