

21 December 2016

To: Public Service Employers (Single Scheme “Relevant Authorities”)

Circular 28/2016: Single Public Service Pension Scheme: Employer Contributions required in cases of self-financing bodies or self-financing activities

1. The Minister for Public Expenditure and Reform (“the Minister”), based on actuarial considerations and pursuant to section 16(4) of the [Public Service Pensions \(Single Scheme and Other Provisions\) Act 2012](#) (“the 2012 Act”), has decided

- that an **employer contribution** is to be paid in respect of certain members of the Single Public Service Pension Scheme (“Single Scheme”), and
- that the rate of that employer contribution is equal to **three times the employee contribution** paid by the Single Scheme member.

This circular gives guidance as to the cases in which Single Scheme employer contributions arise. **NB: Employer contributions only arise in respect of a small proportion of Single Scheme members: most Relevant Authorities are not required to pay employer contributions.**

The circular also sets out the appropriate steps to be taken by Relevant Authorities in remitting Single Scheme employer contributions to the Exchequer.

Situations in which Single Scheme Employer Contributions are payable

2. Section 16(4) of the 2012 Act allows the Minister to require Single Scheme employer contributions to be paid where a public service body is financed “wholly or mainly from sources other than directly or indirectly out of the Central Fund or the growing produce of that Fund.” Section 16(4) also stipulates, inter alia, that the employer contribution is to reflect the Minister’s view as to the “actuarially determined cost of providing the benefits concerned after taking account of the individual Scheme member’s contributions”.

3. Acting within the parameters set by section 16(4), the Minister has decided that Single Scheme employer contributions, at the rate of three times the employee contribution, are payable by Relevant Authorities in respect of their employees who are members of the Single Scheme

- where the public service body concerned is self-financing, or
- where the activity on which those Single Scheme employees of the body are engaged is mainly or wholly self-financing (e.g. a commercially funded research project conducted through a University).

4. Relevant Authorities who are required to remit employer contributions will be contacted directly by the Department of Public Expenditure and Reform (DPER) in due course. In this context, DPER will liaise as appropriate with parent Departments and oversight agencies.

Rate of Employer Contribution

5. The rate of Single Scheme employer contribution is equal to three times the value of the relevant Scheme member's employee contribution. See calculation example at Appendix A.

Remittance of Employer Contributions

6. Single Scheme employer contributions must benefit the Exchequer (section 16(5) of the 2012 Act).

7. Remittance arrangements for Single Scheme employer contributions, including use of the same destination bank account, are along the same lines as already apply to remittance of Single Scheme employee contributions. Remittances should be made once per month, regardless of the number of pay periods in the particular month. Employer contributions for a given month must be remitted by the 20th day of the following month. The remittance of employer contributions should be a separate transaction from the remittance of employee contributions: please insert the following comment in the transaction:

“Rxxx Employer contributions” (where xxx is the assigned Relevant Authority number).

8. The required details (including bank account details) for remitting Single Scheme employee contributions, which should also be used for Single Scheme employer contributions, were issued as a DPER notification to Relevant Authorities on 7 November 2013. If a Relevant Authority requires those details, then that Relevant Authority should send a request to singleschemequeries@per.gov.ie

Audit and Reporting

9. For audit and Single Scheme administrative purposes, Relevant Authorities who are required to make employer contributions should take special care to maintain and conserve comprehensive records in relation to those contributions.

10. Relevant Authorities who pay Single Scheme employer contributions may be asked to submit annual reports on these contributions to DPER.

Refund of Employer Contributions

11. Where a Relevant Authority remits employer contributions in respect of a Single Scheme member whose employment ceases before completion of the two-year vesting period, the

Relevant Authority can may apply for a refund of those contributions provided that **two years have elapsed since the member's employment ceased.**

12. A refund applied for on that basis may be paid to the Relevant Authority provided that

- the Scheme member has not taken up pensionable public service employment again as a Single Scheme member within the two-year period following cessation of the member's employment, or
- the Scheme member has taken up pensionable public service employment again as a Single Scheme member within the two-year period following cessation of the member's employment, but has received a contributions refund in respect of that subsequent employment.

Effective Date

13. The requirement to pay employer contributions, when applicable, is deemed to have come into force on 1 January 2013.

Circulation

14. Government Departments are asked to bring this circular to the attention of public service agencies / bodies operating under their aegis, ensuring in particular that it is sent to all Relevant Authorities.

Queries

15. Queries which Departments / Offices / Relevant Authorities / agencies may have about this circular can be emailed to singleschemequeries@per.gov.ie. The circular is available at <http://circulards.gov.ie> .

Mise le meas,

Colin Menton
Assistant Secretary

Appendix A: Example of Calculation of Employer Contribution

A Single Scheme member employed in a third-level institution to work on a research project financed by a commercial company earns pensionable remuneration of €50,000 per year. The Contributory State Pension is €12,174 annually.

Calculation

The Scheme member's employee contribution is calculated as

3% of pensionable remuneration

PLUS

3.5% of (pensionable remuneration less twice the Contributory State Pension)

$$\begin{aligned} &= 3\% \text{ of } \text{€}50,000 \text{ PLUS } 3.5\% \text{ of } (\text{€}50,000 - (2 * \text{€}12,174)) \\ &= \text{€}1,500 \text{ PLUS } \text{€}898 \\ &= \text{€}2,398 \end{aligned}$$

The Single Scheme employer contribution is equal to three times the value of the Scheme member's employee contribution.

$$\begin{aligned} &= 3 * \text{€}2,398 \\ &= \text{€}7,194 \end{aligned}$$

In this case, a monthly employer contribution, amounting to €600 (€7,194 / 12), will be remitted by the third-level institution concerned to the appropriate bank account for the benefit of the Exchequer.