

Circular Title: Transition to Additional Superannuation Contribution (ASC) from Pension Related Deduction (PRD) in the Public Service on 1 January 2019

File Reference: P018-028-2018

To: Government Departments and Public Service Employers

I am directed by the Minister for Public Expenditure and Reform to advise of the transition to ASC from PRD and to set out relevant instructions.

Circular Number: Circular 21/2018

Circular Application: All Public Service Employees who are members of a Public Service Pension Scheme, receive a payment in lieu of pension or receive an “ex-gratia” retirement gratuity on retirement

All Public Service Employers

All Accounting Officers

Date: 12 December 2018

Purpose: To ensure the consistent application of the Additional Superannuation Contribution across all Public Service Bodies

Relevant Legislation: Public Service Pay & Pensions Act 2017 (“the Act”)

Status: This Circular is deemed effective from 1 January 2019

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Circular 21/2018: Transition to Additional Superannuation Contribution (ASC) from Pension Related Deduction (PRD) in the Public Service on 1 January 2019

1. Background

From 1 January 2019 onwards, public servants will pay an additional superannuation contribution (ASC). This arises from the Public Service Stability Agreement (PSSA, 2018-2020) (the Agreement) and the provisions of Part 4 of the Public Service Pay and Pensions Act 2017 (“the Act”) and will place the cost of public service pension benefits on a more sustainable footing.

The Act provides for payment of ASC by public servants in the manner set out in Appendix 1 to this circular. ASC will replace the pension-related deduction (PRD) which will cease at the end of 2018. While PRD was based on taxable remuneration, ASC is based on pensionable remuneration only. Whereas PRD was a temporary emergency measure, ASC is a permanent contribution in respect of pensionable remuneration.

2. Effective Date

While the effective date is 1 January 2019, similar to PRD the operative date is the first payroll date in 2019. In this regard PRD will run up to the last payroll date in 2018 (and/or last remuneration payments made in 2018).

3. Application of ASC

- 3.1 ASC will apply only to individuals **who are in receipt of pensionable pay** and applies to a person who,
- (a) is a member of a public service pension scheme or
 - (b) receives a payment-in-lieu of pension or
 - (c) is entitled to an ex-gratia retirement gratuity (annual or lump sum) on retirement.
- 3.2 In accordance with Section 31 of the Act, ASC will not apply to a public servant who is
- (a) a member of a public service pension scheme that is a defined contribution scheme¹,
 - (b) a CORE member under the North/South Pension Scheme as defined in Section 28 of the Act
 - (c) a NILGOSC member under the North/South Pension Scheme as defined in Section 28 of the Act
 - (d) an individual who is employed in a **non-pensionable**² capacity

¹ “A defined contribution scheme” has the same meaning as it has in the Pensions Act 1990

² For example a retired public servant who is a member of an interview board or a Returning Officer etc.

4. Assessing ASC

Unlike PRD, ASC is only chargeable on pensionable remuneration. Pensionable remuneration includes:

1. Basic Pay (excluding non-pensionable overtime) due to the public servant in respect of that period, and
2. Allowances, Emoluments and Premium pay (or its equivalent) which are treated as pensionable pay.

Pensionable allowances, emoluments and premium pay shall attract ASC on an “as and when paid” basis. This includes regular rostered overtime (which has been approved by the appropriate authority as being pensionable) and acting up allowances³.

5. ASC Thresholds

There are 3 different sets of thresholds and rates depending on the pension scheme/arrangement applicable to an individual:

1. Single Public Service Pension Scheme (“Single Scheme”) – in general, new entrants to the Public Service on or after 1 January 2013.
2. Standard Accrual members of Pre-2013 Public Service Pension Schemes (pre-existing schemes).
3. Fast Accrual members of Pre-2013 Public Service Pension Schemes (pre-existing schemes).

It should be noted that the Act provides for different ASC regimes for “covered” and “non-covered” public servants for the years 2019 and 2020.

For the purpose of this circular, all public servants should be considered “covered” public servants, pursuant to section 3 of the Act.

5.1 Alternative Pension arrangements⁴

A very small number of public servants, while employed in a pensionable capacity, are not members of a public service pension scheme. However, they may have alternative pension arrangements and the thresholds/rates applicable to membership of a standard accrual pension scheme shall apply.

³ Allowances, such as regular rostered overtime, are liable for ASC “as and when paid” where those allowances have the potential to be included in pensionable remuneration at time of retirement under the last 3 years/Best 3 in 10 rules.

⁴ Alternative Pension Arrangements include payment-in-lieu of pension, by way of either periodic salary payments, payment of a relevant benefit as defined in the Act e.g. an ex-gratia retirement gratuity (on an annual basis or as a one-off lump sum) or any other pension arrangement as certified by the Minister as being such a scheme except those provided for under paragraph 3.2 above – Where a doubt exists please submit a query as per instructions at paragraph 13 below.

5.2 Threshold & Rates

Detailed guidance has been issued to payroll operators on the operation of ASC. A summary of the thresholds and rates is attached at Appendix 1.

5.3 **Applicable Thresholds for membership of Multiple Pension Schemes in the same year**

In accordance with section 36 of the Act, where a relevant person moves between occupations e.g. a civil servant joins the Gardaí during a relevant year, they are entitled to the more favourable applicable threshold i.e.

- (a) Where a person becomes a member of the Single Pension Scheme (irrespective of whether or not they are a standard member or a fast accrual member under that scheme) in a relevant year, they are deemed to be a member of the Single Scheme for the entirety of that relevant year and the relevant thresholds applicable to the Single Scheme will apply – either covered or non-covered as appropriate.
- (b) Where a person becomes a Standard Accrual member of a Pre-2013 Pension Scheme in a relevant year, and they have not been a member of the Single Scheme during the relevant year they are deemed to a Standard Accrual member of a Pre-2013 Pension Scheme for the entirety of that relevant year and the relevant thresholds applicable to Standard Accrual members of a Pre-2013 Pension Scheme will apply – either covered or non-covered as appropriate.
- (c) Where a person is not a Single Scheme member and is not a Standard Accrual member of a Pre-2013 Pension Scheme but is a Fast Accrual member of a Pre-2013 Pension Scheme, they are deemed to be a Fast Accrual member of the Pre-2013 Scheme for the entirety of that relevant year and the relevant thresholds applicable to fast accrual members under the Pre-2013 Scheme will apply – either covered or non-covered as appropriate.

For example, a civil servant (who is a standard accrual member of a Pre-2013 (pre-existing) pension scheme) joins An Garda Síochána (and becomes a fast accrual member of a Pre-2013 (pre-existing) pension scheme); in accordance with section 36 of the Act, they are deemed to be a standard accrual member of a pension scheme for the entirety of that year for ASC purposes and the relevant threshold of Public Servant Standard Accrual group will apply – covered or non-covered as appropriate.

5.4 **Multiple Public Service Employments**

Similar to PRD, ASC is chargeable on **all** pensionable remuneration across multiple public service employers and based on the combined pensionable remuneration in such employments. The same procedure for calculating main and subsidiary employments will apply in respect of ASC as applied in respect of PRD.

Procedure:

An individual will nominate a main public service employment for the purpose of ASC via the ASC10 form⁵. That main public service employment will apply the ASC thresholds for that year to pensionable remuneration in that employment. All other public service employment(s) in respect of that individual are deemed to be subsidiary public service employments and the relevant public service employers will apply ASC to any pensionable remuneration at the rate of 10.5%.

The main public service employer shall, following receipt of a statement from the subsidiary employer (ASC60)⁶, carry out an “end-of-year” balancing mechanism. The “end-of-year” balancing mechanism will involve assessing the ASC liability in respect of the combined public service pensionable remuneration. The main public service employer following the “end-of-year” balancing, shall make any adjustments, as required, by way of refund or recoupment of an overpayment/underpayment and issue an amended ASC60 in respect of the main employment.

Any refund of ASC in respect of multiple public service employments is subject to an individual completing the ASC10 form.

6. Refunds of ASC

A refund (other than a refund arising from an “end-of-year” balancing as provided in paragraph 5.4 above) of ASC may arise in two scenarios:

6.1 No Retained public service benefit

An individual ceases employment in a public service body with **no** Public Service pension benefit in respect of that period of employment e.g. they have worked less than 2 years in that employment and have not met the required vesting period to preserve or retain a pension benefit in respect of that employment and

- 1 In the case of those who have been members of the Single Pension Scheme they are not currently employed elsewhere in a pensionable Public Service capacity or
- 2 In the case of those who have been members of a Pre-2013 Pension Scheme (pre-existing) they do not intend to take up another pensionable public service position and/or they are not transferring the pensionable service to another public service body.

In such circumstances the individual is entitled to a **full refund** of ASC in respect of that period of employment. The relevant employer shall process a refund and issue an ASC45 showing a “nil” ASC deduction.

⁵ An ASC10 form is a statement of an individual’s public service pensionability – see Appendix 2. The individual is required to nominate a “main employment” in accordance with the ASC10.

⁶ An ASC60 statement is an end-of-year statement, provided by the employer to the employee, of pensionable remuneration and ASC deducted in a relevant year in respect of that public service employment

6.2 Cessation of employment mid-year

Refunds in certain circumstances

The following applies where an individual retains a public service pension benefit in respect of the employment from which they are ceasing. Such an individual may be entitled to a refund of ASC where that individual has not exceeded the annual exemption thresholds and is not intending to return to work in a pensionable public service position in that year.

Annual Thresholds

Note: In accordance with the Act, an individual is entitled to the full set of thresholds in a relevant year. However, to ensure that the ASC liability is spread evenly across the year the thresholds are set up on a pro-rata basis. Where a person ceases to be employed in a pensionable public service capacity mid-year and they do not intend to return to work in a pensionable public service position in that relevant year, they remain entitled to have their ASC liability assessed against the full annual threshold.

Mid-Year Balancing

Where an individual ceases to be employed in a public service body during a relevant year, a mid-year balancing mechanism should be carried out to allow the individual concerned the benefit of the annual thresholds and a refund shall be issued by the employer subject to the following:

(a) **Not moving on to another Public Service employment and not intending to take up Public Service employment in the current year**

Where the individual is not employed in or moving to any other public service pensionable employment during the current year then the relevant employer shall apply the annual set of thresholds, process a refund (where applicable) in respect of the current year **only** and issue an ASC45 showing the amount of public service pensionable remuneration and the ASC deducted in respect of such remuneration.

(b) **Moving on to another Public Service employment**

Where an individual is moving to another public service employment the relevant employer will provide an ASC45 to the employee to furnish to the new public service employer who will assess ASC liability based on pensionable remuneration in both employments and carry out an “end-of-year” balancing mechanism as per paragraph 5.4 above.

(c) **Concurrently working elsewhere in the Public Service**

Where the individual is in another pensionable public service employment (be it a main employer or a subsidiary employer), the relevant ceasing employer will provide an ASC45 to the employee to furnish to a main public service employer who will assess ASC liability based on pensionable remuneration in both employments and carry out an “end-of-year” balancing mechanism as per paragraph 5.4 above.

(d) **Circumstances where refunds do not arise**

Refunds from the former employer under (b) and (c) above do not arise where the individual is continuing in pensionable public service employment either in a subsidiary public service employment or in a new public service employment.

(e) In the case of (b) and (c) above it may be necessary for the individual to nominate a new **main** employer where the ceasing employment has previously been the main employer.

(f) **At all times it is the payroll operator of the most recent main employer who will process any refunds.**

In applying for a refund an employee is required to complete an ASC12 accepting the terms and conditions of such a refund. ASC12 forms will be available on the PER Pensions website: <https://www.per.gov.ie/en/pensions> shortly.

6.3 Recoupments of refunds of ASC

Where a refund of ASC has been issued under 6.1 above and the individual subsequently seeks, if eligible, to restore pension scheme benefits in respect of a prior period of pensionable employment for which an ASC refund was issued, the individual shall be liable to repay the refunded ASC subject to a) the application of the relevant thresholds in that year and b) compound interest⁷.

6.4 Queries regarding refunds

Queries in respect of refunds of ASC should be addressed to the main employer who should liaise with any subsidiary employer in order to correctly assess ASC liability for a relevant year.

7. Liability for ASC after maximum pension benefits

All public service employees who have accrued maximum pension benefits (by virtue of having accrued 40 years' service (or equivalent) in a Pre-2013 (pre-existing) Public Service pension scheme remain members of such a scheme while continuing to work and continue to be **liable for payment of ASC**.

8. Recording of ASC amounts on pension statements

ASC confers no additional pension benefits and therefore should not be included in pension scheme benefit statements.⁸

⁷ Details of compound interest rates are available under the current circular "[Circular 15/2014: Revised rate of compound interest for use in the calculation of refunds](#)".

⁸ ASC is in addition to any superannuation contributions already paid by public servants (e.g. main scheme contributions and Spouses' & Children's scheme contributions) and confers no **additional** pension benefit other than those provided for in the relevant Scheme rules.

9. Public Service Employers

Public Service Employers must make deductions in accordance with the terms of the Act and this circular. Subject to further instruction from this Department, deductions made must be remitted to the relevant Parent Department within the following calendar month.

Estimates of expected ASC receipts must be prepared and transmitted to the parent Department each year in accordance with normal Estimates timetable.

10. Government Departments

Government Departments must take steps to account fully for all remittances received and bring them to account as appropriations-in-aid.

11. Disclaimer

Insofar as it describes the Additional Superannuation Contribution (ASC) and connected matters, this circular is believed to give correct information. However it carries no warranty as to that information, and is not a legal interpretation of the relevant legislation. That legislation, in particular the Public Service Pay and Pensions Act 2017 ([Public Service Pay and Pensions Act 2017](#)), is the authoritative reference on the matters covered.

12. Circulation

12.1 This circular is a public domain document which this Department will post to customary websites (<https://www.per.gov.ie/en/pensions> and <https://circulars.gov.ie>). It is intended mainly as a reference for HR/personnel units in public service workplaces and pension-paying authorities whose duties relate to pensions, and will also be of interest to public servants. It can be freely distributed to any employees or other persons.

12.2 Personnel Officers in Government Departments / Offices receiving this circular are asked to send it in the normal way to bodies operating under the aegis of their Department / Office.

13. Queries

Queries about this circular may be pursued as follows:

13.1 Individual public servants should raise queries with their employer/payroll operator.

13.2 Public service employers, payroll operators and pension-paying authorities should pursue queries through normal channels (e.g. parent Department) or may send queries (preferably by email, placing "Circular 21/2018 – ASC" in the subject line) direct pensions@per.gov.ie.

Appendix 1 – Annual Thresholds and Rates

Covered Public Servant - 2019

Covered PS - 2019 Standard Accrual Group	Covered PS - 2019 Fast Accrual Group	Covered PS - 2019 Single Scheme Group
First €32,000 @ 0 %	First €28,750 @ 0 %	First €32,000 @ 0 %
Next €28,000 @ 10%	Next €31,250 @ 10%	Next €28,000 @ 6.66%
Balance @ 10.5%	Balance @ 10.5%	Balance @ 7%

Non-Covered Public Servant - 2019

Non-Covered PS - 2019 Standard Accrual Group	Non-Covered PS - 2019 Fast Accrual Group	Non-Covered PS - 2019 Single Scheme Group
First €28,750 @ 0 %	First €24,869 @ 0 %	First €28,750 @ 0 %
Next €31,250 @ 10%	Next €35,131 @ 10%	Next €31,250 @ 6.66%
Balance @ 10.5%	Balance @ 10.5%	Balance @ 7%

Covered Public Servant - 2020

Covered PS - 2020 Standard Accrual Group	Covered PS - 2020 Fast Accrual Group	Covered PS - 2020 Single Scheme Group
First €34,500 @ 0 %	First €28,750 @ 0 %	First €34,500 @ 0 %
Next €25,500 @ 10%	Next €31,250 @ 10%	Next €25,500 @ 3.33%
Balance @ 10.5%	Balance @ 10.5%	Balance @ 3.5%

Non-Covered Public Servant - 2020

Non-Covered PS - 2020 Standard Accrual Group	Non-Covered PS - 2020 Fast Accrual Group	Non-Covered PS - 2020 Single Scheme Group
First €28,750 @ 0 %	First €24,869 @ 0 %	First €28,750 @ 0 %
Next €31,250 @ 10%	Next €35,131 @ 10%	Next €31,250 @ 6.66%
Balance @ 10.5%	Balance @ 10.5%	Balance @ 7%

ALL Public Servants - 2021 onwards

All Staff - 2021 onwards Standard Accrual Group	All Staff - 2021 onwards Fast Accrual Group	All Staff - 2021 onwards Single Scheme Group
First €34,500 @ 0 %	First €28,750 @ 0 %	First €34,500 @ 0 %
Next €25,500 @ 10%	Next €31,250 @ 10%	Next €25,500 @ 3.33%
Balance @ 10.5%	Balance @ 10.5%	Balance @ 3.5%

Appendix 2 – ASC10 form

ASC10

Additional Superannuation Contribution Employment Declaration Form



To be completed by an employee on commencement of employment in a Public Service body

With effect from 1 January 2019, all employees are required to declare their overall personal public service pension status with regard to any public service pension scheme or pension arrangement¹. The following details are required to be completed and returned immediately to the payroll department.

MAIN EMPLOYMENT

- a. Is **THIS** employment your **MAIN**² public service employment?
- | | | |
|--|--------------------------|--------------------------|
| | YES | NO |
| | <input type="checkbox"/> | <input type="checkbox"/> |
- i. Are you a member of a public service pension scheme in respect of **THIS** employment?
- | | | |
|--|--------------------------|--------------------------|
| | YES | NO |
| | <input type="checkbox"/> | <input type="checkbox"/> |
- ii. If no, do you receive a payment in lieu of pension in respect of **THIS** employment?
- | | | |
|--|--------------------------|--------------------------|
| | YES | NO |
| | <input type="checkbox"/> | <input type="checkbox"/> |
- iii. If no, have you an entitlement to a retirement gratuity in respect of **THIS** employment?
- | | | |
|--|--------------------------|--------------------------|
| | YES | NO |
| | <input type="checkbox"/> | <input type="checkbox"/> |
- iv. If no, do you have any other pension arrangement in respect of this employment?
- | | | |
|--|--------------------------|--------------------------|
| | YES | NO |
| | <input type="checkbox"/> | <input type="checkbox"/> |

If yes, please give further details:

- b. Do you have any other employment in the Public Service?
- | | | |
|--|--------------------------|--------------------------|
| | YES | NO |
| | <input type="checkbox"/> | <input type="checkbox"/> |

If yes, please provide details of subsidiary employments overleaf or on additional sheets as required

I certify the foregoing information to be correct to the best of my knowledge and belief, and I undertake to notify the Payroll Department at _____, immediately of any change affecting the details given above/overleaf. I understand that if I am a member of a Public Service pension scheme, receive a payment-in-lieu of pension, am entitled to a retirement gratuity, or have any other pension arrangement that I am liable for the additional superannuation contribution at the appropriate rate.

Signature: _____ Date:

D	D	M	M	Y	Y	Y	Y
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NAME [in block capitals] : _____ PPS:

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Employer: _____ Payroll/Works Number:

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IMPORTANT NOTE: The above information is required in order to process your payroll. Failure to complete this form **correctly** may result in non-payment of wages/salary and/or an **underpayment of ASC**.

- Note:** A pension arrangement as certified by the Minister may include membership of a public service pension scheme, payment-in-lieu of pension, a retirement gratuity payable on retirement or any other such pension arrangement ;
- Note:** A **MAIN** employment shall be the main public service employment as nominated by the individual for the purposes of the additional superannuation contribution;

Page 1 of 2 PLEASE COMPLETE THIS CERTIFICATE IN BLOCK CAPITALS

Additional Superannuation Contribution - Employment Declaration Form

SUBSIDIARY EMPLOYMENTS

Name [in block capitals]: _____ PPS No.

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SUBSIDIARY EMPLOYMENT # 1

Employer: Employer Registered Number:

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i. Are you a member of a public service pension scheme in respect of this subsidiary employment?

YES		NO	
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ii. If no, do you receive a payment in lieu of pension in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

iii. If no, have you an entitlement to a retirement gratuity in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

iv. If no, do you have any other pension arrangement in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

If yes, please give further details:

SUBSIDIARY EMPLOYMENT # 2

Employer: Employer Registered Number:

--	--	--	--	--	--	--	--	--	--

i. Are you a member of a public service pension scheme in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

ii. If no, do you receive a payment in lieu of pension in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

iii. If no, have you an entitlement to a retirement gratuity in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

iv. If no, do you have any other pension arrangement in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

If yes, please give further details:

SUBSIDIARY EMPLOYMENT # 3

Employer: Employer Registered Number:

--	--	--	--	--	--	--	--	--	--

i. Are you a member of a public service pension scheme in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

ii. If no, do you receive a payment in lieu of pension in respect of this subsidiary employment?

YES		NO	
-----	--	----	--

iii. If no, have you an entitlement to a retirement gratuity in respect of this subsidiary employment?

YES		NO	
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iv. If no, do you have any other pension arrangement in respect of this subsidiary employment?

YES		NO	
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If yes, please give further details:

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