

Reference No: P18/12/67; **Date:** 24/07/84

24/07/1984 GL:- Civil Service Spouses' and Children's Contributory Pension Scheme Options for Retired Officers: Instructions to Departments

A Chara,

I am directed by the Minister for the Public Service to refer to Circular 16/84 and to General Council Report 1018, concerning the revision of the above scheme with effect from 1 September 1984. As indicated in paragraph 3(4) of the General Council Report, options to join the revised scheme are to be offered to

- (i) serving staff
- (ii) certain retired officers
- (iii) the surviving spouses of certain deceased officers.

The option arrangements for serving staff are set out in Circular 16/84. This letter deals with the arrangements applicable in the case of retired officers who are currently in receipt of pension and who are eligible for membership of the revised scheme. A further communication will issue in relation to the remaining categories of persons referred to in the General Council Report viz officers who have resigned with entitlement to preserved pensions, and the surviving spouses of deceased officers.

Letter to Pensioners

2. Attached (as Appendix I) is a copy of a letter which will be sent by the Paymaster-General's Office (in conjunction with the July issue of payable orders) to all pensioners on the Paymaster-General's payroll who were formerly established officers. It will be noted that those pensioners who are eligible for membership of the revised scheme (having regard to paragraph 2 of the letter) are being invited to apply for a membership option by completing the prescribed enquiry forms and returning these to their former Departments.

Checking of Enquiry Forms

3. When completed enquiry forms on behalf of former officers of your Department are received in your Department, the information furnished on each form should be carefully checked against the Departmental records pertaining to the officer in question. Particular care should be taken in checking

(a) The date of the officer's retirement. (As indicated in the letter to pensioners, male officers who retired before 23 July 1968, and female officers who retired before 1 March 1980, are not eligible for membership of the revised contributory scheme.)

and

(b) The responses to the questions at (10) and (11) of the enquiry form concerning membership of the existing scheme.

4. In relation to (b) above, in all cases where officers indicate that they were members of the existing scheme while serving, and that they were married at retirement, Departments must confirm from their records that the requirements of the scheme in relation to (i) payment of periodic contributions and (ii) payment of non-periodic contributions by way of abatement of retirement lump sums, have been complied with in full.

5. A further point must be checked in the case of certain ill-health pensioners. The reckonable service for spouses' pension purposes of members retired on grounds of ill-health is the total reckonable

service which they would have had if they had served to retiring age (subject to a maximum of 40 years). Moreover, where such members are married at retirement, contributions are payable by way of lump sum abatement in respect of all such service, excluding service in respect of which periodic contributions are paid. However, Article 10(3) of the existing scheme provides that, where the spouse of such a member dies before the member attains retiring age, contributions paid in respect of the period subsequent to the spouse's death may be returned to the member. That provision falls to be rescinded under the revised scheme, and any persons who have received refunds of contributions under Article 10(3) will be liable for contribution charges if they join the revised scheme. Therefore, in the case of any ill-hea

lth pensioner who was a member of the existing scheme and was married at retirement but has since re-married, Departments must ascertain (in consultation with this Department as necessary) whether a refund of contributions under Article 10(3) has been made to the pensioner concerned.

Option Form A

6. In cases where, having checked the information furnished on the enquiry form, the Department concerned is satisfied that a pensioner;

- (a) was a member of the existing scheme
- (b) was married at retirement
- (c) has paid all appropriate contributions under the existing scheme, and
- (d) has not received a refund of any of these contributions,

a copy of Option Form A (attached as Appendix II) should be sent to the pensioner concerned, together with a covering letter indicating that the completed form must be returned to the Department concerned after 1 September 1984 but not later than 31 October 1984.

Option Form B

7. In any case where the conditions outlined at (a) - (d) of paragraph 6 above do not apply in toto, the admission of the pensioner concerned to membership of the revised scheme will be subject to contribution charges for all periods of reckonable service in respect of which contributions were not paid (and retained) under the existing scheme. The various categories of pensioners by whom contributions will be payable are listed below, together with the contribution liability appropriate to each category

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|-----|--|--|
| (1) | Pensioners who were not members of the existing scheme (having opted out) | Contributions payable in respect of all reckonable service* |
| (2) | Pensioners who were members of the existing scheme but were not married during their serving membership | Contributions payable in respect of all reckonable service* |
| (3) | Pensioners who were members of the existing scheme but were widowed at retirement, having been married as serving membes | Contributions payable in respect but were of all reckonable service* service from date of appointment to date of |

spouses' death

(4) Pensioners who received refunds of contributions under Article 10(3) of the existing scheme

Contributions payable in respect of the period by reference to which the refund was made

* subject to a maximum of forty years' service

8. As indicated in the Appendix to General Council Report 1018, pensioners in the categories listed in paragraph 8 above will have the choice of complying with the contribution requirements by

(a) making a lump sum payment in respect of the total contribution liability, in which case spouses' and children's pension would be payable immediately on the death of the member

or

(b) paying periodic contributions from pension, in which case payment of spouses' and children's pension would fall to be deferred, to take account of outstanding contribution liabilities.

Under payment method (a), the contribution will be calculated by reference to the formula:-

$$A \times 1/100 \times B$$

where A is the number of years' reckonable service (including fractions of a year) and B is the retired officer's pensionable remuneration as at 1 September 1984 i.e. pensionable remuneration at retirement up-rated by reference to all pensions increases arising between the date of retirement and 1 September 1984.

Under payment method (b), contributions will be deducted from pension at the rate of 1½% of current pensionable remuneration i.e. pensionable remuneration as up-rated from time to time to take account of pensions increases. These deductions will commence on 1 January 1985.

9. In any case where the information furnished on the enquiry form and the checking of that information against Departmental records, indicates that the pensioner concerned would be liable for contribution charges on admission to the revised scheme, a copy of Option Form B (attached as Appendix II; should be sent to that pensioner. It should be noted that in Part II of that form, the pensioner is to be notified as to the amount of the lump sum payment appropriate to his/her case. That amount is to be calculated (on the basis of the formula set out at Paragraph 8 above) and entered on the form before issue by the Department concerned.

In all cases, care must be taken to ensure that the calculations are correct. In the case of ill-health pensioners, particular care should be taken in checking reckonable service for calculation purposes. As indicated earlier (in paragraph 4) reckonable service in ill-health cases takes account of notional service up to normal retirement age - thus, it will not be the service on which the retired officer's own pension is based. As a final check on Departmental calculations of lump sum charges, this Department (extensions 458 or 444) should be consulted in each case before Option Form B is issued to a pensioner. The form, when issued, should be accompanied by a covering letter, indicating that

(a) the completed form must be returned to the Department concerned after 1 September 1984 but not later than 31 October 1984

and

(b) if the pensioner decides to make a lump sum payment in respect of his/her contribution liability, a remittance for the amount in question must be enclosed with the completed form.

General

10. Copies of Option Forms A and B are available from this Department.

11. Remittances received in respect of lump sum payments should be immediately forwarded to the Accountant, Department of Finance, Earl Court, Adelaide Road, Dublin 2

12. The Paymaster-General's Office should be immediately notified in all cases where pensioners complete Part III of Option Form B.

13. Lists showing the names and retiring grades of pensioners who

- (1) Completed Option Form A
- (2) Completed Part II of Option Form B
- (3) Completed Part III of Option Form B

should be forwarded to this Department, (Pensions Section, Room 3.26, South Frederick Street, Dublin 2) together with copies of the completed option forms, as soon as possible after 31 October 1984.

14. Any enquiries about this letter, other than enquiries relating to calculations for individual lump sum charges, should be addressed to Pensions Section, Room 3.26, South Frederick Street, Dublin 2 (telephone enquiries to extension 505).

Mise le meas,
J McHale
Principal
Pensions Section