

Reference No: P18/25/75; **Date:** 19/04/85

19/04/1985 GL:- Ad hoc arbitration finding concerning the grant of added years to professional, technical and specialist grades

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1. I am directed by the Minister for the Public Service to refer to Circular 11/85 dated 16 April 1985 about the grant of added years, for superannuation purposes, to officers recruited by the Civil Service Commission who held established professional, technical or specialist posts on 1 January 1983. This letter contains instructions for the implementation of the new arrangements. Full details of the arbitration finding are set out in Appendix 1. Examples of the treatment of cases under the new arrangements are set out in Appendix 2. (These instructions do not purport to cover every case which may arise under the added years finding. Any cases not covered by these instructions should be referred to this Department after full details of previous service, entry requirements etc have been obtained by the relevant Personnel Officer.)

2. The contents of Circular 11/85 should be brought to the attention of all officers either retired, serving or on special leave who may possibly benefit from the ad hoc arbitration recommendations.

3. The onus is on the individual officer to apply for the grant of added years. Applications should be in writing and should be addressed to the Personnel Officer in the Department in which the officer is currently serving, or was last serving before the grant of special leave or the commencement of a career break, or before retirement if the officer retired on or since 1 January 1983.

4. The finding will apply to officers retiring i.e. leaving the civil service with a pension and lump sum on or after 1 January 1983. Officers retiring before age 65 will have their added years entitlement correspondingly reduced i.e. an officer entitled to 5 added years who retires at 60 will not be granted any added years. Added years entitlement will not be transferable.

Priority of applications

5. Only applications from officers with less than 40 years' reckonable service at age 65 (excluding purchased notional service) can be considered.

6. To ensure that applications are examined in the most equitable manner claims should be processed in the following order:

- (i) officers who retired on or after 1 January 1983 or are about to retire;
- (ii) officers eligible for retirement i.e. aged 60 and over;
- (iii) officers who have purchased, or are about to purchase, notional service.

Sanction of added years

7. When an application has been examined the Department concerned, after calculating the added years due, should forward the relevant papers to this Department for approval. Any earlier correspondence with this Department on a particular case should be referred to. In addition estimates of the cost in each case should be submitted as follows:

- (i) the cost of the award in the current year;

- (ii) the cost of the award on an annual basis.

8. Although confirmation of the added years entitlement will be available for cases covered by 6(ii) and 6(iii) above it will be appreciated that a formal sanction of award can only be issued by this Department on retirement when actual service can be confirmed, i.e. for applications from officers covered by paragraph 6(i) above.

9. Queries concerning the likely entitlement of officers not covered by paragraph 6 above should be dealt with at Departmental level. If necessary, questions concerning the application of the Circular may be referred, in writing to the Superannuation Section of this Department.

Procedure for examination of applications

10. Upon receipt of an application for the grant of added years the Personnel Officer should obtain the following information:

(a) the regulations governing the competition off which the officer was recruited and whether recruitment was to a designated added years post. If recruitment was to such a post then details of the added years likely to be granted under Section 6 of the 1963 Act should be given if this information is available.

(b) details of the officer's previous work experience and whether in this connection:

* the officer transferred from a post in the local authority service which would have attracted added years and if so, full details of the professional experience required for appointment to the local authority post

* any of this service is transferable to the civil service (the service need not have been transferred)

* the officer received or retains an entitlement to a pension, preserved pension or other superannuation benefit from a previous employment

* there is any entitlement to retirement or old age pension benefits under the Social Welfare Acts.

(c) details of any options to purchase notional service under Circular 16/79 that have been exercised by the officer.

11. If details at 10(a) above are not readily available then the Personnel Officer should consult the Civil Service Commission to obtain the necessary information. The information required at 10 (b) above should be obtained from the officer's previous employers and, if necessary, from the Department of Social Welfare.

Statutory amendment

12. Section 6 of the Superannuation and Pensions Act, 1963, will be amended, in due course, by Regulation under the Superannuation and Pensions Act, 1976, to provide for the implementation of these arrangements. Pending the making of these Regulations the decision of the Minister for the Public Service on any question of interpretation will be final.

Queries concerning Letter

13. If you require further information on any aspect of this Letter you may contact extension 512 or 437 at this Department.

Mise le meas,

J Mc Hale
Principal Pensions Section

Appendix 1 to Letter to Personnel Officers dated 19 April 1985

Grant of Added Years to Certain Civil Service Grades

Scope

1. Circular 11/85 will apply to any officer holding an established professional, technical or specialist post on or after 1 January 1983, where:

(i) the appointment held was an established professional, technical or specialist one as a result of a competition held by the Civil Service Commissioners

(ii) (a) minimum professional or technical or specialist qualifications and/or a minimum number of years essential experience were required for entry

or

(b) the minimum entry age specified in the competition was over 25

(iii) by reason of such entry requirement it was not possible to have 40 years' service by the maximum retiring age of 65 years.

The Circular will apply to any officer who, although originally appointed in a professional, technical or specialist capacity, is subsequently promoted to an administrative post and retires therefrom.

Conditions

2. Only civil servants will be covered by the finding.

3. Added years granted shall not exceed 10 and, when aggregated with service otherwise reckonable, shall not exceed 40 years. There will be no benefit on the double. Appropriate adjustments will be made for any period for which:

(i) there were, or could have been, transferred pension rights

(ii) the retiring civil servant had been in pensionable employment and received or retains an entitlement to a pension, preserved pension or other superannuation benefit

(iii) there are retirement or old age pension entitlements under the Social Welfare Acts.

4. Special consideration will be given to officers transferring to the civil service from local authority service posts which would have attracted added years had the officer stayed in the local authority service until retirement age. Full details of such cases should be submitted to this Department for decision.

5. Where an officer has held more than one added years post in the civil service then only one grant of added years may be allowed. Where under the Superannuation and Pensions Act, 1963, there is an entitlement to added years for professional experience then the greater of the added years entitlement under the arbitration award and under the 1963 Act will be granted.

6. Where competition regulations state that say, at least 3 years' experience or a minimum of 3 years' experience are required then the appropriate period for the calculation of added years is 3 since a candidate could be appointed with no more than 3 years' experience.

Procedure

7. Added years will be granted by the Minister for the Public Service where the conditions detailed in paragraph 1 overleaf are satisfied, subject to the restrictions at paragraphs 2 to 6 above. The gross entitlement should be calculated in accordance with paragraph 4 of Circular 11/85. (The procedure detailed in paragraph 10 of the prefixed Letter to Personnel Officers should be followed.)

Purchase of notional service: refunds

8. If, after the grant of added years, an officer would have more than 40 years' reckonable service at age 65 a refund may be made for purchased notional service over and above the 40 year maximum allowable. No interest will be payable on such refunds and, under the provisions of Section 21 of the Finance Act, 1972, a 10% reduction in respect of tax will be made.

9. Where service has been purchased by lump sum only a refund will be made for the period of purchased notional service.

10. If periods of notional service have been purchased by both lump sum and periodical deductions, then the period of non-reckonable service will be deemed to be the service most recently purchased.

11. If the officer opted to purchase service by periodical deductions alone and none of the notional service being purchased would reckon for superannuation purposes then periodical deductions may cease forthwith and all contributions paid may be refunded.

12. If the period of notional service being purchased is such that some, but not all, of the notional service would reckon for superannuation purposes, then no refund of periodical contributions will be made but the rate of contributions will be adjusted on the officer's next birthday to allow the purchase of only the years which will be reckonable for superannuation purposes. An example illustrating the procedure to be adopted in such cases is contained in Appendix 2.

Cases not covered by Letter to Personnel Officers

13. Any claims for added years which are not covered by the prefixed Letter to Personnel Officers and this Appendix should be submitted to this Department together with all relevant information.

Spouses' and Childrens' Scheme deductions

14. For each additional year of service granted to an officer a deduction of 1% will be made from his retirement lump-sum in addition to the deductions made at present.

Confined competitions

15. Officers appointed to professional, technical or specialist posts off confined competitions will not be eligible for the grant of added years if all the service and/or experience required for appointment is already reckonable for superannuation purposes.

Description of professional, technical and specialist posts

16 (i) Professional and technical posts are posts for which third level degrees and/or diplomas are required for appointment.

(ii) Specialist posts are posts for which officers must be of a certain age or have certain experience - without any professional or technical qualifications - before being eligible for appointment.

Note: Cases submitted to this Department should, as far as practicable, contain all relevant data. Incomplete claims or those for which inadequate information has been submitted will be returned to the relevant Department for completion before re-submission to this Department.

Appendix 2 to Letter to Personnel Officers dated 19 April, 1985

Sample Cases

(In all examples it is assumed that the officer would: (i) have less than 40 years' reckonable service at age 65; (ii) be serving in an established post on 1 January 1983; and (iii) not retire before age 65.)

Example (1)

An officer was appointed to a civil service post for which the recruitment requirements were: (i) a professional qualification which could be obtained in a minimum of 3 years and (ii) post-qualification experience of 3 years.

There would be no added years entitlement in this case since the combined requirements for professional qualifications and experience (6 years) would have allowed the officer to commence service by age 25 and thereby acquire maximum reckonable service (40 years) by age 65.

Example (2)

Competition conditions specify (i) professional or technical qualifications which can be obtained in a minimum of 5 years, and (ii) a minimum of 3 years relevant experience. A candidate aged 40 with 12 years' service in the local authorities (not in an added years post) is appointed.

Since the officer could not qualify for appointment before age 26 he would qualify for 8 added years before appropriate adjustments. Added years entitlement would be nil after adjusting for the transferred local authority service.

Had the competition requirements specified that a 5 year qualification and just 2 years experience were needed no added years whatever would be allowable because the officer could have commenced employment in the civil service by age 25.

Example 3

A was recruited at age 37 to a civil service post which required a degree qualification (3 years minimum) and 5 years' experience. Previously A had served with the local authorities and had 6 years transferable service.

Because it would take 8 years from age 18 to acquire the necessary qualifications and experience the officer could not be recruited by age 25 and thereby acquire 40 years reckonable service by age 65. The gross addition to service would be 8 years before appropriate adjustments which would be, in this case, a deduction of 6 years for the transferable local authority service. Net added years would therefore be 2.

The following points should be noted:

(i) The arbitration finding states that the gross addition to service will be the aggregate of the qualifications and experience required; once aggregated no further distinction will be made between added years for qualifications and those for experience

(ii) Had the officer had no previous reckonable service and had he, for example, been appointed at age 26 then he could not in fact benefit from 8 added years since he would have 39 years actual service at age 65:

* retiring at 65 with 39 years actual service the added years allowable would be 1

* retiring at 60 with 34 years actual service the addition to service would be 8 less 5 = 3 years

* if the officer resigned before age 60 no addition to service would be allowed.

(iii) Had the qualifications and experience required given an aggregate of 7 years no addition to service would be allowable since the officer could have been appointed on his 25th birthday - 7 years from his eighteenth birthday - and could have acquired 40 years' service by age 65.

Example 4

Competition requirements for a civil service specialist post stated that candidates must:

- * be at least 25 on 1 June, 1983
- * have at least 3 years relevant experience

The competition closing date was 17 June, 1983. The first candidate to be appointed from the competition started work on 14 December, 1983.

The 3 years experience are not relevant for added years purposes; the only important consideration is the age restriction. Since the regulations would not allow an officer to accrue a full 40 years' reckonable service by age 65 each officer appointed from the competition would be entitled to an addition to service of 6 months (i.e. period 1 June to 14 December) before appropriate adjustments.

(Note: the appropriate addition to service would vary from one competition to another).

Example 5

Calculation of revised periodical contributions

An officer has been purchasing 10 years' notional service by periodical deductions since 1 January, 1981 (his 45th birthday). After added years' entitlement has been calculated the officer will have 2 years in excess of maximum reckonable service at age 65 when the 10 years' purchased notional service is taken into consideration.

The officer was a member of the Spouses' and Children's Scheme when he opted to purchase service.

With effect from the officer's next birthday:

- (1) Calculate the amount actually paid in periodical contributions for the 10 year's notional service;
- (2) Estimate the contributions, in money terms, which would have been paid had the officer opted to buy 8 years notional service i.e. 10 years actual option less 2 years non-reckonable service) with effect from 1 January 1981;
- (3) How much the difference between (1) and (2) above would buy at the officer's next birthday in a single lump sum payment;
- (4) Deduct the service purchased by lump-sum at (3) above from the notional years which will be reckonable after the grant of added years (in this case, 8 years) and commence periodic deductions for this number of years from the officer's next birthday.

This lump-sum purchase detailed above will not preclude the officer from making a normal lump-sum option under the present purchase scheme.

Assuming the officer in question receives salary increases on his birthday only the following salary figures may be used for example purposes:

1 January 1981	£10,000
1 January 1982	£11,000
1 January 1983	£12,000
1 January 1984	£13,000
*1 January 1985	£14,000

*Officer's next birthday and relevant date for calculations and adjustment of periodical deductions.

- (1) Contributions actually payable to 31 December 1984 would be calculated as follows:

Year ending 31/12/81 - 10.3% of £10,000 (i.e. 1.03% X 10 years)	=	£1,030
Year ending 31/12/82 - 10.3% of £11,000	=	£1,333
Year ending 31/12/83 - 10.3% of £12,000	=	£1,236
Year ending 31/12/84 - 10.3% of £13,000	=	£1,339
Total contributions paid to next birthday		£4,738

- (2) Contributions payable had the officer opted to purchase 8 years service:

Year ending 31/12/81 - 8.24% of £10,000 (1.03% x 8 years)	=	£824.00
Year ending 31/12/82 - 8.24% of £11,000	=	£906.40
Year ending 31/12/83 - 8.24% of £12,000	=	£988.80
Year ending 31/12/84 - 8.24% of £13,000	=	£1,071.20
		£3,790.40

- (3) Excess contributions are therefore £947.60. This amount applied as a lump-sum with effect from the officer's 49th birthday would purchase 168 days service. (At 49 to purchase one year's service by lump sum 14.73% of salary would be required; in this example one year would cost £2,062.20. Since only £947.60 is available then the amount to be purchased would be £947.60/£2,062.20 by 365 days = 167.72 days).

(4) With effect from the officer's next birthday (in this case 1 January, 1985) periodical deductions will be made at the rate appropriate for the purchase of 7 years 197 days i.e. 8 years less 168, days.

This letter is superseded by General Letter as on 21/12/88.