

Overview of Public Service Pension Schemes

This is a very brief overview for general information purposes. It is not a legal interpretation of any individual pension scheme. For specific queries on your own pension entitlement, you should contact the Personnel Unit of your organisation.

Public Service Pension Schemes provide pension benefits for staff in the Civil Service, Local Authorities, Garda Siochana, the Permanent Defence Forces, the Health and Education Sectors and in non-commercial State Bodies. They cover up to 300,000 staff and about 90,000 pensioners. They are mainly statutory schemes, set up by or under Acts of the Oireachtas. This note gives a general overview of public service schemes but, as such, cannot capture the many variations between schemes. A link to more details on individual schemes is provided in the final paragraph.

In general, only schemes for Commercial State Bodies have a dedicated fund to meet pension liabilities. The vast majority of public service schemes are financed on a Pay As You Go (PAYG) basis, that is, as part of current expenditure, voted in the annual estimates. In effect, the liabilities are met as they arise.

Public service schemes generally are made up of:

- a main superannuation scheme which may be contributory or non-contributory, but which for staff recruited since April 1995, are generally contributory.
- an associated contributory spouses' and children's scheme.

Most pension Schemes in the public service are *Defined Benefit* schemes – the pension benefits are specified or defined in the rules of the scheme. Thus the scheme member knows the calculation formulae which will determine the level of benefits due at retirement. Furthermore, public service schemes are *Final Salary* defined benefit schemes – the benefits formulae are based on the level of pensionable pay at retirement. The formulae are set out in the Table below.

Since the enactment of the Public Service Superannuation (Miscellaneous Provisions) Act 2004, the minimum age at which pensions will be payable to new entrants to the public service, from 1 April 2004, is age 65 and there is no compulsory retirement age. For staff who are not 'New Entrants' as defined in that Act, pension is generally payable from age 60 with a compulsory retirement age of 65. There are some exceptions to the above, such as the schemes for the Garda Siochana, Prison Officers and the Judiciary.

Most schemes provide members with an option to purchase additional years of service, on an actuarial basis, to meet a shortfall in the maximum pensionable service of 40 years. An Additional Voluntary Contribution scheme distinct from the main superannuation scheme may be available in some organisations to allow members to make additional contributions toward additional retirement benefit within Revenue limits.

The public service Transfer Network enables an employee who transfers from one participating public sector employer to another to choose to transfer the earlier service and so be given the full pension credit by the new employer.

The following Table on page 3 sets out a summary of the pension terms applying generally in public service pension schemes. There are, however, variations in terms between different groups and these are described in some detail in the report of the Commission on Public Service Pensions (Nov. 2000) – see chapter 3 pp93ff¹. This report does not capture amendments to schemes since its publication. The main changes since then are set out in this note and in the table below. More detail on the changes can be found in the Circulars² announcing them.

1. <http://www.finance.gov.ie/viewdoc.asp?fn=/documents/psp/part2.pdf>

2. <http://www.cspensions.gov.ie/circulars.asp>

Standard public service pension terms¹	
Access	Automatic scheme membership for all permanent and most atypical employees
Eligibility for benefits	2 years' service (no minimum for death-in-service)
Pensionable service	Wholtime, temporary, part-time and work-sharing (pro rata), transferred, notional, and purchased service
Maximum reckonable service	Limit of 40 years
Retirement age and Pension Age	Age 65, optional from age 60 up to April 2004. New entrants from that date have no compulsory retirement age. Minimum Pension age - generally 60 if recruited before April 2004 and 65 after that date.
Pensionable remuneration	Final pay (averaged over final 3 years, if recently promoted) plus pensionable allowances (averaged best 3 years in final 10)
Retirement pension	$\frac{1}{80}^{\text{th}}$ of pensionable remuneration per year of pensionable service up to a maximum of $\frac{1}{2}$ pensionable remuneration
Retirement lump sum	$\frac{3}{80}^{\text{ths}}$ of pensionable remuneration per year up to a maximum of $1\frac{1}{2}$ times pensionable remuneration
Integration (if full PRSI)	$\frac{1}{200}^{\text{th}}$ of pensionable remuneration below $3\frac{1}{3}$ times OACP and $\frac{1}{80}^{\text{th}}$ thereafter
Part-time employees	Based on notional full-time salary and actual service [Pro-Rata]
Spouses' and Children's Scheme (S&C)	Spouse receives $\frac{1}{2}$ of member's pension ($\frac{1}{2}$ of potential pension to age 65 if death-in-service or following ill health retirement); children's pensions.
Ill health benefits	Immediate benefits based on actual service plus generally up to $6\frac{2}{3}$ added years
Death-in-service	Gratuity of 1- $1\frac{1}{2}$ times pensionable remuneration, plus S&C pensions, if applicable
Contributions	5% main scheme, $1\frac{1}{2}\%$ S&C scheme (if full PRSI, contribution is based on remuneration less OACP offset)
Early leaver (having 2 years' service)	Benefits preserved and payable from age 60 (or 65 as the case may be), up-rated in line with salary increases
Transfer of service	Between participating public sector organisations/groups
Early retirement	An option of actuarially reduced benefits if leaving within 10 years of the minimum pension age i.e. age 60 (or 65 for post-2004 New Recruits)
Retention beyond age 65	Infrequent; no reckoning of service beyond age 65 except for post-2004 New Entrants
Options to individual to enhance pension	(i) Purchase of notional service at full actuarial cost; (ii) union-sponsored AVC schemes
Pension increases	As provided in individual schemes; generally, broadly in line with increases paid to serving staff (pay parity) More information: - http://www.cspensions.gov.ie/faq1.asp#12
Financing of schemes	Pay-as-you-go. Cost met from annual revenues

¹ It is assumed that this is a public service scheme where an explicit main scheme contribution applies, and that the individual concerned is a member of the relevant spouses' and children's contributory pension scheme.