

P18/074/05

24 August 2012

To: All Heads of Departments/Offices

Circular 11/2012: Public Service Pension Reform:
Revised ill-health and death in service arrangements for part-time public servants

A Dhuine Uasail

1. INTRODUCTION

2. I am directed by the Minister for Public Expenditure and Reform to refer to Department of Finance Circular 20/2005 regarding revised superannuation arrangements for part-time public servants. Paragraph 20 of that Circular advised that the approach to be used in the case of death in service / ill- health situations was still under consideration and that in the interim, any such cases should be referred, in writing, to the Pensions Section, Department of Finance (now the Department of Public Expenditure and Reform following enactment of the Ministers and Secretaries (Amendment) Act 2011).
3. To date this Department has advised on an ongoing basis the rules that are to apply. The purpose of this Circular is to formally set out the arrangements that are to apply to part-time public servants **with effect from 1 August 2012.**
4. For the purposes of this Circular the term 'part-time' includes jobsharing and worksharing arrangements.

5. GENERAL

6. For the purposes of qualifying for ill-health retirement benefits, death-in-service benefits and spouses', civil partners' and children's pensions, and for the purposes of the calculation of same, a worksharer, jobsharer or part-time employee should not be treated in a less favourable manner than a comparable full-time employee.
7. The treatment may vary between public service schemes, depending on the terms and definitions in each scheme. **This Circular sets out the provisions which will apply in the Civil Service pension schemes and gives discretion to Departments to apply similar arrangements in other public service pension schemes for which they have primary responsibility, subject to the wording and rules of the relevant pension scheme.**

8. **ILL-HEALTH RETIREMENT BENEFITS**

9. An employee who retires on grounds of ill-health before minimum pension age is required to have a minimum of 5 years' service before he or she;
- I. can be paid an immediate pension and
 - II. can be awarded ill-health added years.

10. **Eligibility for payment of immediate pension**

11. To date a part-time employee required a minimum of 5 years full-time equivalent service in order to be eligible for payment of immediate pension. However, with effect from 1 August 2012 a part-time employee will be required to have completed 5 calendar years of service in order to be eligible for payment of immediate pension. This means that with effect from 1 August 2012 part-time service is not subject to pro rata but is treated as notional full-time service for the purposes of qualifying for payment of immediate pension.

12. **Calculation of ill-health retirement lump sum and pension**

13. When calculating ill-health retirement lump sums and pensions the pro rata method of calculation outlined in Circular 20/2005 should be used (i.e. notional full-time remuneration and full-time equivalent service). This applies with effect from 20 December 2001.

14. The revised integration method (the '1/200th' approach) introduced and set out in Department of Finance Circular 19/2005 will also continue to apply, with effect from 1 April 2004.

15. **Award of notional service (Ill-health 'added years')**

The eligibility, calculation and award of notional service (i.e. 'added years') where applicable, are to be on the same basis as for a comparable full-time employee. Such service is to be calculated on the basis of full-time equivalent reckonable service, and is to be awarded as full-time equivalent service, **subject to the limits imposed by potential service (see paragraph 20 of this Circular)**.

16. This means a part-time employee must have worked 5 years' full-time equivalent reckonable service to qualify for award of notional service (i.e. 'added years').

17. **Note:** Eligibility for the award of 'added years' continues to be based on full-time equivalent service whereas eligibility for payment of immediate pension (see para. 11 above) is based on calendar or 'notional full-time' service.

18. Once eligible, the 'added years' are calculated and awarded based on the full-time equivalent reckonable service, i.e. 'added years' are awarded to a part-time employee on exactly the same basis as to a full-time employee with the same amount of full-time equivalent service. **Note:** 'added years' or notional service awarded to a part-time employee are not subject to 'pro rata'.

19. **Potential service in the case of ill-health retirement**

20. When determining service that would have accrued had the person served to retirement age (for the purposes of calculating the amount of 'added years' to be awarded) the more favourable of the following is to be used;

- (a) the working/attendance pattern at the time of retirement, or
- (b) **in cases where a person's contract requires them to work fluctuating hours, or where a person's normal working hours were reduced in the last three years of pensionable service**, a working/attendance pattern based on the average annual number of hours worked in the last three years of pensionable service, or
- (c) **exemptions** : there may be other situations in which a different working/attendance pattern may be used for determining potential service, for example in sick leave situations or where the worksharing/part-time arrangement was for an agreed fixed period or where it had been agreed that the person would increase his or her hours of attendance at a future date. **Such cases require formal written approval from the Department of Public Expenditure and Reform.**

21. **DEATH-IN SERVICE BENEFITS**

22. The deceased person's personal legal representative may be paid a gratuity equal to the greater of:

- (a) the annual salary and emoluments applicable to the employee on their last day of pensionable service; or
- (b) the amount of the retirement lump sum the employee would have received if he or she had retired on grounds of ill-health on the date of his or her death.

23. In relation to 22(a) above, the 'annual salary and emoluments applicable to the officer on their last day of pensionable service' means the actual salary and emoluments applicable to the officer on their last day of pensionable service i.e. it does not mean notional full-time remuneration. The salary is the salary applicable to the working/attendance pattern on the last day of pensionable service unless the provisions at paragraph 20 (b) or (c) apply in which case the salary can be adjusted as appropriate.

24. In relation to 22(b) above, i.e. the amount of retirement lump sum the officer would have received, paragraphs 8-20 of this Circular apply.

25. **SPOUSES', CIVIL PARTNERS' AND CHILDREN'S PENSIONS**

26. The Civil Service pension schemes provide that where a member dies in service or dies after retirement on an ill-health pension the pension to be paid to the surviving spouse or civil partner, and where applicable the children, takes account of the potential service of the member by reference to a specified age i.e. the service he or she would have had if they had served to a specified age (60 or 65).

27. The arrangements set out in paragraph 20 of this Circular will apply for the purposes of determining this potential service and calculating the pension which would have been payable if the officer had served to the specified age.

28. **EXCEPTIONAL CASES**

Exceptions to the arrangements set out in this Circular may be considered in specific circumstances but **any such exceptions must receive formal written approval from the Public Service Pensions Section of the Department of Public Expenditure and Reform.**

29. **EFFECTIVE DATE**

The effective date for the arrangements set out in this Circular is **1 August 2012.**

30. **OTHER PUBLIC SERVICE PENSION SCHEMES**

As already indicated, treatment may vary between public service schemes, depending on the terms and definitions in each scheme. Departments may, at their discretion, agree to apply the arrangements set out in this Circular in other public service pension schemes, subject to the wording and rules of the relevant pension scheme.

31. **CIRCULATION**

Departments are asked to bring this Circular to the attention of **all staff and all public service bodies under their aegis.** For the purposes of this Circular, as for the purposes of Circular 20/2005, the definition of “public service body” in the Public Service Superannuation (Miscellaneous Provisions) Act 2004 should be used.

32. **QUERIES**

Any cases of doubt or difficulty arising in connection with this Circular should be referred as follows;

- **individual staff members** should contact the Personnel/Superannuation Sections of their Department/Office,
- **public service bodies** should contact their parent Department,
- **Departments** should contact, in writing, Ms Joan Connaughton, Public Service Pensions Section, Department of Public Expenditure and Reform, 7-9 Merrion Row, Dublin 2 (e-mail: joan_connaughton@per.gov.ie).

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APPENDIX 1: EXAMPLES OF CALCULATIONS OF ILL-HEALTH ENTITLEMENTS

EXAMPLE 1	:	Age 56	Worksharing pattern 60%
		Calendar service = 6 years	Full-time equivalent service = 3.6 years
Potential service ¹ to age 60 = 2.4 years [(60-56 = 4) x 60%] Potential service ¹ to age 65 = 5.4 years [(65-56 = 9) x 60%]			

Access/Eligibility for immediate pension – Eligible; as has 5 years’ calendar service

Added years – Not eligible; must have 5 years’ full-time equivalent service whereas they only have 3.6 years.

So this person gets an immediate pension but no “added years” i.e. immediate pension is paid, based on service of 3.6 years.

¹ As per paragraph 20 of this Circular, potential service is generally determined using the worksharing/part-time/jobsharing pattern at the time of retirement.

EXAMPLE 3 : Age 56 Calendar service = 21 years	Worksharing pattern 60% Full-time equivalent service = 12.6 YEARS
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Potential service¹ to age **60** = **2.4 years** [(60-56 = 4) x 60%]

Potential service¹ to age **65** = **5.4 years** [(65-56 = 9) x 60%]

Access/Eligibility for immediate pension – Eligible; as has more than 5 years' calendar service

Added years – Eligible; as has more than 5 years' full-time equivalent service

To determine notional service (added years) to be awarded

Rule : *Officers with between 10 and 20 years' actual reckonable service are credited with the more favourable of*

(i) *an amount of service equal to the difference between actual reckonable service and 20 years, subject to such credited service not exceeding the additional reckonable service which would have accrued if the officer had remained in service up to age 65; or*

(ii) *6 years and 243 days (i.e. two-thirds of a year), subject to such credited service not exceeding the additional service which would have accrued if the officer had remained in service up to minimum retirement age (i.e. 60).*

So this person gets the more favourable of

(i) **5.4 years** [20 - 12.6 = 7.4 years subject to not exceeding potential service to age 65, which is 5.4 years]

Or

(ii) **2.4 years** [6 years and 243 days subject to not exceeding potential service to min retiring age of 60, which is 2.4 years]

So this person would get 5.4 'added years'

¹ As per paragraph 20 of this Circular, potential service is generally determined using the worksharing/part-time/jobsharing pattern at the time of retirement.

