



*To CHIEF EXECUTIVE OFFICERS OF
VOCATIONAL EDUCATION COMMITTEES*

CIRCULAR LETTER PEN 11/02

Pension Scheme Members

**(1) Reduction in qualifying period for preservation of benefits
from five years to two years**

(2) Reduction in tax on refunds of contributions from 25% to 20%

The Department of Finance has decided that, pursuant to the Pensions Amendment Act 2002, the qualifying period for preservation of pension scheme benefits should, with effect from **2 June 2002**, be reduced from 5 years to 2 years. With the exception of staff who are in pensionable service from a date prior to 1 February 1995 (and who waive entitlement to preserved benefits in writing), scheme benefits should therefore be preserved on completion of two or more years of pensionable service by those leaving service from 2 June 2002 onwards.

As contributions may not be refunded where preservation applies, and with the exception of staff who are in pensionable service from a date prior to 1 February 1995, no refunds can be made to a member who has completed 2 years of pensionable service and who leaves employment on or after 2 June 2002.

Where a refund of contributions is payable, it will be subject to deduction of tax at the rate of 20%.

The 20% rate of tax has been approved by the Revenue Commissioners in respect of refunds of superannuation contributions made on and from **5 December 2001** to persons who have not attained the qualifying service for benefit (5 years in respect of members whose pensionable service terminated prior to 2 June 2002; 2 years in respect of members whose pensionable service has terminated since 2 June 2002) or who, being in pensionable service from a date prior to 1 February 1995, have waived entitlement to preserved benefits in writing or who, being unmarried at retirement, are eligible for a refund of Spouses' and Children's contributions.

*Boswell
ET*

Enquiries by VECs regarding the provisions of this Circular should be addressed to the Department at the address given below:

PENSIONS (VEC)
DEPARTMENT OF EDUCATION & SCIENCE
CORNAMADDY
ATHLONE
CO. WESTMEATH

Enquiries by phone should be made to 0902 – 74621 or 01 – 8734700; extensions 3657/3658.

John Feeney
Principal Officer
Pensions Unit

23 August 2002