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AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA | DEPARTMENT OF EDUCATION AND SCIENCE

**To: PRESIDENT, DUBLIN INSTITUTE OF TECHNOLOGY  
DIRECTOR EACH INSTITUTE OF TECHNOLOGY**

**CIRCULAR LETTER PEN 16/02**

*Admission of Lecturers in Institutes of Technology to  
the Education Sector Superannuation Scheme  
(formerly included in the Local Government Superannuation Scheme)*

**1. INTRODUCTION.**

- 1.1 In this Circular, the term "lecturer" includes Eligible Part-time Teachers and Temporary Wholetime Teachers.
- 1.2 Following discussions with the education partners under the Programme for Competitiveness and Work it has been agreed that temporary wholetime service and certain part-time service as a lecturer in an Institute of Technology, (IOT), will become pensionable **on an ongoing** basis with effect from 1 September 1996. The purpose of this Circular is to give effect to these provisions of the Agreement.
- 1.3 In order to facilitate implementation of the Agreement it has been agreed that the functions exercised by the Minister for Environment in regard to the superannuation of lecturers in Institutes of Technology should be transferred to the Minister for Education and Science. An Order giving effect to the transfer was made on 30 January 2001. The Order provides that schemes and regulations made before the commencement of the Order by the Minister for the Environment under the Local Government (Superannuation) Act, 1980, insofar as they relate to any person currently or formerly employed by a Vocational Education Committee, other than as a vocational teacher, or any person currently or formerly employed by an Institute of Technology, including the former Regional Technical Colleges, shall from the commencement of the Order be known as the Education Sector Superannuation Scheme.

(The functions relating to the pensions of vocational teachers have already, under an Order made in 1998, been transferred to this Department in 1998.)

A brief outline of the Education Sector Superannuation Scheme is given at Appendix 1.

- 1.4 Under the **Protection of Employees (Part-time Work) Act**, provision has been made for the pensionability on an ongoing basis of further categories of part-time workers. The Government has decided that the pay and pensions provisions of the Act will be operative from **20 December 2001**. Discussions with the education partners are taking place regarding implementation of the Act and it is expected that a circular in this regard will be issued shortly. In the meantime, part-time lecturers should be provided for in accordance with the provisions set out in this circular, ie circular PEN 16/02.

## 2. ELIGIBILITY FOR MEMBERSHIP.

2.1 Prior to 1 September 1996, membership of the Education Sector Superannuation Scheme was compulsory on an ongoing basis for all permanent whole-time lecturers employed by IOTs.

2.2 From 1 September 1996 to 19 December 2001, membership of the Scheme is compulsory on an ongoing basis for all lecturers employed by IOTs and who

(a) (with the exception of the categories referred to at 2.3 below), are fully-qualified academically, as set out in the PCW Agreement, for purposes of appointment to a permanent lecturing post with an IOT AND

(b) are employed in permanent employment or in quasi-permanent employment AND

(c) have satisfactory health.

### 2.3 Fully Qualified - Exceptions.

2.3.1 Exceptionally, a lecturer in an Eligible Part-time post who is not fully qualified but has been in regular part-time service without interruption **from a date prior to 1 September 1987**, will be deemed eligible for admission to the Superannuation Scheme.

(The EPT Scheme provides that EPT posts may be filled by unqualified lecturers only where no suitable, fully-qualified applicant is available and that the IOT must advertise for a fully-qualified applicant each year. Exceptionally, the EPT Scheme provides that unqualified lecturers who have been in regular part-time service **from a date prior to 1 September 1987** may continue to serve in their EPT post from year to year on the same basis as fully-qualified EPTs.)

2.3.2 Exceptionally, a lecturer holding the Pro Rata Part-time post of Assistant Lecturer who is not fully qualified academically but was appointed to the post as **a result of the special competition, confined to certain part-time teachers, which was held during the 1999/2000 academic year**, will be deemed eligible for admission to the Superannuation Scheme.

(As in the case of the unqualified EPTs who have been in regular part-time service without interruption from a date prior to 1 September 1987, Assistant Lecturers appointed from the special competition may continue to serve in the posts in question from year to year – IOTs are not obliged to seek fully qualified lecturers to fill the posts.)

### 2.4 Quasi-permanent employment.

2.4.1 For purposes of admission to the superannuation scheme, all lecturers holding Pro Rata Part-time posts or EPT posts will be regarded as in quasi-permanent employment.

2.4.2 In addition, a part-time lecturer will be regarded as in quasi-permanent employment during any academic year in which the lecturer was employed for a **minimum of 200 hours and for a minimum of 25 weeks**.

## 2.5 Satisfactory health.

A lecturer who has already passed a medical examination for purposes of appointment will not have to undergo a medical examination for purposes of the Superannuation Scheme. Otherwise, before membership of the Scheme can be approved, the prospective member must undergo a medical examination by a doctor nominated for that purpose by the IOT under arrangements currently in place.

A lecturer who fails to attend for a medical examination without good cause may be regarded as having failed the examination.

Lecturers who undergo the medical examination for purposes of admission to the Scheme will, on application to the IOT for reimbursement, have the costs reimbursed of the medical examination which has been carried out by the doctor nominated by the IOT.

## 3. COMPULSORY MEMBERSHIP.

It will be a matter for the IOT to confirm that a lecturer satisfies the requirements for membership of the Scheme. It will be a condition for appointment to an eligible post that a lecturer passes a medical examination by a doctor nominated by the IOT.

Lecturers who are otherwise eligible, who have not already undergone a medical examination for purposes of appointment and who are in service on or after 1 February 2003 will be referred for a medical examination by the IOT as soon as possible after that date.

**Ongoing deductions** from salary for superannuation purposes will be made from 1 February 2003 (or as soon as possible thereafter) in the case of all eligible lecturers. The deductions will be made provisionally in the case of a lecturer who has been referred for a medical examination or whose academic qualifications are subject to verification. In the event of the lecturer failing the medical examination or failing to provide satisfactory evidence of qualifications, a refund of the superannuation contributions paid provisionally will be made.

## 4. COMMENCEMENT DATE OF MEMBERSHIP FOR TEMPORARY WHOLETIME AND PART-TIME LECTURERS.

4.1 Lecturers who are not eligible for admission to the Superannuation Scheme except in accordance with the provisions of this Circular will be **formally admitted** to the Scheme from 1 February 2003 (or as soon thereafter as ongoing deductions from pay commence) or, where they are required to undergo a medical examination for purposes of admission, from the date on which they pass the medical examination.

Membership will be backdated where the lecturer had eligible service prior to the date of formal admission. The **effective date of admission** to the Scheme in the case of such a lecturer will be 1 September 1996 or date of appointment to eligible employment, if later.

4.2 Arrears of contributions will be due in respect of the period between the effective date of admission to the Scheme and the commencement of ongoing deductions.

The arrears will be recovered by increasing the ongoing contribution by instalments, over a period corresponding to the length of the service to which the arrears relate, until all arrears have been collected.

## 5. SUPERANNUATION CONTRIBUTIONS AND PRSI CONTRIBUTIONS.

5.1 The rate of superannuation contribution payable in respect of any period of *ongoing pensionable service* is dependent on whether, during that period, the lecturer is liable for the Class D rate of PRSI, has transitional liability for the Class A rate or has ongoing liability for the Class A rate.

### 5.2 Lecturer liable for the Class D rate of PRSI.

#### 5.2.1 Lecturers appointed prior to 6 April 1995:-

- (a) The Class D rate is payable in the case of any lecturer who was appointed to a **permanent wholetime post prior to 6 April 1995** and who continues to serve in **such a post** (or an approved job-sharing post) without interruption.

Exceptionally, the Class D rate is also payable, from 1 September 1996, in the case of any lecturer holding a post on a **permanent half-time** basis – and who has held such a post without interruption from before 6 April 1995. (A very small number of lecturers were appointed in the past on a permanent half-time basis in exceptional circumstances. No such appointments have been sanctioned in recent years and none are envisaged in the future.)

- (b) The Class D rate is payable, *from date of appointment to a permanent wholetime post*, in the case of a lecturer who was appointed to a Temporary Wholetime or an Eligible Part-time (EPT) post on or before 5 April 1995, and who, in the period from 5 April 1995 to date of permanent appointment, has continued to serve in such a post, including a Pro Rata Part-time post, without interruption. The Lecturer will be liable for the Class A rate of PRSI on a transitional basis – see 5.3 below – during the period prior to appointment to the permanent post.

#### 5.2.2 Lecturers appointed since 6 April 1995:-

- (a) The Class D rate is payable in the case of any lecturer appointed to a **permanent wholetime post** in an IOT and who, immediately prior to such appointment, was employed in a post in the public sector in which he or she was liable for the modified rate (Class B, C or D) of PRSI.
- (b) The Class D rate is also payable, *from date of appointment to a permanent wholetime post*, in the case of a lecturer appointed to a Temporary Wholetime or Eligible Part-time or Pro Rata Part-time post, who has continued to serve in such a post without interruption up to the date of permanent appointment and who, immediately prior to appointment to the temporary wholetime post, was employed in a post in the public sector in which he or she was liable for the modified rate (Class B, C or D) of PRSI. The lecturer will be liable for the Class A rate of PRSI on a transitional basis – see 5.3 below – during the period prior to appointment to the permanent post.

5.2.3 A member **who pays PRSI at the Class D rate** will pay a superannuation contribution of 6.5% of Current Pay or, if he/she is not a member of the Spouses' Scheme, 5% of Current Pay.

(Male lecturers in pensionable service in 1969 and female lecturers in 1984 were given the option of joining the Spouses' Scheme and paying 1.5% of Current Pay towards that Scheme or of remaining in the main Superannuation Scheme only. All lecturers appointed to pensionable service since 1984 must join both the main scheme and the Spouses' Scheme.)

### 5.3 **Transitional liability for the Class A rate of PRSI.**

A lecturer who is admitted to **ongoing pensionable service** with effect from 1 September 1996 whilst serving in a Temporary Wholetime or Eligible Part-time post, and who has uninterrupted service since before 6 April 1995 in such a post (or a Pro Rata Part-time post), will remain liable to pay the Class A rate of PRSI, on a transitional basis, in respect of the period between 1 September 1996 and date of appointment to a permanent post.

Similarly, a lecturer who is admitted to **ongoing pensionable service** since 1 September 1996 whilst serving in a Temporary Wholetime or Eligible Part-time or Pro Rata Part-time post and who, immediately prior to such appointment, was employed in a post in the public sector in which he or she was liable for the modified rate (Class B, C or D) of PRSI, will be liable to pay the Class A rate of PRSI, on a transitional basis, in respect of the period between the effective date of admission to pensionable service and the date of appointment to a permanent post.

Superannuation contributions at the **Full Co-ordinated Rate** will be payable in respect of the transitional period between admission to pensionable service and date of permanent appointment. The Full Co-ordinated Rate is made up of 1.5% of Current Pay and 5% of **Current Co-ordinated Pay**, (including 1.5% of Current Co-ordinated Pay towards the Spouses' Scheme).

**Current Co-ordinated Pay** is Current Pay less twice the maximum personal rate of Old Age Contributory Pension, (OACP). Twice the maximum personal rate of OACP is currently - from 4 January 2002 - €15,372.23 per year.

### 5.4 **Officer with ongoing liability for the Class A rate of PRSI.**

5.4.1 **Except** in the circumstances outlined at 5.2 or 5.3 above, lecturers will have ongoing liability for the Class A rate of PRSI throughout their service.

5.4.2 A lecturer who has ongoing liability for the Class A rate of PRSI throughout his or her service will be liable, from effective date of admission to ongoing pensionable service, for a superannuation contribution at the **Ongoing Co-ordinated Rate**. The Ongoing Co-ordinated Rate is made up of 3% of Current Pay (including 1.5% of Current Pay towards the Spouses' Scheme) and 3.5% of **Current Co-ordinated Pay**.

The ongoing rate of co-ordinated contribution, which provides for a higher contribution to the Spouses' Scheme than the full co-ordinated rate specified in 5.3 above, was agreed in the context of the introduction in 1995 of full PRSI for public servants generally.

5.5 Note that for purposes of determining the rate of superannuation contribution payable in respect of any period of actual service, a period of job-sharing, a career break or approved leave of absence will not be regarded as an interruption of employment.

## 6. **RECKONING OF ONGOING PENSIONABLE SERVICE GIVEN AS A PART-TIME LECTURER FROM 1 SEPTEMBER 1996.**

The value of superannuation benefits is calculated by reference to length of pensionable service. Unless the lecturer retires from part-time service or dies while in part-time service, (see paragraph 7 below), part-time service in respect of which contributions have been paid **on an ongoing basis** will be reckoned as follows.

6.1 In the case of **EPT service as a College Teacher**, pensionable service will be reckoned in the proportion which the weekly hours worked bear to whole-time service of **20 hours**.

(Note that recruitment to the grade of College Teacher has ceased with effect from 1 September 1998)

6.2 In the case of **EPT service or Pro Rata service as an Assistant Lecturer**, pensionable service will be reckoned in the proportion which the weekly hours worked bear to whole-time service of **18 hours**.

6.3 In the case of:-

- (1) **EPT service as a Lecturer 1 or**
- (2) **EPT service or Pro Rata service as a Lecturer,**

pensionable service will be reckoned in the proportion which the weekly hours worked bear to whole-time service of **16 hours**.

(Note that recruitment to the grade of Lecturer 1 has ceased with effect from 1 September 1998)

**Example:-** Ongoing pensionable service as an **Assistant Lecturer in a Pro Rata Part-time post** for 14 hours per week throughout the year will be reckoned as 14/18 of a full year, ie 0.7777 of a year, since Pro Rata lecturers are paid salary for the full 52.18 weeks of the academic year, including holiday periods. (If the lecturer in question had been employed in a Pro Rata post for only part of the year, say from 1 October to 28 February, the service to be credited in respect of that period would be  $14/18 \times 151/365 = 0.3217$  of a year.)

6.4 In the case of **service at the part-time hourly rate**, pensionable service during the academic year will, subject to maximum credit of one year's pensionable service in respect of any one academic year, be reckoned in the proportion which the annual hours worked, including statutory holidays, bear to **835 hours**. The figure of 835 hours is, **for the post of Lecturer**, the hourly equivalent of a year of pensionable service, (16 hours x 52.18 = 835 hours).

**Examples:-**

- (1) Ongoing pensionable service at the part-time hourly rate which came to 600 hours in the academic year would be reckoned as  $600/835$  of a year = 0.7185 of a year.

Note that service in an academic year which consists solely of service at the part-time hourly rate will not be pensionable on an ongoing basis unless it satisfies all of the criteria specified for eligibility including, in particular, the quasi-permanent requirement as defined in 2.4 of this Circular.

- (2) **Additional part-time hourly-paid service** of 150 hours given by a lecturer who was also in ongoing pensionable service of 14 hours per week in a Pro Rata part-time post of Assistant Lecturer would be reckoned as

$$\frac{150}{835} \text{ hours} = 0.1796 \text{ of a year}$$

In this example, the Assistant Lecturer's total pensionable service during the academic year would come to 0.9573 of a year, made up of 0.7777 of a year (ie 14/18 of a year) arising from Pro Rata service and 0.1796 of a year arising from additional part-time service.

7. **RETIREMENT OR DEATH WHILE IN PART-TIME SERVICE WHICH IS PENSIONABLE ON AN ONGOING BASIS.**

7.1 Where a lecturer retires from part-time service which is pensionable on an ongoing basis, pension benefits will be related to actual pay at retirement and to pensionable service where the lecturer is given one full year's credit for each year of part-time service.

Similarly, where a lecturer dies while in part-time service which is pensionable on an ongoing basis, pension benefits will be related to actual salary at death and to pensionable service where the lecturer is given one full year's credit for each year of part-time service. Potential pensionable service for purposes of a Spouses' and Childrens' pension will be counted in full years from the date of death.

An appropriate adjustment may be made where hours vary substantially during service.

These provisions will be reviewed in the light of the Report of the Commission on Public Service Pensions and are subject to change in the light of that review.

**NB 1:- Pending review, and further clarification of this provision, IOTs should contact this Department in any case where a lecturer is about to retire from part-time service which is pensionable on an ongoing basis or dies whilst in such service.**

**NB 2:- Remember that, for the purposes of this Circular, part-time service which is pensionable on an ongoing basis is service which meets the Eligibility requirements set out in paragraph 2 of this Circular.**

7.2 Note that where a lecturer retires or dies whilst **job-sharing**, the lecturer should be credited with **half a year's service** for each year spent job-sharing and superannuation benefits should be calculated by reference to the **wholetime equivalent** of the job-sharing pay.

8. **PART-TIME AND TEMPORARY LECTURERS WHO HAVE RETIRED OR DIED SINCE 1 SEPTEMBER 1996.**

Eligible service given by a lecturer who has retired prior to the commencement of ongoing deductions will be regarded as pensionable. Eligible service given by a lecturer who has died prior to the commencement of ongoing deductions will be regarded as pensionable provided the lecturer has already passed a medical examination as a condition of appointment. Such service will also be regarded as pensionable where the lecturer has not undergone a medical examination but death is due to a cause which would not have been likely to result in the lecturer's failing a medical examination if one had been carried out on or about 1 September 1996 or at the time of appointment, if later.

Appropriate contributions should be offset against superannuation benefits. The contributions will consist of arrears in respect of the period from 1 September 1996 (or date of appointment, if later) to date of retirement or death-in-service and a purchase of service contribution in respect of any reckonable service given prior to 1 September 1996. The purchase of service contribution will be a co-ordinated contribution – see paragraphs 8 and 9 of Appendix 3 - and will be based on pay at retirement or death-in-service. A Spouses' and Childrens' Scheme contribution in respect of **potential service** should also be charged, where appropriate.

The lecturers in question, or their legal personal representatives may have already received a gratuity in accordance with the provisions for the payment of such gratuities to non-pensionable staff. **The gratuity already paid, if any, should be offset** against the Gratuity and Pension which will be payable as a result of their admission to the Superannuation Scheme.

9. **PURCHASE OF TEMPORARY WHOLETIME OR PART-TIME SERVICE GIVEN WHILST EMPLOYED AS A LECTURER BY AN IOT.**

9.1 There is already provision, under arrangements introduced in 1968, for the purchase by lecturers **on appointment to a permanent wholetime post**, of all previous temporary wholetime service.

There is also provision, under arrangements introduced in 1977, for the purchase by lecturers, **on appointment to a permanent wholetime post**, of certain previous part-time service.

9.2 These arrangements are now revised to take account of the fact that temporary wholetime service and certain part-time service is, **from 1 September 1996**, pensionable on an ongoing basis.

Full details of the arrangements for the purchase of service are set out in Appendix 3.

9.3 **CREDITING OF PART-TIME SERVICE WHICH HAS BEEN PURCHASED.**

(a) The procedures for the crediting of part-time service in the case of teachers employed by VECs, which then included lecturers in Regional Technical Colleges and Institutes of Technology, were notified by the Department of the Environment to VECs through Circular 6/83. Following a survey of VECs, it has emerged that Circular 6/83 has been interpreted by VECs in different ways and that different methods of crediting part-time service would consequently have been passed on to the IOTs when they became established as independent bodies. It was established that one third of VECs have been crediting part-time service in accordance with the method intended in 1983 by the Department of the Environment, one third have been using a method which awards a lesser amount of credit and another third have been using a method which awards a greater amount of credit.

(b) It has been decided, in these most exceptional circumstances, that part-time service should in all cases be credited in accordance with the method set out in Appendix 4 of this Circular. That method incorporates the more favourable of the various methods which have been used by VECs and IOTs for the crediting of part-time service.

(c) Some lecturers may already have retired with less pensionable service than would be due in accordance with Appendix 4. The pensions of such lecturers should be reviewed and an appropriate adjustment made, with effect from date of retirement. The contribution due for the purchase of the additional service credited should be offset against the increased superannuation benefits.

9.4 Arrangements should be made for the payment of monies due under the purchase scheme by serving lecturers **as soon as possible after the lecturer has been appointed to a permanent post**. This is important in the interests of equity since, depending on PRSI Class, the scheme provides for payment on the basis of pay at the time the service was given or on the basis of pay at the time payment is made.

9.5 Lecturers who owe **arrears** of contributions in respect of ongoing pensionable service given since 1 September 1996 should pay the arrears due over a period corresponding to the length of the period to which the arrears relate and commencing on 1 February 2003, (or as soon as possible thereafter). However, where a purchase contribution is also owed in respect of reckonable service given with the IOT, the collection of the purchase contribution should commence as soon as the lecturer, having been appointed to a permanent wholetime post, has been notified by the IOT of the amount due (lecturer liable for the Class D rate of PRSI) or amount of service to be credited (lecturer liable for the Class A rate of PRSI). In these circumstances, the collection of the arrears should be suspended until such time as the collection of the purchase contribution has been completed.

9.6 Note that the arrangements for the purchase of previous **part-time** service do not apply to lecturers who opted not to join the revised Superannuation Scheme in 1977 or 1990 - (see Paragraph 3 of Appendix 3).



## **10. TRANSFERABILITY OF RECKONABLE SERVICE.**

Service, (whether permanent, Temporary Wholetime or part-time) which is given by a lecturer who transfers to pensionable service in an organisation which is a member of one of the Public Sector Transfer Networks may be reckoned by that organisation for purposes of a pension.

Temporary Wholetime service given prior to 1 September 1996 or part-time service given prior to 1 September 1996 will be reckonable in accordance with the provisions of the scheme for the purchase of such service by IOT lecturers. Part-time service given on or after 1 September 1996 **and which was not pensionable on an ongoing basis** will also be reckonable in accordance with the provisions of the purchase scheme.

The amount of reckonable service to be credited and the contribution payable for the service in question, where contributions have not already been paid in full to the IOT, (or to the VEC in the case of service given before 1993), will be calculated by the relevant IOT. Any outstanding contributions due will be payable to the public sector organisation to which the lecturer has transferred.

## **11. SPECIAL PROVISIONS FOR MEMBERS IN RELIGIOUS ORDERS.**

11.1 All lecturers admitted to the Superannuation Scheme on the basis of this Circular Letter will also become members of the Revised Spouses' and Childrens' Pension Scheme. Exceptionally, members in religious orders bound by a vow of celibacy will be eligible for a refund of Spouses' and Childrens' Scheme contributions at retirement or death-in-service provided that, at retirement or death-in-service, they are still members in religious orders and have not ceased to be bound by a vow of celibacy.

### **11.2 CHAPLAINS.**

Holders of the post of Chaplain **who are in receipt of salary from the IOT** will be eligible for admission to the Superannuation Scheme. A separate circular will be issued to Colleges in this regard.

## **12. INCOME TAX RELIEF.**

Full tax relief is automatically granted by the IOT on superannuation contributions which are deducted from salary payments made by the IOT.

The overall position and, in particular, the position regarding the payment of superannuation contributions by lump sums - for the payment of certain contributions to the Spouses' and Childrens' Pension Scheme, for example - is set out in Appendix 2. Questions relating to this should be taken up by the teacher concerned with his/her Inspector of Taxes.

13. ENQUIRIES.

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

PENSIONS (IOT),  
DEPARTMENT OF EDUCATION,  
CORNAMADDY,  
ATHLONE

Enquiries by phone should be made to 0902-74621 or 01-8734700: extensions 3657 or 3635.

John Feeney  
Principal Officer  
Pensions Unit

5 December 2002

Appendix 1 of Circular PEN 16/02

**BRIEF OUTLINE OF THE SUPERANNUATION SCHEME INsofar AS IT AFFECTS  
IOT LECTURERS.**

1. The Education Sector Superannuation Scheme, formerly included in the Local Government Superannuation Scheme, is made up of the main Scheme - which provides essentially for pensions at retirement or for the payment of a Death Gratuity where a member dies in service - and the associated Spouses' and Childrens' Pension Scheme.

The main Scheme originated in the nineteenth century in the case of officers of local authorities and was open to officers, including teachers, employed by Vocational Education Committees from the establishment of those Committees in 1930. The Scheme has been open to employees of Institutes of Technology since the Institutes were established as independent bodies in 1993.

The associated Spouses' and Childrens' Pension Scheme was introduced in 1969 in the case of male employees and in 1984 in the case of female employees. A revised Spouses' and Childrens' Scheme was introduced later in 1984.

Since 1984, admission to the Superannuation Scheme for all employees involves admission to both the main Scheme and the Spouses' and Childrens' Scheme.

2. The value of the superannuation benefits is related to pensionable service, subject to a maximum of 40 years, and to pensionable remuneration at retirement or, where death in service occurs, at death.

Added years of pensionable service, subject to a maximum in most circumstances of 6 and 2/3 years, will be credited to a lecturer who retires on health grounds.

In the event of death in service, a Death Gratuity of not less than one year's salary at the rate applicable at the date of death and not more than 1.5 times that rate of salary will be payable. If there is a surviving spouse and/or dependent children, the deceased member will be credited with added years of pensionable service which will bring total pensionable service, for purposes of calculating the Spouses' and Childrens' Pension, up to 40 years or up to the amount which the member would have had by compulsory retirement age, whichever is less.

3. A lecturer must retire at the end of the school year in which he/she reaches age 65 but may retire voluntarily any time after reaching age 60.

4. The main Superannuation Scheme provides for ongoing deductions from salary from the date of admission to the Scheme until retirement or death in service.

The Spouses' and Childrens' Scheme provides for ongoing deductions from salary and also provides, where a member retires on health grounds or dies in service, for the deduction of contributions from the Disability Retirement Gratuity or Death Gratuity in respect of any added years which may be credited to the deceased member for the purposes of a Spouses' and/or Childrens' pension. The Scheme, **as revised in 1984**, makes provision for pensions to be payable to spouses and children even where the marriage/births take place after retirement but there is no provision for a refund of contributions where the member retires unmarried or dies unmarried.

Staff in pensionable service in 1984 had the option of joining the revised Spouses' and Childrens' Scheme or of remaining in the original Scheme or, where they had opted out of the original Scheme, of remaining outside the Scheme.

5. Arrangements are being made to provide all lecturers in Institutes of Technology with a booklet, in a question and answer format, explaining the details of the Superannuation Scheme.

## Appendix 2 of Circular PEN 16/02

### TAX RELIEF ON PENSION SCHEME CONTRIBUTIONS

1. This note is indicative only and does not purport to be a formal interpretation of tax law.

Subject to this, the position is that tax relief is allowable on employee contributions up to a maximum limit of 30% of salary in the year in question. Lower limits apply where the employee is under age 50. In computing the 30%, or lower limit where appropriate, account must be taken of all superannuation contributions (eg: ongoing contributions under the Superannuation Scheme, including arrears payable by instalments; arrears payable by lump sum; contributions for the purchase of notional service under the Notional Purchase Scheme; contributions for the purchase of actual service; deductions from the Retirement Lump Sum or Death Gratuity for purposes of the Spouses' and Children's Scheme; contributions made under an Additional Voluntary Contributions (AVC) scheme; etc).

2. Following are the details of the age-related limits, which have been introduced under the Finance Act 2002, on superannuation contributions:-

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|-----------------------|---------------|
| Age 29 years or below | 15% of salary |
| Age 30 to 39 years    | 20% of salary |
| Age 40 to 49 years    | 25% of salary |
| Age 50 years or above | 30% of salary |

3. These limits are effective from **1 January 2002** and are applicable on the basis that a relevant birthday reached during the calendar year is treated as if it had occurred on 1 January. The limits apply to all superannuation contributions **deducted on an ongoing basis** from salary payments made on or after 1 January 2002.
4. The limits also apply to lump sum contributions. Tax relief on lump sum contributions will be determined by the Revenue Commissioners on the basis of treating the payment as if it had been spread over a number of years, up to a maximum of 10 years, and on the basis of certificates of payment which have been supplied by employers to their employees.
5. In the case of **lump sum contributions made at retirement**, because relief is given by treating the payment as having been spread over the years **preceding the year of payment**, the new limits will not come into effect until **2003** and will apply only to that portion of the lump sum which is treated as having been paid in 2002 (or later). The portion of the lump sum which is treated as having been paid in 2001 or earlier will be subject to the annual limit of 15% which applies to contributions made prior to 2002.
6. Where a **lump sum contribution is made during service**, the relief is given, up to the appropriate age-related limit, in the year of payment, any excess being carried forward into the following year where it would again be allowable up to the appropriate limit; any remaining excess would be carried forward into the following year and so on until the year of retirement or, if earlier, death. If the full relief had not then accrued, and the total allowable period was less than 10 years, some or all of the excess could be relieved by treating it as if it were a lump sum contribution payable at retirement.
7. It will be noted from the above that it is not possible to say with absolute certainty that the full relief will accrue in all cases. With the introduction of the new age-related limits, however, it would only be in the most exceptional circumstances that full relief would not accrue on contributions made, or treated as having been made, in 2002 or later.

## Appendix 3 of Circular PEN 16/02

### The arrangements for the purchase of previous reckonable service.

1. The Superannuation Scheme was revised in 1968 and 1977 in order to introduce arrangements for the purchase of teaching service for superannuation purposes.
2. Under the arrangements introduced in 1968:-

All lecturers are required to purchase, **on appointment to a permanent post**, all previous **temporary wholetime service** given in any academic year **up to and including the 1995/96 academic year**.

Note that temporary wholetime service is pensionable on an ongoing basis with effect from **1 September 1996**.
3. The scheme was revised in 1977 in order to provide for the purchase of **part-time service**. Lecturers already in permanent service on 27 May 1977 were given the option of joining the revised scheme, which provided for the purchase of such part-time service, or of remaining in the existing scheme. Such lecturers were given a further, and final, option of joining the revised scheme in 1990.
4. Under the arrangements introduced in 1977, **and which apply up to and including service given in the 1995/96 academic year:-**
  - 4.1 Previous **part-time service** is required to be purchased, **on appointment to a permanent post**, where:-
    - (a) In any academic year, the part-time service amounted to **at least half** of comparable wholetime yearly service
    - OR
    - (b) In any week, the part-time service came to **at least 10 hours**.
  - 4.2. On the basis that an EPT contract is for a minimum of at least half of comparable wholetime yearly service, **all EPT service is reckonable through purchase** in accordance with 4.1(a) above. (Note that this includes EPT service of less than 10 Hours per week.)
  - 4.3. The position regarding **part-time hourly-paid service** is more complex. Part-time hourly-paid service may have been given in a number of categories, up to 3, and may have been given in more than one category during the course of any academic year. Furthermore, there is no agreed or recognised wholetime equivalent for each of the categories.

In these circumstances **it has now been agreed** that, for the purposes of the purchase scheme, **comparable wholetime yearly service** means 800 hours in the case of service given prior to 1 September 1977 and, in relation to service given since 1 September 1977, means the **wholetime service appropriate to the first substantive post** to which the lecturer is appointed. In this connection, EPT, temporary wholetime and permanent posts are regarded as substantive posts.
  - 4.4. Note that most part-time service is **pensionable on an ongoing basis** with effect from **1 September 1996**. Such service includes all EPT service or Pro Rata Part-time service (other than, *with the exceptions specified in paragraph 2.3 of this Circular regarding lecturers who have been in regular part-time service from a date prior to 1 September 1987 and lecturers appointed to Pro Rata Part-time posts on the basis of the Special Competition held in 1999/2000, service given by lecturers who are not fully qualified academically*).

5. Part-time service given from **1 September 1996** and which is not pensionable on an ongoing basis will be reckonable through purchase where it consists of:-

(a) Service which amounts in any academic year to at least half of comparable wholetime yearly service (as defined in 4.3 of this Circular)

OR

(b) Service which amounts in any academic week to at least 7 hours.

The part-time service in question must be purchased on appointment to a **permanent post** OR on **death in pensionable service** OR on **retirement from pensionable service**, whichever comes first.

6. DEFINITIONS. In the following paragraphs -

- **Past Pay** means the pay received at the time the service was given.

- **Current Pay** means the pay the lecturer is in receipt of at the time the service is being paid for.

- **Current Co-ordinated Pay** means the pay the lecturer is in receipt of at the time the service is being paid for less twice the maximum personal rate of Social Welfare Old Age Contributory Pension at the time the service is being paid for.

7. The cost of purchase of reckonable service by a lecturer who is liable for the **Class D** rate of PRSI will be:-

(a) for temporary wholetime service :- 2.5% of Past Pay for service given prior to 1/1/86;  
5% of Past Pay for service given on or after 1/1/86;

(b) for part-time service:- 5% of Past Pay.

Note:- Under existing arrangements, compound interest will accrue if the contributions are not paid within 3 years of notification by the IOT of the amount due. **It has now been agreed** that where the amount of service to be purchased comes to more than 3 full years, the lecturer must pay the contribution due within a period corresponding to the length of the period which is being purchased: compound interest will accrue if the contribution has not been paid within that time. Compound interest is charged at 7% in respect of periods prior to 1 January 1984 and at 6% in respect of periods from 1 January 1984.

8. The cost of purchase of reckonable service, whether temporary wholetime or part-time, by a lecturer who is liable for the **Class A** rate of PRSI will be:-

- 1.5% of Current Pay AND
- 3.5% of Current Co-ordinated Pay

9. A lecturer who is a member of the **Spouses' and Childrens' Pension Scheme** will have the option of paying the contribution due under that Scheme, in respect of service which is being purchased, either at retirement or by periodic deductions from ongoing salary. In the event of death, any outstanding contributions due will be deducted from the Death Gratuity.

(a) **Payment of Spouses' and Childrens' Scheme contributions in respect of service which is purchased at retirement/death :-**

(1) Lecturer is liable for the Class D rate of PRSI or has ongoing liability for the Class A rate of PRSI, (see paragraphs 5.2 and 5.4 of this Circular).

A contribution of 1% of the annual rate of Current Pay will be deducted from the retirement lump sum or Death Gratuity in respect of each year of service purchased. Fractions of a year will be paid for on a pro rata basis.

(2) Lecturer has transitional liability for the Class A rate of PRSI, (because the lecturer would be liable for the Class D rate of PRSI on appointment to a permanent post but dies or retires before this - see 5.3 of this Circular).

A contribution of 1% of the annual rate of Current Co-ordinated Pay will be deducted from the retirement lump sum or Death Gratuity in respect of each year of service purchased. Fractions of a year will be paid for on a pro rata basis.

(b) **Payment of Spouses' and Childrens' Scheme contributions out of ongoing salary in respect of service which is being purchased:-**

A contribution of 1.5% of Current Pay will be payable in respect of each year of service which is being purchased. Fractions of a year will be paid for on a pro rata basis.

Note that service may not be purchased out of ongoing salary until appointment to a permanent post. Where the lecturer has not been appointed to a permanent post, service may be purchased by lump sum at retirement or death in service – see (a) above. The option of purchasing service out of ongoing salary is therefore not open to lecturers who are paying the Class A rate of PRSI on a transitional basis.

## Appendix 4 of Circular PEN 16/02

### The arrangements for the crediting of part-time service which has been purchased .

1. Part-time service given prior to 1 September 1977 will be reckoned as follows:-

- (a) **Where hours worked are equal to or greater than 800:-** credit as a year of pensionable service.
- (b) **400 hours but less than 800 hours:-** credit as half a year of pensionable service.
- (c) **Less than 400 hours in the academic year:-** give credit of half a week for each week of 10 hours or more. For example, where wholtime service is worked over 36 weeks, 20 **reckonable** weeks will count as half of  $20/36$  of a year = 0.2778 of a year.

Note that the scheme refers to 27 May 1977. Since the scheme is based on the academic year, this may be regarded, for practical purposes, as 1 September 1977.

2. Part-time hourly-paid service given between 1 September 1977 and 31 August 1996 will be reckoned as follows:-

- (a) **Where hours worked in the academic year are equal to or greater than comparable wholtime yearly service** (as defined in 4.3 of Appendix 3):- credit as a year of pensionable service.
- (b) **At least half of, but less than, comparable wholtime yearly service:-** credit = total hours worked divided by comparable wholtime yearly service.
- (c) **Less than half of comparable wholtime yearly service:-** give credit, for each week of at least 10 hours, in the proportion which the total **reckonable** hours worked bear to comparable wholtime yearly service.

3. Part-time hourly-paid service given from 1 September 1996 which falls to be purchased:

Part-time service given from 1 September 1996 where it is **not pensionable on an ongoing basis**, must be purchased on appointment to a permanent post or on death in pensionable service or at retirement from pensionable service, whichever comes first. The amount of service to be credited in respect of each academic year will, as in the case of ongoing pensionability (**paragraph 6.4** of this Circular refers), be related to the number of hours, or reckonable hours, during the year in respect of which salary was payable (and therefore in respect of which contributions are due).

Part-time **hourly-paid** service which falls to be purchased will be reckoned as follows:-

- (a) **Where hours worked in the academic year come to at least half of comparable wholtime yearly service** (as defined in 4.3 of Appendix 3):- give credit, subject to maximum credit of one year's pensionable service in respect of any one academic year, in the proportion which the annual hours worked bear to 835 hours, which is currently the hourly equivalent of a year of pensionable service for a Lecturer ( $52.18 \text{ weeks} \times 16 \text{ hours per week} = 835 \text{ hours}$ ).
- (b) **Less than half of comparable wholtime yearly service in the academic year:-** give credit, for each week of at least 7 hours, in the proportion which the total **reckonable** hours worked bear to 835 hours.



4. **EPT service or Pro Rata Part-time service, where it is not pensionable on an ongoing basis, must be purchased on appointment to a permanent post or on death in pensionable service or at retirement from pensionable service, whichever comes first.**

**EPT service** given in any academic year will be reckoned in the proportion which the contracted weekly hours for the year bore to wholetime weekly hours for the EPT post. **Pro Rata Part-time service** will also be reckoned in this way.