



Circular Letter S.11/96.

wp ref: CL1196.LAS

File Ref. No.- S.541/3.

14 July, 1996.

Handwritten notes: VEC, Copy to ✓ ✓, Carrol 30/7/96, We discuss public, 20/7

**CHANGES IN THE SUPERANNUATION SCHEME AFFECTING NON-OFFICERS**

A Chara,

**Introduction**

1. Agreement has been reached with staff interests in relation to a number of superannuation issues as they apply to non-nursing employee grades represented by SIPTU in Health Boards and Hospitals covered by the Local Government Superannuation Scheme. *The changes outlined in this circular letter are applicable to all non-officer grades employed by bodies to which the Local Government Superannuation Schemes apply.*

**Death Gratuity**

2. The minimum death gratuity payable to the legal personal representative of a full-time employee who dies in employment on or after 23 February, 1996 will be £12,500. This minimum sum will be subject to indexation, details of which will be notified to employing authorities in due course. Articles 41 and 42 of the Local Government (Superannuation Revision) (Consolidation) Scheme, 1986 will be amended to provide for this change.

**Part-Time Employees**

3. It has been agreed in principle that part-time employees will be allowed to join the contributory Local Government (Superannuation Revision) (Consolidation) Scheme, 1986 on the same basis as it applies to other employees with effect from 1 April, 1996. The pension element of contributions and pension benefits will therefore be fully co-ordinated with Social Welfare pension benefit. Since a pension benefit under the Scheme would only arise in the case of a part-time employee earning more than twice the rate of Social

DEPARTMENT OF THE ENVIRONMENT  
AN ROINN COMHSHAOIL  
GOVERNMENT OFFICES  
BALLINA, CO. MAYO  
OIFIGÍ RIÁLTAIS  
BÉAL AN ÁTHA  
CO. MHAIGH EO  
TEL 096 70677  
FAX 096 70680  
GTN 7 96 1

Welfare Old Age Contributory Pension (currently £150.00) it is anticipated that very few, if any, part-time employees will decide to join. *The broader question of how part-time employees are to be accommodated within public sector pension schemes generally, including the issue of minimum hours and the method of co-ordination, will be the subject of a separate more detailed examination.*

4. *In the interim and as a transitional measure, it has been agreed that those employees who do not wish to join the Scheme will have the Local Government (Superannuation) (Gratuities) Regulations, 1984, as amended by the Local Government (Superannuation) (Gratuities) (Amendment) Regulations, 1995, applied to them subject to each employee's compliance with the terms of those Regulations. Article 5 of the Regulations will be amended to allow for a pro-rata minimum death gratuity, in line with the minimum death gratuity of £12,500 in the case of full-time employees, e.g. the minimum death gratuity for a part-time employee who works one-half of the hours of an equivalent full-time employee will be £6,250. This provision is effective from 23 February, 1996. There are no contributions payable under the Gratuities Regulations. **However, part-time employees who subsequently become members of the Contributory Scheme under paragraph 3 will be required to pay relevant contributions for all benefits (of which the death benefit will be a part). Past service will also have to be paid for by retrospective contributions if it is to be pensionable for all benefits.***
5. Employing authorities should contact the Superannuation Section of the Department where any requests to join the Local Government (Superannuation Revision) (Consolidation) Scheme, 1986 on the basis outlined in paragraph 3 above are received by them.

**Preservation**

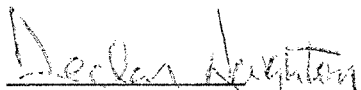
6. Labour Court Recommendation 13286 relates to the preservation of benefits by a group of Boilermen employed by the South Eastern Health Board. Certain emoluments payable to the boilermen were no longer payable following rationalisation of these posts and the redeployment of the employees concerned to other posts. It has been agreed that the boilermen should be allowed to preserve their benefits, on the basis of their pensionable pay and emoluments at the date of the rationalisation. Benefits payable in respect of service up to that date will be calculated on the basis of pay and emoluments at that time, as uprated to the last service day, and a separate award will apply in respect of service after that date at the

appropriate rate of pay applicable to the employee on the last service day. An overall limit of 40 years service will apply. The effective date of this change is 1 January, 1992 and employing authorities who may have had similar cases to that covered by LCR 13286 should refer the relevant details to the Superannuation Section for a decision. The amended provisions are applicable to any relevant employee pensionable on or after 1 January, 1992. In addition to the foregoing, sympathetic consideration will be given to cases of staff who are obliged to change their rostered system because of illness etc. SIPTU will raise any such cases with the Department for consideration on an individual basis and the relevant local authorities will be informed of the position, where appropriate. Article 44 of the 1986 Scheme will be amended in due course to provide for the above changes.

**General**

7. The changes outlined in this circular letter *are applicable to all non-officer grades employed by bodies to which the Local Government Superannuation Schemes apply*. A copy of this circular letter and attached summary note should be given (**with a covering letter directing enquiries to the employing authority**) to each non-officer grade concerned.
8. Any enquiries in regard to this circular letter should be addressed to the Superannuation Section in writing or by telephone - (096)70677, extensions 406, 407, 408 and 409.

Mise le meas,

  
Declan Naughton,  
Higher Executive Officer,  
Superannuation Section,  
Ext. 408.

To each body to which the Local Government Superannuation Scheme applies.

**SUMMARY OF SUPERANNUATION PROVISIONS FOR PART-TIME  
EMPLOYEES ADMITTED TO MEMBERSHIP OF THE LGSS**

- (i) The pension will be 1/80th of net pensionable remuneration per year of reckonable service subject to a maximum of 40/80ths. "Net pensionable remuneration" means pensionable remuneration (usually pay at retirement) less twice the rate of Social Welfare Old Age Contributory Pension (i.e. £150.00, twice £75.00). **Therefore anyone earning less than £150.00 will not qualify for a pension under the Scheme.**
- (ii) The lump sum will be 3/80ths of annual pensionable remuneration (i.e. without any deduction in respect of Social Welfare Pension) per year of reckonable service, subject to a maximum of 120/80ths (i.e. one and one-half times a year's pay).
- (iii) A minimum death gratuity of £12,500 will be paid to full-time employees who die in service (this sum will be indexed). A proportionate amount will be paid in the case of part-time employees, e.g. a person working 20 hours where 40 hours is the wholetime equivalent will get -
- $$\frac{\pounds 12,500}{2} = \pounds 6,250$$
- (iv) Employees who opt to join the Scheme will pay contributions on an ongoing basis in relation to the part-time service given with their employer. Contributions towards pension benefits are co-ordinated, i.e. reduced to take account of the level of the personal rate of Old Age Contributory Pension, to reflect the fact that benefits under the Scheme are similarly co-ordinated to take account of Social Welfare pension. Where an employee wishes to reckon part-time service prior to joining the Scheme, similar contributions would be payable but on an uprated basis (i.e. on the employee's current rate of pay). This is an issue which will not be dealt with until the pensionability of part-timers within the public sector as a whole is given a broader examination.

[See Appendix for more details on contributions and benefits].

**As an alternative to joining the LGSS and paying the appropriate contributions, the following benefits would be payable free of charge under a scheme of gratuities for non-pensionable persons (minimum service commitment of 10 hours a week is required)**

- (a) A retirement lump sum based on service and average hours worked per week is payable.

Example

- (a) Service = 25 years  
(b) average weekly hours = 24 hours  
(c) hourly rate of pay at retirement = £5

*One week's pay for each year of service up to 15 years and two weeks' pay for each year of service in excess of 15 years*

$$24 \times £5 \times (15 + [10 \times 2]) = £4200$$

- (b) A minimum death gratuity calculated on the same basis as (iii) above.

**Should any part-time employee wish to join the LGSS for the purposes of qualifying for a pension and be prepared to pay the necessary contributions, they should contact the Personnel Department of their employing authority for further information.**

## APPENDIX

### *CONTRIBUTIONS AND BENEFITS UNDER THE LGSS*

#### Contributions

Contributions are payable on service given following an option to join the Scheme as follows:

3.5% of (wages minus 2 x rate of Old Age Pension) plus 1.5% of wages. A contribution of 1.5% of (wages minus 2 x OAP) will also apply in respect of spouses benefit.

#### Example

1. Weekly wages = £170, rate of OAP = £75.00

Main Scheme Contributions -

$$3.5\% \text{ of } (\pounds 170 - 2 \times \pounds 75.00) + 1.5\% \text{ of } \pounds 170 = \pounds 3.25$$

Spouses Scheme Contributions -

$$1.5\% \text{ of } (\pounds 170 - 2 \times \pounds 75.00) = 0.30\text{p}$$

$$\text{TOTAL CONTRIBUTION} = \pounds 3.55$$

2. Weekly wages = £200, rate of OAP = £75.00

Main Scheme Contributions -

$$3.5\% \text{ of } (\pounds 200 - 2 \times \pounds 75.00) + 1.5\% \text{ of } \pounds 200 = \pounds 4.75$$

Spouses Scheme Contributions -

$$1.5\% \text{ of } (\pounds 200 - 2 \times \pounds 75.00) = 0.75\text{p}$$

$$\text{TOTAL CONTRIBUTION} = \pounds 5.50$$

Contributions will also be payable on part-time service given prior to joining the Scheme, to be calculated on the basis of uprated pay (i.e. the employee's current rate of pay and the current rate of Old Age Pension on the date of payment of the contributions). This is an issue which will not be dealt with until the pensionability of part-timers within the public sector as a whole is given a broader examination.

#### Benefits

The benefits payable to a person, using the examples above and assuming reckonable service of 30 years.

1. Pension (weekly) =  
$$1/80 \times (\pounds 170 - 2 \times \pounds 75.00) \times 30 = \pounds 7.50$$

Lump Sum

$$3/80 \times \text{£}170 \times 52 \times 30 = \text{£}9945$$

The benefit payable to a surviving spouse would be  $\frac{\text{£}7.50}{2} = \text{£}3.75$

2. Pension (weekly) =

$$1/80 \times (\text{£}200 - 2 \times \text{£}75.00) \times 30 = \text{£}18.75$$

Lump Sum

$$3/80 \times \text{£}200 \times 52 \times 30 = \text{£}11700$$

The benefit payable to a surviving spouse would be  $\frac{\text{£}18.75}{2} =$

£9.38

The pension payable is increased in line with pay increases.