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**To CHIEF EXECUTIVE OFFICERS OF
VOCATIONAL EDUCATION COMMITTEES**

CIRCULAR LETTER 30/99

**Admission to
the Vocational Teachers' Superannuation Scheme
(formerly included in the Local Government Superannuation Scheme)**

1. INTRODUCTION.

1.1 Following discussions with the education partners under the Programme for Competitiveness and Work it was agreed that **temporary wholetime service** and **certain part-time teaching service** would, from 1 September 1996, become pensionable **on an ongoing basis**. The purpose of this Circular is to give effect to these provisions of the Agreement.

1.2 It was also agreed that the functions exercised by the Minister for Environment in regard to the superannuation of vocational teachers would be transferred to the Minister for Education and Science. An Order giving effect to this agreement was made in September 1998. 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 either currently or formerly employed by a Vocational Education Committee as a teacher, (other than a person whose last employment was as a teacher employed by a VEC in a Regional Technical College or in any of the colleges of the Dublin Institute of Technology), shall from the commencement of the Order be known as the Vocational Teachers' Superannuation Scheme.

A brief outline of the Vocational Teachers' Superannuation Scheme is given at Appendix 1.

2. ELIGIBILITY FOR MEMBERSHIP.

2.1 Prior to 1 September 1996, membership of the Vocational Teachers' Superannuation Scheme has been compulsory on an ongoing basis for all permanent teachers employed by VECs.

2.2 From 1 September 1996, membership of the Scheme is compulsory on an ongoing basis for all teachers employed by VECs and who

- (a) are fully-qualified for purposes of appointment to a permanent teaching post with a Vocational Education Committee AND
- (b) are employed in permanent employment or in quasi-permanent employment AND
- (c) are employed for a minimum of 9 hours per week AND
- (d) have satisfactory health

2.3 Fully Qualified.

2.3.1 Except in the circumstances outlined in 2.3.2 below, a teacher who is not fully qualified will not be eligible for admission to the Superannuation Scheme

2.3.2 Exceptionally, an Eligible Part-time Teacher who is not fully qualified but who holds a **post which is not subject to annual advertisement**, will be deemed eligible for admission to the Superannuation Scheme

(The EPT Scheme provides that EPT posts may be filled by unqualified teachers only where no suitable, fully-qualified applicant is available and that the VEC must advertise for a fully-qualified applicant each year. Exceptionally, the EPT Scheme provides that unqualified teachers 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.)

2.4 Quasi-permanent employment.

For purposes of admission to the superannuation scheme, a teacher who is **timetabled at the outset of the school year** for specific class contact time of at least 9 hours per week for the full duration of the school year by any one VEC will be regarded as in quasi-permanent employment during that year

Note that VECs may currently submit nominations for appointment to EPT posts up to 31 October. An EPT appointment made in such circumstances and which commences not later than 31 October will be regarded as meeting the "outset of the school year" and "full duration of the school year" requirements set out above

2.5 Satisfactory health.

A teacher 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 Vocational Education Committee

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

3. COMPULSORY MEMBERSHIP.

3.1 It will be a matter for the Vocational Education Committee to confirm that a teacher satisfies the requirements for membership of the Scheme. It will be a condition for appointment to an eligible post that a teacher passes a medical examination by a doctor nominated by the VEC

Teachers 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 March 2000 will be referred for a medical examination by the VEC as soon as possible after that date

Ongoing deductions from salary for superannuation purposes will be made from **1 March 2000** (or as soon as possible thereafter) in the case of all eligible teachers. The deductions will be made provisionally in case of a teacher who has been referred for a medical examination or whose qualifications are subject to verification. In the event of the teacher failing the medical examination or failing to provide satisfactory evidence of qualifications, a refund of the superannuation contributions paid provisionally will be made

3.2 Teachers who undergo the medical examination for purposes of admission to the Scheme will, on application for reimbursement, have the costs of the medical examination, provided they are reasonable, reimbursed by the VEC

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

- 4 1 Teachers 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 March 2000 (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 teacher had eligible service prior to the date of formal admission. The **effective date of admission** to the Scheme in the case of such a teacher 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 teacher 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 Teacher liable for the Class D rate of PRSI.

- 5 2 1 The Class D rate is payable in the case of any teacher who was appointed to a permanent post prior to 6 April 1995 and who continues to serve in such a post without interruption.

The Class D rate is also payable, *from date of appointment to a permanent post*, in the case of a teacher who was appointed to a Temporary Wholetime post 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 without interruption.

- 5 2 2 A teacher 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 teachers in pensionable service in 1969 and female teachers 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 teachers appointed to pensionable service since 1984 must join both the main scheme and the Spouses' Scheme.)

- 5 2 3 Where the date of admission, or effective date of admission, to ongoing pensionable service is earlier than the date on which Class D payments commence, a **special rate of superannuation contribution**, as set out at 5 3 below, is payable in respect of the interim period

5 3 Transitional liability for the Class A rate of PRSI.

A teacher who is admitted to *ongoing pensionable service* with effect from a period whilst he/she was serving in a Temporary Wholetime or Eligible Part-time post, and who has uninterrupted service in such a post since before 6 April 1995, will remain liable to pay the Class A rate of PRSI, on a transitional basis, in respect of the period between the effective date of admission and date of appointment to a permanent post. In such circumstances, a **special rate of superannuation contribution** is payable in respect of the transitional period between effective date of admission and date of permanent appointment. This is the transitional co-

ordinated rate which 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 June 1999 - £9,288.04 per year

5.4 Ongoing liability for the Class A rate of PRSI.

5.4.1 A teacher appointed on or after 6 April 1995 will have ongoing liability for the Class A rate of PRSI throughout his/her service, **unless**

(i) during the period prior to appointment the teacher has been in continuous employment in the public sector in a post to which a reduced rate of PRSI - Class B, C or D - applies
and

(ii) the teacher's appointment is to a wholetime or Eligible Part-time (EPT) post

5.4.2 Where (i) and (ii) apply, the Class D rate will be payable with effect from the date of appointment to a permanent wholetime post (see 5.2 above)

5.4.3 A teacher who has ongoing liability for the Class A rate of PRSI throughout his/her service will be liable, from effective date of admission to ongoing pensionable service, for an ongoing co-ordinated superannuation contribution 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 transitional co-ordinated rate specified in 5.3 above, was agreed in the context of the introduction of full PRSI for public servants

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. PENSIONABLE SERVICE.

6.1 The value of superannuation benefits is calculated by reference to length of pensionable service. Unless the teacher 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 -

6.1.1 In the case of EPT service, pensionable service will be reckoned in the proportion which the weekly hours worked bear to wholetime service of **22 hours**.

Example:- Ongoing pensionable service as an **Eligible Part-time teacher** for 14 hours per week throughout the year will be reckoned as 14/22 of a full year, ie 0.6364 of a year, since EPT teachers are paid salary for the full 52.18 weeks of the school year, including holiday periods

Note that service as an unqualified Eligible Part-time Teacher is not pensionable unless the teacher has held the EPT post without interruption from a date prior to 1 September 1987 - (paragraph 2.3.2 refers).

6.1.2 In the case of service at the part-time hourly rate, pensionable service during the school year will, subject to maximum credit of one year's pensionable service in respect of any one school year, be reckoned in the proportion which the annual hours worked bear to 1148 hours, which is currently the hourly equivalent of a year of pensionable service, (52.18 weeks x 22 hours per week = 1148 hours) Note that the hourly equivalent of a year of pensionable service has been 1148 hours since 1995/96 when the length of the school week was reduced to 22 hours

Examples:-

- (1) Ongoing pensionable service which consists solely of service at the part-time hourly rate and which comes to 700 hours in 1998/99 will be reckoned as $\frac{700}{1148}$ of a year = 0.6098 of a year

Note that service in a school 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 service** of 200 hours which is given in 1998/99 by a teacher who is also in pensionable EPT service of 14 hours per week during that year will be reckoned as

$$\frac{200}{1148} \text{ hours} = 0.1742 \text{ of a year}$$

In this example, the teacher's total pensionable service during the school year will come to 0.8106 of a year, made up of 0.6364 of a year arising from EPT service and 0.1742 of a year arising from additional part-time service

- 6.2 Eligible service given prior to the commencement of ongoing deductions will be regarded as pensionable in the event of the death in service of a teacher who has already passed a medical examination as a condition of appointment. Such service will also be regarded as pensionable where the teacher has not undergone a medical examination but death is due to a cause which would not have been likely to result in the teacher'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

7. RETIREMENT OR DEATH WHILE IN PENSIONABLE PART-TIME SERVICE.

Where a teacher retires from pensionable part-time service, pension benefits will be related to actual pay at retirement and to pensionable service where the teacher is given one full year's credit for each year of part-time service

Similarly, where a teacher dies while in pensionable part-time service, pension benefits will be related to actual salary at death and to pensionable service where the teacher 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:- Pending review, and further clarification of this provision, VECs should contact this Department in any case where a teacher is about to retire from pensionable part-time service or dies whilst in pensionable part-time service.

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

Some part-time and temporary teachers who are eligible for admission to the Superannuation Scheme in accordance with the provisions of this circular may have already retired or died. In these circumstances, appropriate contributions should be offset against superannuation benefits. The contributions will consist of arrears in respect of the period from 1 September 1996 to date of retirement or death-in-service and a purchase of service contribution in respect of 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 teachers 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 teachers. **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 TEACHER BY A VEC.**

9 1 There is already provision, under arrangements introduced in 1968, for the purchase by vocational teachers **on appointment to a permanent post**, of all previous temporary wholetime service

There is also provision, under arrangements introduced in 1977, for the purchase by vocational teachers, **on appointment to a permanent 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**

9 3 1 In a recent survey, Vocational Education Committees were requested to respond to two questions regarding the crediting of part-time service

The **first query** was in relation to the amount of credit to be allowed where the teacher had worked during the school year for at least half (post 1977) of comparable wholetime hours. The actual query was in relation to 550 hours, in school year 1995/96

It emerged that 58% of VECs would credit such service as a fraction of 735 hours whilst the remainder would give credit as a fraction of 800 hours

The **second query** was in relation to the amount of credit to be allowed where the teacher had worked during the school year for less than half (post 1977) of comparable wholetime hours. The actual query was in relation to 300 hours (20 weeks x 15 hours each week), in school year 1995/96

It emerged that 39% of VECs would credit such service as a fraction of 1148 hours (ie 22 hours per week over 52 18 weeks), a further 39% would give credit as a fraction of 735 hours, whilst the remainder would give credit out of 800 hours

9 3 2 The divergencies which have come to light have arisen as a result of the various ways in which Circular 6/83 of the Department of Environment has been interpreted by VECs over the years. It has been decided in these most exceptional circumstances, in consultation with the Departments of Finance and Environment, that part-time service should be credited in accordance with the system set out in Appendix 4 of this Circular

9 3 3 Teachers may already have retired with less pensionable service than would be due in accordance with Appendix 4. The pensions of such teachers 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 **VECs are reminded that they should arrange for the payment of monies due under the purchase scheme by serving teachers as soon as possible after the teacher 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 Note that the arrangements for the purchase of previous part-time service do not apply to teachers who opted not to join the revised Superannuation Scheme in 1977 or 1990 - (see Paragraph 3 of Appendix 3).

10. RECKONABILITY OF VOCATIONAL SERVICE FOR SUPERANNUATION PURPOSES FOLLOWING TRANSFER TO A SECONDARY OR C+C SCHOOL.

Service, (whether permanent, Temporary Wholetime or part-time) which is given by a vocational teacher who transfers to pensionable service in a secondary or C+C school is reckonable for purposes of a pension under the Secondary Teachers' Superannuation Scheme

Arrangements will be made to have such service reckoned for pensions purposes following the teacher's admission to the Secondary Teachers' Superannuation Scheme 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 vocational teachers 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 VEC, will be calculated by the relevant VEC Any outstanding contributions due will be payable to this Department in accordance with the Public Sector Transfer arrangements

Note that similar arrangements are provided for in the case of the employment of a former Vocational Teacher by any organisation which is a member of one of the Public Sector Transfer Schemes

11. SPECIAL PROVISIONS FOR PERSONS IN RELIGIOUS ORDERS.

All teachers 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, persons 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 in religious orders and have not ceased to be bound by a vow of celibacy

It should be noted that holders of the post of Chaplain who are in receipt of salary from the VEC will be eligible for admission to the Superannuation Scheme. VECs are reminded that in order to be admitted to the Superannuation Scheme, Chaplains must satisfy all of the conditions for admission including the health requirement

12. INCOME TAX RELIEF.

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

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

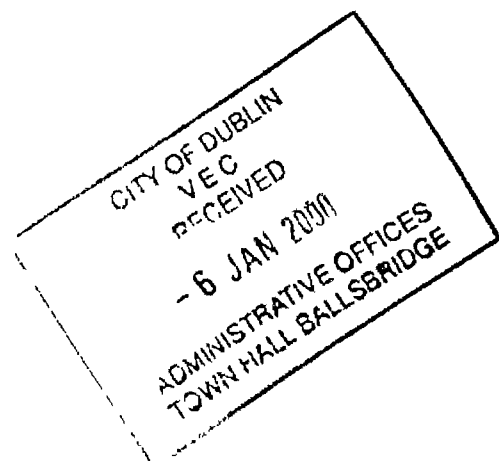
13. ENQUIRIES.

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

VOCATIONAL TEACHERS' PENSIONS,
DEPARTMENT OF EDUCATION,
CORNAMADDY,
ATHLONE

Enquiries by phone should be made to 0902-74621 or 01-8734700 extension 3657

John Feeney
Principal Officer
31 December 1999



Appendix 1 of Circular 30/99

BRIEF OUTLINE OF THE SUPERANNUATION SCHEME.

- 1 The Vocational Teachers' 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 Spouses' and Childrens' Scheme was introduced in 1969 in the case of male teachers and in 1984 in the case of female teachers. A revised Spouses' and Childrens' Scheme was introduced later in 1984.

Since 1984, admission to the Superannuation Scheme for all teachers 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 teacher 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 teacher 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.

A teacher may also retire voluntarily at age 55, provided he/she has 35 years service. Credit for pre-service training is given in order to help teachers to reach the 35-year threshold for retirement. Two years will be credited to a teacher with a pre-service training period of 4 years or more, one year will be credited to a teacher with a pre-service training period of 3 years. Whilst credit for pre-service training will help a teacher to reach the 35-year threshold so that he/she can retire at age 55, the credited years will not reckon as pensionable service. A teacher who is eligible to retire at age 55 and who has only 33 years actual service will receive a pension based on 33/80 of salary.

There is also provision for teachers to retire early under the Early Retirement Scheme. Details of this scheme have recently been notified to schools and VECs.
- 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.

Teachers in service in 1984 who were already members of the original Spouses' and Childrens' Scheme had the option of joining the revised Scheme or of remaining in the original Scheme.
- 5 Arrangements are being made to provide all teachers in Vocational Schools with a booklet, in a question and answer format, explaining the details of the Superannuation Scheme.

Appendix 2 of Circular 30/99

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 limit of 15% of salary in the year in question. In computing that 15%, account must be taken of all superannuation contributions (eg ongoing contributions under the Teachers' 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 Where a lump sum contribution is made at retirement, the relief is given by spreading the payment evenly over the five years preceding the year of payment, any remaining excess can be carried back into the year preceding the fifth year and so on as far back as the tenth year

For example, assume that

- (a) the amount of the deduction from the lump sum is £14,000,
- (b) the person has been paying contributions of 6.5% of salary,
- (c) the salary payable in each year was £26,000,
- (d) in each year the teacher paid income tax at 48% on £2000 of income and at 27% on £9000 of income

The 6.5% contribution at (b) above has already been relieved which leaves a balance of 8.5% (ie 15% less 6.5%) per annum potentially available for relief. Because the deduction at (a) above - ie £14,000 - is less than £22,100 - salary*8.5%*10 years - the full contribution is relievable within the 10 year time limit

The maximum amount relievable in each year is £2,210 (£26,000*8.5%). Therefore, for each of the last 6 years, the teacher qualifies for tax relief on £2,000 at 48% and on £210 at 27%. The balance of £740 is at 48% in the 7th last year

3 Where a lump sum contribution is made during service, the relief is given, up to the 15% limit, in the year of payment, any excess being carried forward into the following year where it would again be allowable up to the 15% 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

4 It will be noted from the above that it is not possible to say with certainty that the full relief will accrue in any particular case. There will not normally be a problem unless a teacher has pensionable service prior to the introduction of the Spouses' and Childrens' Scheme in 1969 (for male teachers) or 1984 (for female teachers) or unless the teacher dies shortly after making the option to purchase actual service. Deductions from the Retirement Lump Sum or Death Gratuity for purposes of the Spouses' and Childrens' Scheme would then come into consideration

Appendix 3 of Circular 30/99

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 teachers are required to purchase, **on appointment to a permanent post**, all previous temporary wholetime service given in any school year **up to and including the 1995/96 school 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 Teachers 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 teachers 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 school year**, previous part-time service is required to be purchased, **on appointment to a permanent post**, where -

(a) In any school 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

Note that certain part-time service is pensionable on an ongoing basis with effect from 1 September 1996 Such service includes all EPT service (other than service given by an unqualified EPT who is not in continuous service from a date prior to 1 September 1987)

- 5 Part-time service given from **1 September 1996 and which is not pensionable on an ongoing basis** must be purchased where it consists of -

(a) Service which amounts in any school year to at least half of comparable wholetime yearly service,

OR

(b) Service which amounts in any school week to at least 9 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 teacher is in receipt of at the time the service is being paid for
- **Current Co-ordinated Pay** means the pay the teacher 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 teacher 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 VEC 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 teacher 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 teacher 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 teacher 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) Teacher 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) Teacher has transitional liability for the Class A rate of PRSI, (because the teacher 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. Payment must be completed over a period of 3 years or, where the period of service being purchased comes to more than 3 full years, over a period corresponding to the length of the service which is being paid for.

Note that service may not be purchased out of ongoing salary until appointment to a permanent post. Where the teacher 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 teachers who are paying the Class A rate of PRSI on a transitional basis.

Appendix 4 of Circular 30/99

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 comparable wholetime yearly hours :-** credit as a year of pensionable service
- (b) **400 hours but less than comparable wholetime yearly hours:-** credit as half a year of pensionable service
- (c) **Less than 400 hours in the school year:-** give credit of half a week for each week of 10 hours or more. For example, where wholetime 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 school year, this may be regarded, for practical purposes, as 1 September 1977

Note also that wholetime yearly hours for a Vocational Teacher varied over the years and, depending on the needs of the VEC, might vary slightly from one VEC to another. By 1977, wholetime yearly hours were normally 800 hours in the school year

2 Part-time service given between 1 September 1977 and 31 August 1995 will be reckoned as follows -

- (a) **Where hours worked are equal to or greater than comparable wholetime yearly hours, (normally 800 hours in the school year):-** credit as a year of pensionable service
- (b) **400 hours but less than comparable wholetime yearly hours:-** credit = total hours worked divided by comparable wholetime yearly hours. For example 500 hours worked in the school year 1994/95, would be reckoned as $500/800 = 0.625$ of a year
- (c) **Less than 400 hours in the school year:-** give credit, for each week of at least 10 hours, in the proportion which the total reckonable hours worked bear to comparable wholetime yearly hours. For example, 300 reckonable hours in the school year 1994/95 would be credited as $300/800 = 0.375$ of a year.

3 Part-time service given in the school year 1995/96 will be reckoned as follows -

- (a) **735 hours or more in the school year: -** credit as a year of pensionable service
- (b) **368 hours to 734 hours in the school year: -** credit = total hours worked divided by comparable wholetime yearly hours. For example, 500 hours worked in the school year 1995/96 would be reckoned as $500/735$ of a year = 0.6802 of a year
- (c) **Less than 368 hours in the school year: -** give credit, for each week of at least 10 hours, in the proportion which the total reckonable hours worked bear to comparable wholetime yearly hours. For example, 300 reckonable hours in the school year 1995/96 would be credited as $300/735 = 0.4082$ of a year

Note that the number of hours required to be served yearly by a wholetime teacher was reduced to 735 hours with effect from 1995/96

4 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-service or at retirement, whichever comes first. The amount of service to be credited in respect of each school year will, as in the case of ongoing pensionability, 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 service given from 1 September 1996 which falls to be purchased will be reckoned as follows -

(a) **At least 368 hours in the school year:** - give credit, subject to maximum credit of one year's pensionable service in respect of any one school year, in the proportion which the annual hours worked bear to 1148 hours, which is currently the hourly equivalent of a year of pensionable service, (52.18 weeks x 22 hours per week = 1148 hours). Note that the hourly equivalent of a year of pensionable service has been 1148 hours since 1995/96 when the length of the school week was reduced to 22 hours

For example, 600 hours of service in the 1998/99 school year would be credited as $600/1148 = 0.5226$ of a year of pensionable service

(b) **Less than 368 hours in the school year:** - give credit, for each week of at least 9 hours, in the proportion which the total reckonable hours worked bear to comparable whole-time yearly hours

For example, 200 hours of reckonable service in the school year 1998/99 would be credited as $200/1148 = 0.1742$ of a year

Note that the 368-hour threshold specified above is approximately half of current whole-time yearly hours