

Circular Letter 0062/2014 –
Implementation Of Pension Arrangements
For Part-time Employees As Outlined In
Circular Letter 0025/2008

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Circular Letter 0025/2008

- Affects all part time staff including job sharers and work sharers
- Main differences:
 - (a) Introduction of pro rata integration of benefits and contributions
 - (b) Optional membership
 - (c) Clarification on requirements for access to the scheme
 - (d) Changes to reckoning pre entry service

Compulsory Membership

Entry to the Scheme is compulsory for all new
staff appointed
on or after the 21 May, 2008 and
before 1 January, 2013.

Compulsory Membership

- Only applies to PRSI Class A staff
- Does NOT apply to PRSI Class D staff
- If on full hours since 20 December 2001, you are **NOT** affected by Circular
- If on Pro-rata, a multiplier of less than 1, Parental leave, Work-sharing, etc. since 20 December, 2001 or at any time since that date or during the period to 31 December, 2012, you **ARE** affected by Circular.
- In the case of Pro-rata or part-time staff who are appointed to whole time positions after the date of the Circular the revised arrangements are automatically applied

Membership Conditions

Admission to the ESSS is subject to;

- Payment of appropriate contributions due calculated on a pro-rata basis i.e. pro rata integration
- Repayment of additional remuneration or other benefits received in lieu of pension ability
- Hours worked are recorded and verified
- Academic staff teaching on a programme of education approved by the HEA
- Waive entitlement to a non pensionable or part time gratuity where this applies
- The service is not being used to calculate any other superannuation entitlement or not having been transferred

Pro-rata Integration

Applies to calculation of benefits and contributions

Pension entitlement only affected. Not Gratuity

Eligibility for Pro-Rata Integration:

A staff member must be:

- Serving in a public sector body
- Full time comparator in the sector
- Be a member of a public service pension scheme
- Have paid or undertaken to pay all relevant contributions

Note: Hourly paid Part-Time Assistant Lecturers do not have a comparator at present

Pro-rata Integration

Staff Members affected:

1. All retired part time staff must have their pension positions reviewed with effect from the 20.12.2001 or date of retirement if later
 - Retired staff are entitled to have their pensions recalculated on the basis of pensionable remuneration & state contributory pension at the date of retirement, then uprated in the normal way
 - Revised pension is only payable from 20.12.2001
 - Any contributions due must be paid at the date of opting into the revised arrangements
 - May give rise to additional or enhanced entitlements under the spouses/ children's scheme
2. Pro rata integration applies to serving and former staff with effect from 20.12.2001

Pro-Rata Integration

Existing Arrangements (Full Integration)

- Benefits are based on actual pay and full years of service. Where a scheme member earns less than twice the rate of social welfare pension, they would not have an entitlement to a pension. The existing arrangements may include an entitlement to a non pensionable gratuity
- Contributions were based on part-timers actual pay. Therefore, where net earnings were less than twice the rate of old age pension these part time staff did not pay a coordinated contribution

Pro-Rata Integration

Revised Arrangements (Pro-Rata Integration)

- Benefits will be based on the notional full time equivalent of pay and pro rata service
- Contributions will be based on the contributions payable by a full time staff member calculated in proportion to the number of hours worked by the part time staff member

Examples

Staff member earning €40,000 p.a. and working 3 days a week
with FTE of .60

Contributions

	Full Integration	Pro Rata Integration
3.5% of net Pay	€0.00	€335.29
3% of Gross Pay	€720	€720

Benefits

Method of Integration	Current method	Revised method
Service	40 years	24 years
Pensionable Remuneration	€24,000	€40,000
Less twice SPC	€24,034.11	€24,034.11
Net Pensionable Remuneration	€0.00	€15,965.89
Occupational Pension	€0.00	€4,789.77

Notes on Pro Rata Integration

Job Sharers/Work Sharers

- The revised method of integration will not change the calculations of contributions due for job sharers (staff on 50/50 work sharing agreement)

Officers/Non Officers

- Common approach has been authorised to reckoning part-time service of officers and non officers

Revised Integration Method

Method effective from 1 January, 2004 is:

- $1/200^{\text{th}}$ Pensionable pay up to and including $3 \frac{1}{3}$ times SPC
 - Multiplied by the total number of years of reckonable service
- PLUS (where applicable)***
- $1/80^{\text{th}}$ of pensionable pay in excess of $3 \frac{1}{3}$ times SPC
 - Multiplied by the total number of years of reckonable service

**Note 1: The same total number of years of reckonable service is used in both the above calculations*

**Note 2: It has been agreed that the multiplier of $3 \frac{1}{3}$ times SPC to be used is 3.333333 i.e. 6 decimal places*

Contributions

- Current Method of calculating Pension Contributions
 - $(\text{Actual Salary} - 2 \text{ State Old Pension}) \times 3.5\%$
- New Method of calculating Pension Contributions
 - $(\text{Full Salary} - 2 \text{ State Old Pension}) \times 3.5\% \times \text{Pay Multiplier}$

Employee works a 3 day week i.e. Pay Multiplier of 0.6

Full Salary is €50,000

Actual Salary is €30,000

State Pension is €230.30 per week

2 x State Pension annualised is €24,034

Old Method of Calculation of Contributions

$$(\text{€}30,000 - \text{€}24,034) = \text{€}5,966$$

$$\text{€}5,966 \times 3.5\% = \text{€}208.81$$

New Method of Calculation of Contributions

$$(\text{€}50,000 - \text{€}24,034) = \text{€}25,966$$

$$(\text{€}25,966 \times 3.5\%) = \text{€}908.81 \times 0.6 = \text{€}545.28$$

Pension Contributions increase by €336.48

Employee works a 3 day week i.e. Pay Multiplier of 0.6

Full Salary is €50,000

Actual Salary is €30,000

State Pension is €230.30 per week

2 x State Pension annualised is €24,034

Pension Entitlements: Current Method

Actual Salary on retirement – 2 State Pension x Service (number of years completed) x 1/80

Pension Entitlements: New Method

First 3.333333 of State Pension x Actual Service x 1/200

PLUS

Balance of Salary x Actual Service x 1/80

Employee works a 3 day week i.e. Pay Multiplier of 0.6

Full Salary is €50,000

Actual Salary is €30,000

40 Years Service (Current Method)

24 Years Service (New Method)

State Pension is €230.30 per week

2 x State Pension annualised is €24,034

Pension Entitlements: Current Method

$€30,000 - €24,034 \times 40 \times 1/80 = €2,983$ Annual pension

Pension Entitlements: New Method

$€40,056.84 \times 24 \times 1/200 = €4,806.72$

PLUS

$€9,943.16 \times 24 \times 1/80 = €2,982.94$

Total New Pension €7,789.66

Difference €4,806.66

Membership Options - General

- The Institute must provide information on the benefits and contributions under existing and revised arrangements to scheme members
- In the case of part-time staff who are appointed to whole time positions after the date of the Circular the revised arrangements are automatically applied
- Revised arrangement will not apply in any case where they are detrimental to the of the scheme member
- Once the options are exercised they are irrevocable and cannot be amended

Crediting Part Time Service

Part time service is credited on a pro rata basis to comparable whole-time service

Academic staff

- For service on or after 01.09.2001 attracting pro rata pay the comparable hours are
 - 560 – Lecturer
 - 630 – Assistant Lecturer
- For service attracting pay at part time hourly paid rate (for extra attendance outside contracted hours) comparable hour (out of 630 hours)

Non Academic Staff

- Credited on a Pro Rata basis to comparable whole-time service

Preservation of Benefits and Refunds of Contributions

Preservation of Benefits and Refunds of Contributions

- Vesting period of 2 years required for preservation of benefits; calculated as follows:
 - (1) Fixed term staff: contract dates equal 2 calendar years
 - (2) Casual basis – ‘possible working days’ i.e. each day worked is counted as a whole days regardless of the number of hours worked e.g. for AL = 350 days (5 days X 35 X 2 weeks)

Circular Letter 0062/2014

Introduction of New Time Limits for Options

- Circular Letter 0025/2008 and 0062/2014 with option form must be provided to all employees and former and retired employees who may qualify for application of Pro Rata Integration
- Employee/former employee has 3 months from receipt to either
 - (1) Opt in
 - (2) Request a detailed calculation of current and revised arrangements
- The Institute will provide detailed calculation within 3 months of request
- Employee/Former employee has 1 month from receipt to exercise option
- Employee/former employee does not respond within time limits, original pension arrangement applies

Current Staff

(a) IOT and employee agree payback period subject to 5 year maximum

For Part-time staff – maximum of 6.5 years

Or

(b) Pay in a Lump Sum

Current Staff *cont.*

If current employee is retiring with 5 years (6.5 years for P/T staff)

- Payback over period to retirement and remainder at retirement offset against lump sum
- If retiring more than 5 years after commencing payback, outstanding liability is determined by salary/SPC rates applicable on date of payment. Offset against lump sum