Annex D: Incentivised Scheme of Early Retirement in the Public Service

To reduce the public service pay bill and facilitate a permanent, structural reduction in the numbers of staff serving in the civil service, local authorities, the health sector, non-commercial state bodies and certain other areas of the public service, the Government has decided to offer an early retirement scheme for certain civil and public servants.

This reduction in numbers is intended to contribute significant continuing savings to the Exchequer, while Departments and agencies will be taking action to rationalise and restructure their operations so as to minimise the effects on service delivery as far as practicable.

- The scheme will provide that an eligible civil or public servant aged 50 or over may retire from the public service without actuarial reduction of pension entitlements.
- Ten per cent of the relevant lump sum will be payable immediately with the balance paid later at the normal retirement age of 60 or 65, as appropriate, without actuarial reduction and subject to the taxation provisions in force on the date the application was approved.
- The scheme will be subject to local management arrangements and controls to ensure that its operation does not undermine the effective delivery of services to the public.
- Those leaving under the scheme will not be replaced except in specific cases or circumstances sanctioned by the Department of Finance.
- The scheme will not apply where any other particular arrangements on early retirement already exist on similarly favourable terms or in areas where the recently announced moratorium allows retiring staff to be replaced.
- The Department of Finance will be contacting public service employers about the detailed operation of the scheme.
- The scheme will be open to applications from 1 May 2009. Its continued availability will be reviewed before the end of the year in the light of experience.

This is the only new Early Retirement Scheme that the Government intends to make available.