



Department of Defence
An Roinn Cosanta

New Single Pension Scheme for those joining the public service on or after 1 January 2013

The occupational pension (superannuation) arrangements of members of the Permanent Defence Force (PDF) depend first of all on the date a person joins the force.

All those joining pensionable public service employment on or after 1 January 2013 are, in general, members of the new Single Pension Scheme.

This new scheme applies to all military personnel who are commissioned or enlisted in the PDF as first-time new entrants to the public service from 1 January 2013 onwards. Membership is compulsory and you are automatically covered under this scheme from the date you enter the PDF.

The Single Pension Scheme also applies to former public servants – such as former PDF personnel – returning to the public service after a break of more than 26 weeks, or other than under the same contract of employment (e.g. having been on secondment or approved special leave). Different pension scheme arrangements apply to military personnel recruited to the PDF before 1st January 2013.

The rules of the Single Scheme are essentially set down in the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 <http://www.per.gov.ie/en/single-scheme/> and in related DPER circulars.

Summary of main elements:

- Career-average pensionable earnings are used to calculate benefits;
- Amounts for pension and lump sum accrue (build) each year and are up-rated annually by reference to the cost of living i.e. Consumer Price Index (CPI);

- 'Minimum pension age' for most members e.g. nurses, teachers, civil servants etc. is linked to the State Pension age (66 years at present, rising to 67 in 2021 and 68 in 2028), and a general compulsory retirement age of 70 also applies for most members;
- **However, for PDF personnel who are Single Scheme members:**
 - your minimum pension age is age **50**; and
 - the Single Scheme provisions do not affect military retirement ages (or upper service limits where applicable) for future or serving personnel generally.

Main features of Single Scheme – members of the Permanent Defence Force

- (a) Retirement benefits of all new entrants to the public service from 1 January 2013 including PDF members, are based on 'career-average pensionable earnings', rather than final salary at retirement, as applies to pre-existing public service pension schemes.
- (b) Members accrue money amounts ('referable amounts') towards pension and lump sum, calculated annually by reference to fixed percentages of pensionable earnings and linked to CPI increases. These amounts accumulate over the span of a career to produce the pension and lump sum on retirement or discharge.
- (c) 'Pensionable earnings' under the Single Scheme essentially means basic pensionable pay and pensionable allowances.
- (d) A standard period of 2 calendar years (known as the 'vesting period') must be completed before becoming eligible for retirement benefits from the Single Scheme.
- (e) The main benefits, which will be linked to the cost of living (Consumer Price Index - CPI), are:
 - (i) Retirement (service) pension;
 - (ii) Retirement lump sum or death lump sum; and
 - (iii) Surviving spouse's / civil partner's and children's pensions.

Minimum pension age

(f) As a Single Scheme member serving in the PDF, your **minimum pension age** is **50**, as already applies to PDF personnel recruited since April 2004. This means that your retirement pension and lump sum is only payable immediately on retirement or discharge from the PDF if:

- you serve to age 50; or
- regardless of age, you are compulsorily retired on medical grounds,

in either case, with the required minimum of 2 years' qualifying service.

Medical grounds retirement / discharge

Under the standard terms of the Single Scheme:

(g) Where you are compulsorily retired or discharged on medical grounds with less than 2 years' service, a lump sum of 8.5% of your pensionable earnings is payable per year of service.

(h) Where compulsory retirement / discharge is on medical grounds with more than 2 years' service, you qualify for immediate payment of retirement benefits – regardless of age – accrued to the point of departure (with no actuarial reduction). In such cases, the Single Scheme will provide for enhanced benefits, subject to certain limits and conditions.

Preserved benefits

(i) If you serve the 2-year vesting period and leave the PDF before reaching minimum pension age (50), your retirement benefits are generally *preserved* to State Pension age.¹ This means that depending on your date of birth, your pension and lump sum will ordinarily only be payable – on application by you – from the State Pension age. For example, for anyone born since 1961, their State Pension age will be 68.² These preserved benefits will increase in line with CPI increases and are in general payable, on application, at the State Pension age.

¹ For practical purposes this applies, for example, to voluntary retirement / discharge before age 50 (e.g. at own request under various headings; purchase of service; to take up civil employment etc), or compulsory retirement / discharge before age 50 on disciplinary / misconduct or similar grounds.

² Under Social Insurance provisions, the State Pension age is currently 66, rising to age 67 in 2021 and age 68 in 2028.

(j) However, an exception is made for certain PDF members who, through no fault of their own, are subject to compulsory discharge / retirement before reaching minimum pension age (50) on Human Resource (HR) / manpower policy grounds. In their case, preserved benefits will be payable at age **60**. This would apply to Single Scheme enlisted PDF members who are, in accordance with their service contract, subject to compulsory discharge on completion of their relevant upper service limit (i.e. 15 years or 21 years depending on e.g. rank, technical grade and date of entry to the PDF).

Retirement age / upper service limits

(k) PDF single scheme members must retire at the appropriate retirement age, or upper service limit, prescribed for their rank in Defence Force Regulations. These are generally some years earlier than State Pension age.

Contribution rate

As a Single Scheme member serving in the PDF, you are required to pay a **7.5%** pension contribution from your weekly or monthly pensionable pay (including pensionable allowances) towards the benefits at (e) above.³

Accrual rate

(l) Under the Single Scheme, PDF members build money amounts (known as 'referable amounts') towards pension and lump sum at the rate of 1/70th a year. These money amounts build separately each year using the following formula:

□ **Pension:**

➤ On pensionable earnings up to 3.74 times the rate of State Pension Contributory (SPC) – currently €47,480 – pension builds at 0.58% of pensionable earnings,

plus (where applicable)

➤ On pensionable earnings of more than 3.74 times the rate of SPC, pension builds at 1.43% of pensionable earnings.

³This is comprised of 4.2% of net pensionable earnings (which means pensionable earnings less twice the current rate of the social insurance State Pension Contributory for a single adult with no dependants) plus 3.3% of pensionable earnings.

- **Lump sum:** 4.29% of pensionable earnings.

This is a faster (higher) accrual rate than the standard 1/80th a year that applies to most Single Scheme new entrants working in other areas of the public service.

- (m) During Single Scheme membership, the amounts earned each year will be adjusted to reflect the CPI changes between that year and retirement / discharge. The annual pension and lump sum payable at retirement will equal the total (aggregate) of these CPI-adjusted amounts.

Integration of benefits with Social Insurance system

- (n) Your retirement benefits are integrated with the Social Insurance system in two ways:

- the pension accrual rates take account of the availability of the State Pension Contributory (SPC) at retirement; and
- the pension contribution rates are reduced to take account of the fact that the SPC provides part of the retirement income.

Like most other public servants, post-1 January 2013 joiners to the Defence Forces are fully insured for the range of Social Welfare benefits such as the State Pension. You pay a separate contribution (PRSI) from your wages towards those Social Insurance benefits. *Integration* means that your entitlement to benefits such as the State Pension is taken into account when calculating the amount of your retirement (or spouse's) pension. This results in a reduced rate of retirement pension than would otherwise be the case. Integration begins from the time the retirement pension comes into payment. The State Pension etc. is regarded as part of the overall pension package payable to the individual. The retirement lump sum is not integrated as social insurance benefits are paid in pension form only.

Dependants benefits

Under the standard terms of the Single Scheme:

- (o) Where a Single Scheme member dies in service, a death lump sum is payable to his or her legal representative. The death lump sum is equal to twice the deceased member's pensionable earnings in the 12 months prior to date of death, less any public service pension-related lump otherwise payable.

(p) Where a serving Single Scheme member dies in service, the surviving spouse or civil partner qualifies for a pension of 50% of his/her accrued pension. Where a former Single Scheme member dies post-retirement, the spouse / civil partner gets 50% of his/her preserved pension or pension in payment (as appropriate). Children's pensions are also payable, subject to the same overall limit (e.g. where there is a surviving spouse/civil partner with 3 eligible children, each child receives a pension of 1/6th of the deceased member's accrued pension).

For further information:

- See the "Pensions" section of the Department of Public Expenditure and Reform website <http://www.per.gov.ie/en/single-scheme/> for further details, including the FAQ about the Single Scheme.
- You can also contact the Department of Defence: at **091-743900** or **Lo-Call 1890-426444** asking for extension **3900**; by e-mail to pensions.admin@defence.ie; or by writing to **Pensions Administration Section, Finance Branch, Department of Defence, Áras an tSáile, Renmore, Galway.**

This document is intended as a guide for general information purposes only.

**Pensions Section
Finance Branch
Department of Defence**

August 2016