



Department of Defence
An Roinn Cosanta

Permanent Defence Force

Outline of Superannuation and other benefits

Enlisted Personnel who joined on or after 1 April 2004 and before 1 January 2013

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Introduction

The administration and management of the Defence Forces' superannuation arrangements are carried out by officials of the Department of Defence, under the delegated authority of the Minister for Finance / Public Expenditure and Reform. This includes the calculation and award of occupational pensions and gratuities – collectively known as 'superannuation benefits' – to members of the Permanent Defence Force (PDF) and their dependants.

The superannuation provisions applicable to the PDF are 'defined benefit schemes' for the purposes of the *Pensions Act 1990* (as amended). There is no pension fund. The cost of Defence Forces' superannuation benefits is met by the Exchequer from current revenue through the Army Pensions Vote, which is audited each year by the Comptroller & Auditor General. The Defence Forces pension schemes are registered with the Pensions Authority – Registration No. PB48912.

The superannuation arrangements of members of the PDF depend firstly on the date they join the force. Military personnel who joined the PDF as *new entrants* **between 1 April 2004 and 31 December 2012** (both dates inclusive) have different superannuation arrangements to their serving counterparts recruited either side of those dates. This follows from the introduction from 1 April 2004 of new occupational pension scheme terms for new entrants to the public service generally, under the *Public Service Superannuation (Miscellaneous Provisions) Act 2004*. The pension scheme terms for such new entrant military personnel were agreed between the Department of Defence and the military representative associations, RACO and PDFORRA under the PDF Conciliation & Arbitration Scheme.

This handbook gives a broad outline of the superannuation arrangements for new entrant enlisted personnel who joined the PDF **between 1 April 2004 and 31 December 2012**. The document does not cover every aspect of the arrangements. However, it aims to explain the principal features and how they are applied.

In general, a *new entrant* (as defined in the 2004 Act) means a person who becomes a public servant on or after 1 April 2004, that is, whose employment relationship with the public

service begins on or after that date. However, it should be noted that a person already serving on 31 March 2004 in the public service who later leaves and then re-joins the public service after a period of 26 weeks or more, is defined as a *new entrant* under the 2004 Act.

Different superannuation arrangements apply to those who were **already serving in the PDF on 31 March 2004**.

Under the *Public Service Pensions (Single Scheme and Other Provisions) Act 2012*, a new single pension scheme applies to all *new entrants* joining the public service **from 1st January 2013 onwards**, including the PDF. Under this new scheme, which came into operation on that date, retirement benefits of all future new joiners to the public service will be based on 'career average earnings', rather than final salary at retirement. For post-1/1/2013 military personnel, minimum pension age is 50, as already applies to their counterparts recruited since April 2004. The 2012 Act does not alter military retirement ages for future or serving military personnel generally, or upper service limits where applicable.

Pensions Section Department of Defence

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**Enlisted Personnel who joined the PDF on or after 1 April 2004
and before 1 January 2013**

New post-1/4/2004 military superannuation arrangements – general

1. The new pension scheme is more in line with the (pre-1/1/2013) occupational pension arrangements that apply to other public service groups generally. Membership of the new scheme is **compulsory** for all new entrant enlisted personnel who join the PDF on or after 1 April 2004 and before 1 January 2013. If you join the PDF during that period, you are automatically covered under this new scheme from your date of entry to the force.

The main benefits, all of which are contributory, are:

- (a) an occupational (retirement) pension;
- (b) a retirement gratuity or death gratuity; and
- (c) spouses' and children's pensions.

The personal benefits at (a) and (b) are **non-contributory** in that no deductions are made from your weekly pay for those benefits, as already applies to pre-April 2004 enlisted personnel. However, a standard **1½%** contribution is payable from your reckonable weekly pay (including pensionable allowances) for spouses' and children's pensions – see section 17.

In common with other public service pension schemes generally, your occupational pension arrangements:

- (i) have a 'main superannuation scheme' (see sections following) and an associated 'spouses' and children's scheme' (see section 17);

- (ii) have a 'final salary defined benefit' structure, which gives benefits based on your 'pensionable service' and 'pensionable pay' at retirement date (see sections 3 and 6);
- (iii) are 'integrated' with the State Social Insurance system which means that, as a **full PRSI** 'Class H' contributor, your entitlement to Social Welfare benefits such as the State Pension is taken into account when calculating the rate of the occupational or spouse's pension payable (see section 2).

The 'minimum pension age' is **50 years**. This means that your pension and gratuity are payable immediately on discharge only if you serve to age 50.

If you retire before age 50, your retirement benefits are 'preserved' to age 60. This means that your pension and gratuity will be payable only from age 60 and on application by you.

Benefits are also payable immediately on compulsory discharge on medical grounds with a minimum of 5 years' actual pensionable service.

The minimum service required for pension benefits, whether immediate or preserved, is 2 years. Pensionable service of 30 years gives entitlement to maximum benefits.

Integration of occupational pensions with the State Social Insurance system

2. Integration is a standard feature of public service occupational pension schemes for employees in full PRSI 'Class H', such as post-April 2004 new entrant enlisted personnel in the PDF. You are fully insured for the range of benefits under the Social Welfare Acts, including the State Pension Contributory.

Integration means that your entitlement to Social Insurance benefits, such as the State Pension, is taken into account when calculating the amount of your occupational (or spouse's) pension. In effect, integration results in a reduced rate of occupational pension than would otherwise be the case (see section 7). Integration begins from the

time the occupational pension comes into payment. The integrated occupational pension is combined with the State Pension – or other relevant social welfare benefits or pensions – to make up the ‘total pension’ for full PRSI contributors in the public service. The State Pension etc. is regarded as part of the overall pension package payable to the individual.

Integration applies to pensions (personal and spouses’) but not to the retirement gratuity because Social Insurance benefits are in pension form only. The pension contributions that you make also take integration into account.

When calculating your personal pension, the same integration formula is used as the one that applies in other public service pension schemes generally (see section 7). The details are set out in the **Department of Finance Circular 19/2005 dated 20 July 2005** – see link below. Spouses’ and children’s pensions are also integrated, as appropriate (see section 17). <http://www.per.gov.ie/public-service-pensions-circulars-and-letters/>

In certain circumstances, a ‘supplementary pension’ may be payable (see section 8).

Pensionable service

3. ‘Pensionable service’ consists of:

- (a) full-time paid service after age 16 in the PDF in respect of which appropriate pension contributions have been paid (see section 1);
- (b) reckonable service transferred into the PDF from elsewhere in the public sector (see section 5);
- (c) additional service or ‘added years’ awarded in certain exceptional cases (and subject to certain conditions):
 - (i) on compulsory discharge from the PDF on medical grounds (see section 11);

(ii) on death in service when calculating dependants' benefits (see sections 13 and 17);

(iii) in respect of certain pre-recruitment experience required e.g. for technical appointments, known as 'professional added years' (see section 12);

(d) service purchased by the member at his/her own expense (see section 12).

A minimum of 2 years' actual pensionable service (as outlined at 3(a) and (b) above) is required to qualify for personal pension and gratuity, whether immediate or preserved. Where compulsory discharge on medical grounds occurs, a minimum of 1 years' pensionable service is sufficient to qualify for gratuity only. There is no minimum service requirement for death-in-service benefits.

Maximum pensionable service is 30 years and maximum retirement benefits are built up over this period. This is equivalent to the maximum of 40 years' service in other public service areas where (pre-1/1/2013) standard pension terms apply. In your case, each year of actual service after 20 years counts as two years of pensionable service when calculating pension and gratuity. This allows maximum benefits to be achieved after 30 years' service, rather than after 40 years normally (i.e. 20 years plus (10 years x 2) = 40).

All pensionable service – both completed years as well as any portions of years – is counted when calculating your benefits. However, the aggregate of qualifying service at paragraphs (a) to (d) above cannot exceed the maximum pensionable service of 30 years in any case.

As applies in other public service schemes generally, periods of special leave without pay e.g. a career break, term-time leave, parental leave or carers' leave, are not reckonable for superannuation purposes. A break in service does not affect the aggregation of different periods of pensionable service (e.g. on return from special leave without pay), subject to the usual conditions.

[As an exceptional measure and subject to certain conditions, public servants on voluntary humanitarian service overseas with the Rapid Response Corps on special leave without pay, can have a maximum of 3 years' such service reckoned for superannuation purposes. The details are in Department of Finance circular dated 4 November 1997 [Arrangements for Public Service Volunteers on Special Leave with Agency for Pers...](#)]

Refund of contributions

4. All contributions deducted from pay during your service are generally refunded (subject to income tax) if:
 - (a) you leave the PDF with no entitlement to immediate or preserved benefits due to insufficient pensionable service (as in section 3); **and**
 - (b) provided your PDF service has not been transferred to another public sector organisation for superannuation purposes (see section 5).

Transfer of service – Public Sector Transfer Network

5. This Network allows the transfer of reckonable service between the PDF and the majority of State and semi-State employments for pension (superannuation) purposes e.g. to or from An Garda Síochána, Local Authorities, Civil Service, Prison Service, Teaching etc.

However, under the transfer scheme rules, any such transfers of service can only be permitted while the person concerned is serving in his/her relevant pensionable employment. For example, if transferring reckonable service into the Defence Forces, you must be serving in the PDF at the time. Furthermore, where you are considering retirement from the PDF, any applications to transfer in reckonable service from another previous employment(s) must be made, in writing, before you leave the PDF.

Enquiries etc. about the transfer scheme including the participating organisations should be made to Pensions Section, Department of Defence at the earliest opportunity after joining the PDF (see section 26 for contact details).

Pensionable pay

- 6.1 All retirement benefits are based on 'pensionable service' (see section 3) **and** 'pensionable pay' at your retirement date. As indicated in section 2, pensions are also calculated taking into account the fact that you are fully insured under the Social Insurance system for benefits such as the State Pension.

In general, pensionable pay' is the combination of:

- (a) annual 'basic pay' on the last day of pensionable service (see section 6.2); **plus**
- (b) an annual average of pensionable allowances payable in the best 3 consecutive years during the final 10 years of service (see section 6.3).

6.2 **'Basic pay' component**

Where you hold the same rank for the final 3 years of pensionable service, your annual rate of basic pay on the last day of service is used when calculating your retirement benefits. However, where you have not held the same rank for those final 3 years' service (e.g. through promotion), 'averaging' of basic pay applies in the same way as in other pre-1/1/2013 public service pension schemes generally. This takes account of the basic pay of any lower rank held during the final 3 years of pensionable service.

An average 'basic pay' figure for that period is calculated based on final basic pay at retirement date, the current equivalent of basic pay for the lower rank, and the actual periods of time spent in both ranks over the final 3 years.

6.3 **'Pensionable allowances' component**

This refers to any allowances in the nature of pay and additional pay (i.e. additions to basic pay) which:

- have been designated as pensionable; **and**
- subject to certain terms and conditions as outlined below, qualify for inclusion in the calculation of your pension and gratuity.

In common with pre-1/1/2013 public service schemes generally, the 'pensionable allowances' component is based on the annual average of those payments received over the **best 3 consecutive years in the final 10 years' service before retirement** up-rated to the date of retirement as appropriate. Under this approach, an allowance does not necessarily have to be held on the last day of service for it to be included in pensionable pay.

The detailed *averaging* arrangements are set out in **Department of Finance Circular 10/2008** dated 19 June 2008 – see link <http://www.per.gov.ie/public-service-pensions-circulars-and-letters/>

Those arrangements also apply in your case, **subject to the following conditions:**

- (i) With some exceptions – see (ii) and (iii) below – each pensionable payment must be held continuously for a period of not less than 1 year during the best 3 consecutive years in the final 10 years of service in order for it to be included in pensionable pay;
- (ii) Allowances in respect of Substitution and Acting-Rank (Paid) is reckonable provided it is held for an aggregate of not less than 1 year during the best 3 consecutive years in the final 10 years of service; **and**

(iii) In the case of the following variable allowances payable at daily rates:

1. Security Duty Allowance;
2. Security Duty Allowance – Portlaoise Prison;
3. Explosives Ordnance Disposal Duty Allowance;
4. Patrol Duty Allowance; and
5. Diving Allowance,

you must, during the best 3 consecutive years in the final 10 years' service, have performed an aggregate of not less than 156 duties in respect of each of those payments to qualify for their inclusion in pensionable pay. (In broad terms, this is based on a 'one duty a week' approach).

The various pensionable payments are listed in **Appendix A** at the end of this handbook.

As indicated in section 3, the inclusion of those payments in the calculation of superannuation benefits is also subject to the payment of the required pension contributions towards spouses' and children's pensions during your service.

Calculation of the pensionable allowances component is based on an examination of your pay history over the final 10 years of your service. The results will vary from person to person depending on a range of factors, including:

- the pensionable payments you actually held during that period;
- whether each payment satisfies the basic qualifying conditions such as those outlined above;
- the rate of each qualifying payment and the length of time it was held; and
- the impact of any pay increases on the rate of qualifying payment during the relevant period up to retirement date – this is known as 'up-rating'.

When calculating the ‘pensionable allowances’ component, the general aim is to find out, in respect of your combined earnings from the various qualifying payments, what specific period of 3 consecutive years within the final 10 years’ service is the most beneficial to you. Once this is done, the ‘basic pay’ and ‘pensionable allowances’ components are added together to give total pensionable pay. That figure is then used to calculate your pension and gratuity entitlements (see sections 7 to 11).

Occupational pension

7.1 As indicated earlier, the minimum service required for pension is 2 years – whether immediate or preserved – and 30 years’ pensionable service gives entitlement to maximum benefits.

The ‘minimum pension age’ is **50**. This means that a personal pension (and gratuity) is payable immediately on discharge only if:

- you serve to the minimum pension age of 50 and have the required minimum of 2 years’ pensionable service; **or**
- regardless of age, you are compulsorily discharged on medical grounds with not less than 5 years’ actual pensionable service.

In all other cases, pension (and gratuity) entitlement is preserved and payable, on application, at age 60.

It is not necessary to be age 50 **and** to have 30 years’ service to qualify for immediate benefits on discharge. For example, a person who serves to age 50 and retires with 27 years’ pensionable service qualifies from that age for immediate pension and gratuity based on that service.

7.2 In the same way as other public service groups with special pension terms, and using the standard pre-1/1/2013 public service integration formula (see section 2), your personal pension is calculated on the following basis:

- $\frac{1}{200}$ th of pensionable pay up to $3\frac{1}{3}$ times the rate of State Pension Contributory (SPC), multiplied by the total number of years pensionable service; **plus**
- where applicable, $\frac{1}{80}$ th of pensionable pay in excess of $3\frac{1}{3}$ times the SPC, multiplied by the total number of years pensionable service;

with all service in excess of 20 years being doubled for this purpose but subject to an overall limit of 30 years' pensionable service (as in section 3). The maximum rate of SPC for a single person with no dependants on the last day of pensionable service is used.

As indicated in section 2, the integrated occupational pension for full PRSI contributors in the public service is combined with the State Pension (or other relevant social welfare benefit or pension) to make up your 'total pension'. In the public service generally, the practical effect of integration for pre-1/1/2013 pension scheme members is that the maximum occupational pension is 50% of pensionable pay less the maximum personal rate of SPC applicable at retirement date. Lower rates of occupational pension (i.e. below the maximum) are also integrated as appropriate.

Individual rates of pension – whether immediate or preserved – will vary a lot depending on a person's pensionable service and pensionable pay. For that reason, it is not feasible to publish all the potential pension rates that might possibly arise. However, some basic examples are given in this handbook. Occupational pensions in payment may be revised from time to time in accordance with public service pensions policy (see section 21).

7.3 Pension calculation – example

A person in the rank of Sergeant is discharged at age 50 (the compulsory retirement age for the rank, as well as the minimum pension age for post-April 2004 new entrant enlisted personnel generally). On discharge, he/she has the maximum pensionable service of 30 years having enlisted in the PDF at age 20, and so is qualified for maximum pension. Final pensionable pay – comprised of basic pay plus averaged allowances – is assumed to be €50,000 a year. The actual pension calculations (rounded to the nearest euro in annual terms) would be as follows:

Final pensionable pay at retirement date	€50,000 a year (for illustrative purposes only)
Annual SPC at retirement date	€12,017 a year (at 2010 rates)
3¹/₃ times the SPC	€40,057
Pensionable pay less 3¹/₃ times the SPC	€9,943
Service (maximum pensionable)	40 years (equates to 30 years by doubling of service after 20 years – see section 72)
<u>Occupational pension – calculation formula</u>	
$\frac{1}{200}^{\text{th}} \times €40,057 \text{ (pensionable pay up to } 3\frac{1}{3} \text{ times SPC)} \times 40 \text{ years, plus}$	
$\frac{1}{80}^{\text{th}} \times €9,943 \text{ (balance above } 3\frac{1}{3} \text{ times SPC (€50,000 – €40,057))} \times 40 \text{ years}$	
$\rightarrow \frac{€40,057 \times 40}{200} = \mathbf{€8,011} \quad \mathbf{plus} \quad \frac{€9,943 \times 40}{80} = \mathbf{€4,972} \rightarrow \mathbf{€12,983 \text{ a year}}$	

In this example, the maximum occupational pension of **€12,983** above **plus** – subject to meeting the relevant Social Insurance rules – a State Pension of **€12,017** gives a ‘total pension’ of **€25,000** a year.

Some further examples (including calculations) are shown in **Appendix B** at the end of this handbook.

Supplementary pension

8. Under standard arrangements applicable to public servants who are in full PRSI class, integration begins from the time the occupational pension comes into payment. This is because integration operates on the assumption that a Social Insurance benefit is payable. However, except in cases of ill-health early retirement, Social Insurance benefits may not actually be payable until State Pension age (see section 24).

In certain circumstances, a 'supplementary pension' may, on application by the pensioner concerned, be payable in addition to the integrated occupational pension.

In line with public service pension schemes generally, a supplementary pension is payable only during periods in which the pensioner is not employed **and**, due to causes outside his/her control, fails to qualify for Social Insurance benefit/pension (or qualifies at a rate less than the maximum personal rate of SPC). The rate of supplementary pension would be equal to the difference between:

- (a) the occupational pension that would have been payable had it not been integrated (i.e. based on pensionable pay as outlined in section 6); and
- (b) the aggregate of the actual integrated occupational pension payable plus the actual amount (if any) of the personal rate of Social Insurance benefit/pension payable.

The supplementary pension is payable (up until payment of the State Pension) for as long as the pre-conditions are satisfied.

Retirement Gratuity

- 9.1 Retirement (and death) gratuities are not subject to integration because Social Insurance benefits are in pension form only. These gratuities are generally tax-free under existing legislation (see section 23).

In the public service generally, i.e. for pre-1/1/2013 pensions scheme members, maximum retirement gratuity is 1½ times pensionable pay. Standard gratuity in your case is calculated as follows:

- 3/80^{ths} of pensionable pay for each of the first 20 years of service; **plus**
- 6/80^{ths} for each of the next 10 years, subject to a maximum of 120/80^{ths} (1½ times) pensionable pay after 30 years.

This is equivalent to the maximum gratuity payable after 40 years' service in other areas of the public service where standard pension terms apply. Whether benefits are immediate or preserved, the resulting service fraction (i.e. the number of years' service multiplied by the number of 80^{ths}) is applied to your pensionable pay – as outlined in section 6 – to give your gratuity entitlement.

The standard gratuity is payable immediately on discharge only if you qualify for an immediate pension, that is, if serving to age 50 and having at least 2 years' pensionable service **or** on compulsory discharge on medical grounds with at least 5 years' actual pensionable service. In all other cases, gratuity entitlement will be preserved and payable from age 60 on the same basis as applies to pension (see section 10).

9.2 Gratuity calculation – example

Section 7.3 gives an example of the integrated pension rate for a Sergeant retiring at age 50 with maximum pensionable service of 30 years and final annual pensionable pay of €50,000. In addition to maximum pension, he/she would also qualify for a standard maximum gratuity of €75,000 on retirement (i.e. 1½ times pensionable pay), calculated as follows:

Gratuity – calculation formula

$$(3/80^{\text{ths}} \text{ of pay X 20 years}) + (6/80^{\text{ths}} \text{ of pay X 10 years}) \Rightarrow 120/80^{\text{ths}} \text{ X } \text{€}50,000 = \text{€}75,000$$

Some further gratuity examples are shown in **Appendix B** at the end of this document.

Any outstanding contributions due to the Spouses' and Children's Pension Scheme are deducted from the retirement gratuity (see section 17). The amount deducted qualifies for income tax relief.

Preserved benefits

10. As indicated earlier, your pension and gratuity are payable immediately on discharge only if you serve to age 50 with a minimum of 2 years' reckonable service **or** if you are compulsorily discharged on medical grounds with at least 5 years' service.

Otherwise, if you leave before age 50 with a minimum of 2 years' reckonable service, your retirement benefits are 'preserved' to age 60. This means that your pension and gratuity will be payable from age 60, on application by you.

In that regard, it is your responsibility to notify the Department of Defence on reaching the age of 60 and to apply, in writing, for payment of your preserved benefits.

Preserved benefits are based on:

- 'actual pensionable service' – meaning full-time, paid PDF service up to retirement date (as in section 3(a)) plus any previous reckonable service transferred into the PDF from elsewhere in the public sector (see section 5);
and
- 'up-rated pensionable pay' – meaning your pensionable pay at discharge date, as set out in section 6, revised upwards to take account of relevant pay increases or other indexation mechanism¹ in the period between your retirement date and 60th birthday.

¹ *The Public Service Pensions (Single Scheme) Act 2012* made an enabling provision (in section 47) for post retirement increases for existing pensioners and serving public servants to be linked in future to the cost of living, rather than pay. The future activation of the link to the CPI would be by way of commencement order as and when decided by Government.

Preserved benefits are calculated using the same formulae that apply to standard immediate benefits as set out in sections 7.2 and 9.1 including, in the case of a pension, the same integration formula.

As with the standard gratuity, a preserved retirement (or death) gratuity is not subject to integration with the Social Insurance system.

A person in receipt of a preserved pension may qualify for a 'supplementary pension' subject to the usual conditions (see section 8).

Preservation of benefits also applies, in certain circumstances, to the death gratuity and spouses' and children's contributory pensions (see sections 13 and 17). Entitlement to preserved benefits for spouses' and children becomes effective on the death of the former scheme member.

Any outstanding contributions due to the Spouses' and Children's Pension Scheme are deducted from the preserved retirement (or death) gratuity and are based on up-rated pensionable pay as outlined above.

If, on leaving the PDF with 2 or more years' pensionable service, you opt to transfer your service to another public sector employment for superannuation purposes, there is no entitlement to preserved benefits under the Defence Forces superannuation arrangements.

As indicated in section 4, if you leave the PDF with no entitlement to immediate or preserved retirement benefits due to insufficient pensionable service and without transferring your service to another public sector organisation for superannuation purposes, your spouses' and children's contributions are generally refunded less an appropriate deduction for income tax.

Compulsory discharge on medical grounds

11.1 Defence Force Regulations provide for the compulsory discharge on medical grounds of enlisted personnel who are classified as '*below Defence Forces medical standards*'. In such cases, an immediate pension and gratuity is payable on discharge provided you have 5 or more years of reckonable service. Benefits are calculated using the same formulae that apply to standard immediate benefits (as set out in sections 7.2 and 9.1) including, in the case of a pension, the same integration formula. Benefits are based on:

- 'actual pensionable service' – i.e. full-time paid PDF service up to discharge date together with any previous reckonable transferred service (as in sections 3(a) and 5); **plus**
- 'ill-health notional added years' – i.e. a limited number of extra years of service awarded in respect of compulsory discharge on medical grounds due to permanent ill-health.

The number of ill-health added years awarded depends on your actual and/or potential service in the PDF calculated by reference to the upper service limit / compulsory retiring age for your rank. For example, someone with 5 years' actual pensionable service would normally get a corresponding amount of ill-health added years. The maximum award in any case is 10 added years.

The aggregate of actual pensionable service and ill-health or other notional service cannot exceed 30 years. No ill-health added years are awarded where the member's disablement / illness etc. has been caused by his/her own fault or negligence. Further details are set out in **Appendix C** at the end of this handbook.

11.2 On compulsory discharge on medical grounds with less than 5 years' pensionable service, the following arrangements apply:

(a) If your actual pensionable service (as in section 11.1) is 1 year or more and less than 2 years, an immediate short-service gratuity of 1/12th of final pensionable pay for each year of pensionable service is payable.

(b) If your actual pensionable service is 2 years or more but less than 5 years, you have a once-off (and irrevocable) option of accepting:

- (i) payment of preserved pension and gratuity in the normal way from age 60 (as outlined in section 10); **or**
- (ii) instead of those preserved benefits, immediate short-service gratuities calculated as follows:
 - 1/12th of final pensionable pay for each year of pensionable service (as at (a) above); **plus**
 - the standard gratuity of 3/80^{ths} of pensionable pay for each year of pensionable service (as in section 9).

As regards (b) above, you must indicate your choice, in writing, at the time of discharge. If opting for preserved benefits (at (b)(i)), any outstanding contributions due to the Spouses' and Children's Pension Scheme are deducted from your preserved gratuity based on up-rated pensionable pay (see section 10).

11.3 If the disablement leading to your compulsory discharge on medical grounds is specifically related to your military service there may, subject to certain conditions, also be a separate entitlement to a disability pension (or disablement gratuity) under the Army Pensions Acts – see section 15.

Additional service granted in certain circumstances

12.1 A common feature of public service pension schemes is provision for the award of 'notional service' for pre-recruitment experience required for designated professional, technical and specialist appointments, known as 'professional added years'. A new

scheme for such added years was introduced for (post-April 2004) new entrants recruited to the Civil and Public Service from competitions advertised on or after 1 April 2005. This provides, subject to certain conditions etc., for the grant of a limited number of added years for superannuation purposes where, because of the specific entry requirements and pre-conditions for appointment to the post, it is not possible for the employee to achieve maximum pensionable service by compulsory retiring age. An award of added years can only be formally made at retirement. The actual amount depends on a person's individual circumstances (e.g. account is taken of any transferred / transferrable service or any preserved retirement benefits from previous employments generally, age on leaving service etc). The maximum award in any case is 5 years. Further details are set out in **Department of Finance Circular 8/2005** dated 21 March 2005 – <http://www.per.gov.ie/public-service-pensions-circulars-and-letters/>

- 12.2 Separately, many public service schemes also provide members with an option to 'purchase' additional years of pensionable service – at full actuarial cost to the member – to meet a shortfall in the standard maximum pensionable service of 40 years. For post-April 2004 new entrants to the public service with standard pension terms, this is by reference to age 65 (if they have a shortfall). The scheme is intended to be self-financing and is subject to certain conditions and limitations. The additional service purchased is treated as actual service in calculating retirement and dependants' benefits. Purchase rates depend on factors such as date of entry to the public service and age at commencement of purchase. Subject to Revenue rules and limits, contributions are normally allowable against income tax in the same way as employee pension contributions. Essentially, the arrangement is geared at those who even after a full career are not in a position to maximise their pensionable service – to qualify for maximum retirement benefits – by the time they reach their retirement age. The current purchase rates in respect of the Civil Service apply, where appropriate, in the wider public service. The details are set out in **Department of Finance Circular 4/2006** dated 27 June 2006 at <http://www.circulars.gov.ie/yearindex/2006/>
- 12.3 Similar arrangements in respect of both these measures will operate in the case of relevant (post-April 2004) new entrant military personnel, subject to appropriate

adjustments and conditions to take account of the differing stepped retirement ages, upper service limits and other relevant factors applicable in the PDF compared with other public service areas generally.

Death gratuity

13. On death in service, a 'death gratuity' is payable to the deceased's legal personal representative. This is the person who acts as executor / administrator of the deceased's will / estate, as appropriate. The death gratuity is equal to the greater of:
- (a) the deceased member's annual pensionable pay at the date of death (as calculated in section 6); **or**
 - (b) the gratuity that would have been payable had he/she been compulsorily discharged on medical grounds at the date of his/her death, subject to a maximum of 1½ times his/her pensionable pay at that date.

There is no minimum service requirement in such cases. Where a former member who is eligible for preserved benefits dies before age 60, a preserved death gratuity – equal to the preserved retirement gratuity discussed at section 10 – is payable, on application, to the deceased's legal personal representative.

Any outstanding contributions due to the Spouses' and Children's Contributory Pension Scheme are deducted, as appropriate, from the death-in-service gratuity or preserved death gratuity.

Recent changes to public service pension terms

14. Under the *Public Service Pensions (Single Scheme and Other Provisions) Act 2012*, certain changes affecting existing public service pension schemes were implemented. These include:

- (a) the introduction from 28th July 2012 of a 40-year limit on the total service that can be counted towards pension where a person has been a member of more than one public service pension scheme;
- (b) the extension from 1st November 2012 of pension abatement so that a retiree's public service pension is liable to abatement on re-entering public service employment in future, even where the new employment is in a different area of the public service;
- (c) the obligation from 1st November 2012 for a person to provide an appropriate declaration to the relevant public service body where he/she:
- takes up employment in a public service body and has an (existing) entitlement to retirement benefits or preserved retirement benefits, or has received or is in receipt of retirement benefits under any public service pension scheme, or
 - applies for a benefit from a public service pension scheme, or
 - is covered by section 52 of the 2012 Act (relating to pension abatement and reckoning of pensionable service) and who applies for a public service pension; and
- (d) from 1st September 2013, the aggregation of pensions for the purposes of applying the Public Service Pension Reduction (PSPR).

Further details of these changes are set out in **Appendix D**.

Disability pensions

15. A disability pension (or, more properly, a wound pension) under the Army Pensions Acts may be granted after retirement in respect of permanent disability due to a **wound** or **injury** that is attributable to military service. In such cases, application for a

disability pension must be made within a statutory time limit of 1 year after retirement. To qualify for a pension at standard rates, the level of disability must be assessed by the Army Pensions Board at not less than 20%. If it is less than 20%, a disablement gratuity may be paid. The rates of pension vary according to the level of disability; additional amounts are payable in respect of eligible children.

A disability pension may also be granted in respect of permanent disablement due to **disease** attributable to or aggravated by United Nations service. The statutory time limit for applications in this case is 8 years from the date of retirement. The minimum level of disability required to qualify for such a pension is 50% (if the disease is attributable to overseas service) or 80% (if the disease is aggravated by such service). The pension rates for a disease aggravated by overseas service or where the level of disability is between 50% and 80% are lower than the standard rates. Disablement gratuities do not apply in disease cases.

There is no minimum service requirement for a disability pension. Compulsory discharge on medical grounds (as in section 11) does not give an automatic entitlement to a disability pension. That depends on the Army Pensions Board's findings based on its consideration of each case (e.g. whether the person's disablement is directly related to his/her military service, the degree of disablement and so on).

These disability pensions are not integrated with the Social Insurance system.

Under the arrangements applicable to military personnel already serving on 31 March 2004 and covered by their existing (pre-1/4/2004) Defence Forces pensions schemes, the disability pension is additional to any occupational pension payable. However, the combination of both pensions is subject to an overall limit. In such cases, the occupational pension is reduced – usually by an amount equal to one-half of the smaller of the two pensions – and the disability pension, which is exempt from income tax, is payable in full.

Corresponding provisions will apply, as appropriate, in your case. This means that:

- where immediate occupational pension is already payable (i.e. from age 50 onwards or having been compulsorily discharged on medical grounds, with the required minimum service in either case) and a disability pension is later awarded, the appropriate monetary limit (as outlined in the previous paragraph) on the combined value of both pensions applies automatically from the commencement date of the disability pension; **or**
- where you leave the PDF with an entitlement to a preserved occupational pension at age 60, the disability pension will be payable in the normal way until that age and, once payment of the preserved occupational pension commences, the appropriate monetary limit (as outlined above) on the combined value of both pensions will then apply automatically.

Applications for disability pension should be made promptly after retirement (see statutory time limits above).

Compensation received from any source in respect of an injury may affect the level of disability pension or gratuity payable under the Army Pensions Acts for that injury.

As mentioned earlier, former members of the PDF may also be entitled to benefits under the Social Welfare Acts in addition to those provided under the Defence Forces pension code – see section 24.

Additional voluntary contributions (AVCs)

16. Additional voluntary contribution (AVC) schemes allow individual employees to improve their superannuation benefits at their own expense. In the public service, these are 'group' AVC schemes sponsored by the relevant trade unions / representative associations. In order to operate, an AVC scheme must be approved by Revenue. AVCs may be used where there is a shortfall between a person's actual retirement (and dependants') benefits and what is allowable within Revenue limits. They are essentially a private arrangement between the individual – as a member of an employee group AVC scheme – and a private sector pension provider. The AVC benefit

is generally in the form of an additional cash amount of pension or lump sum, rather than the additional notional years of service under the purchase scheme (at section 12.2). That cash benefit ultimately depends on the level of AVC contributions made by the individual member and on the performance of the Fund in which those AVCs are invested. AVC contributions are allowable for tax relief subject to Revenue rules (see www.revenue.ie). A Revenue-approved group AVC scheme is in operation for PDF enlisted personnel to cover retirement and dependants' benefits. The Department of Defence facilitates the deduction of AVC contributions from members' pay at source.

Queries about your Association's group AVC scheme should be made to the relevant private sector pension provider / administrator.

Spouses' and Children's Contributory Pension Scheme

17.1 In common with your counterparts in other areas of the public service, you have a contributory Spouses' and Children's Pension Scheme. The scheme is based on standard (pre-1/1/2013) public service arrangements and pension benefits are integrated as appropriate with the Social Insurance system. Membership of the scheme is **compulsory**, as with the main scheme outlined earlier. You are therefore automatically covered under the spouses' and children's scheme from the date of joining the PDF.

The following may benefit:

- the legal spouse of a member who dies in service;
- the legal spouse of a deceased pensioner, including where marriage to the deceased took place after his/her retirement from the PDF;
- the legal spouse of a former member who has an entitlement to preserved benefits (see section 10) but who dies before those benefits become payable; and

- all eligible dependent children of a deceased member, including step-children and adopted children.

Civil partners are treated in the same way as spouses under the spouses and children's pension schemes operated in the public service – see section 19.

A surviving spouse may also be entitled to benefits under the Social Welfare code in addition to those provided under the Defence Forces spouses' and children's contributory scheme.

Spouses' and children's pensions are linked to the deceased member's occupational pension benefits, and are calculated using the same method of integration that applies to your personal pension (see section 7). This follows the approach applicable to other public service employees with 'non-contributory' main scheme pension arrangements. A spouse's pension is normally 50% of the deceased members' pension. For practical purposes, this means:

- (i) where a member dies in service or after compulsory discharge with a 'medical grounds' pension (see section 11), the spouse receives 50% of the pension that would have been payable if the deceased member had served to the upper service limit or compulsory retiring age for his/her rank, as appropriate (subject to the maximum of 30 years' pensionable service);
- (ii) where a member dies while in receipt of an occupational pension (except a 'medical grounds' pension as discussed in section 11), the spouse receives 50% of the member's actual pension entitlement; and
- (iii) where a member has retired with entitlement to preserved benefits but dies before reaching the age of 60 (see section 10), the spouse receives 50% of the member's pension, based on his/her actual pensionable service (see section 3(a) and (b)) and up-rated pensionable pay (see section 6).

As regards (iii) above, up-rating takes into account relevant pension increases or other indexation mechanism occurring during the period between the former member's date

of retirement and death. In such cases, a preserved death gratuity (equal to the preserved retirement gratuity discussed in section 10) is payable, on application, to the deceased's legal personal representative.

Rates of children's pensions will vary depending on whether or not a spouse's pension is payable and on the number of eligible children. A child's pension is one-third of the spouse's pension for each of the first three eligible children. If there are more than three eligible children, an amount equal to the spouse's pension is divided equally between them. The combined amount of the children's pensions cannot exceed the rate of the spouse's pension. Payment of children's pensions is subject to age limits (i.e. they are ordinarily payable to age 16 but can be payable up to age 22 where a child is in full-time education or training).

Contributions to the spouse's and children's scheme are made up of:

- (i) periodic contributions deducted from weekly pay; and
- (ii) non-periodic (lump sum) contributions, which are deducted from a retirement or death gratuity, as the case may be.

The periodic (weekly) contribution rate during service is 1.5% of 'net pay'², while double contributions apply for service in excess of 20 years (see section 3). In common with public servants generally, the maximum number of years of contributions (periodic and non-periodic combined) to the spouses' and children's scheme is 40. Non-periodic contributions may arise where you have not paid your full periodic contribution liability for all reckonable service. The rate in that case is 1% of 'net pensionable pay'³ in respect of each year of your reckonable service (including portions of years) for which periodic contributions have not been paid. In such cases, a single lump sum deduction is made from the retirement or death gratuity, as

² 'Gross pay' means current basic pay plus pensionable allowances in the nature of pay and additional pay. *Net pay* means gross pay less twice the maximum rate of State Pension Contributory (SPC) payable to a single person with no dependants.

³ *Net pensionable pay* means final pensionable pay (as in section 6 earlier), less twice the maximum rate of SPC payable on the last day of pensionable service to a single person with no dependants.

appropriate. However, if you remain unmarried throughout your membership of the spouses' and children's scheme, non-periodic contributions are not payable.

Spouses' and children's periodic contributions are generally refunded in full (subject to income tax) if you leave the PDF without entitlement to pension benefits (whether immediate or preserved) and provided that your PDF service has not been transferred to another public sector organisation for superannuation purposes (see sections 4 and 5).

- 17.2 Under the Army Pensions Acts, dependants' allowances may be payable in addition to these contributory spouses' and children's occupational pensions. In such cases, the combined benefit may not exceed two-thirds of the deceased member's pensionable pay i.e., one-third for the spouse and one-third for the children. An example would be where the death of a former member who is in receipt of occupational pension (see section 7 etc.) and a disability pension (section 15) is attributable to his/her pensionable disablement.

Enhanced spouses' and children's pensions in certain cases

18. Where a member of the PDF is killed in the course of duty or in circumstances attributable to his/her military service – whether serving at home or overseas – enhanced spouses' and children's pensions are payable under the Army Pensions Acts. In such cases, maximum combined pensions of up to 90% of reckonable pay are payable i.e., 50% for the spouse and up to 40% for dependent children, subject to the usual age limits etc. These are payable instead of any other dependants' pensions under the Defence Forces pension code. All contributions to the Spouses' & Children's contributory pension scheme are refunded in such cases (subject to income tax). See further details in **Appendix E** at the end of this document.

Civil partnership, cohabiting couples and superannuation benefits

19. The following briefly sets out the position regarding pension entitlements for civil partners and cohabiting couples in public service pension schemes.

The *Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010* establishes a civil partnership registration scheme for same-sex couples together with a range of rights, obligations and protections, including pension rights. On registration of a civil partnership, the civil partners will be treated in the same way as spouses under the tax and social welfare codes. Similarly, civil partners will be treated in the same way as spouses under the spouses and children's pension schemes operated in the public service.

The Act also establishes a redress scheme for opposite-sex couples and same-sex cohabiting couples who are not married or registered in civil partnership, as the case may be. The redress scheme gives protection to a financially dependent person at the end of a long-term cohabiting relationship. The redress scheme may only be activated at the end of a relationship of at least 5 years duration, whether by break-up or death, and allows a financially dependent cohabitant to apply to court for certain remedies, including pension adjustment orders. The Act also makes provision for the recognition of cohabitant agreements which regulate the shared financial affairs of cohabiting couples and enable couples to opt out of the application to them of the redress scheme. For further details see:

<http://www.justice.ie/en/JELR/Pages/Ahern%20announces%20commencement%20of%20Civil%20Partnership%20and%20Cohabitants%20Act>

In September 2015, the Government approved the publication of the Marriage Bill 2015. This will update the laws on marriages to enable couples to marry without distinction as to their sex, as provided for in Article 41.4 of the Constitution which was approved by the people in the Marriage Equality referendum on 22nd May 2015. For further details, see <http://www.justice.ie/en/JELR/Pages/PR15000470>

Payment of pensions and gratuities (immediate or preserved)

20. In the case of immediate benefits, gratuities are paid promptly following retirement (e.g. if discharged compulsorily on medical grounds with at least 5 years' service) or death in service, while pensions are paid monthly. Commencement of payment of

preserved benefits will be made as soon as possible after the necessary application has been made by the former member on reaching age 60 or after notification of his/her death, as the case may be. Pensions and gratuities are lodged on an electronic basis (by EFT – electronic funds transfer) directly to your bank or other financial institution, account details to be supplied by you. Certain deductions may be made from your occupational pension on request (e.g. VHI, CAFNBO, GANBO).

All public servants claiming retirement benefits from the public service must complete statutory 'Pensions Declarations'.

No payments of benefits, i.e. pension and/or gratuity, can be approved unless properly completed Pensions Declarations from the person concerned are on file.

Pension increases / reductions

21. Up until September 2008, Defence Forces pensions and, indeed, public service pensions generally, were generally increased in line with, and from the same operative date as, relevant pay increases applied to serving personnel. Such pension increases require the prior approval of the Minister for Finance / Public Expenditure and Reform⁴. Since then, no increase in military pension rates has been authorised as there were no pay increases for serving PDF personnel during that period.

However, the *Financial Emergency Measures in the Public Interest (FEMPI) Acts 2009 to 2013* reduced public service pay and pension rates – see further details below. **Those Acts also provided that when calculating superannuation entitlements, the pay reductions would be disregarded for persons who left the public service by certain dates. These are known as 'grace periods'.**

⁴ This included arrangements whereby the retirement gratuity may be increased to take account of a **general** pay increase that becomes effective within 122 days **after discharge on age grounds**. To qualify, the pensioner must be alive on the effective date of the pay increase and the increase must have been agreed at the time of retirement.

The Public Service Pensions (Single Scheme) Act 2012 made an enabling provision (in section 47) for post-retirement increases for existing pensioners and serving public servants to be linked in future to the cost of living, rather than pay. The future activation of the link to the CPI would be by way of commencement order as and when decided by Government.

In occupational pension schemes generally, integrated pensions, once in payment, are not normally reduced as a result of subsequent changes in the State Pension (Contributory) – see section 2.

Public service pension reduction

For public servants including Defence Forces members who retired, or whose pension came into payment, before 1st March 2012, pensions above €12,000 a year were reduced by an average of 4% from 1st January 2011 under FEMPI.

Known as the ‘public service pension reduction’ (PSPR), the actual reduction from that date is progressively more for those with higher rates of pension. Pensions below €12,000 a year are exempt. The PSPR also applies, as appropriate, to dependants’ pensions payable in respect of pre-1/3/2012 deceased members.

As provided in the FEMPI Act 2013:

- (a) There was an alignment of reductions in public service pensions already in payment, with the pay cuts applied from 1st July 2013 to relevant public service staff on salaries of more than €65,000 a year. Public servants who retired or retire, or whose pensions come into payment, after 29th February 2012 and up to and including end-June 2016 – the current ‘grace period’ – are now subject to the PSPR if their pension is above €32,500 a year. These new reductions range from about 2% near the €32,500 threshold level – subject to no pension falling below €32,500 – to 5% for the highest pensions. Existing (and future) pensions of up to €32,500 were not reduced any further.
- (b) Public servants who retire on or before 30th June 2016 will have their pension and lump sum (gratuity) calculated as if the pay reduction, where applicable, and any increment

pause or freeze operative from 1st July 2013, had not applied to them. However, the modified rates of PSPR (at (a)) apply to their pensions if above €32,500.

(c) For those who retire after end-June 2016, the arrangements at (b) above do not apply. Instead, the calculation of their retirement benefits will be on the normal basis, that is, they will generally be based on actual, current pensionable pay at retirement date. This includes public servants whose pay has been impacted by the 1st July 2013 pay cuts (i.e. salaries above €65,000). However, it should be noted that the PSPR will not apply to the pensions of any post-June 2016 retirees.

(d) The revised PSPR rates from 1st July 2013 also apply, as appropriate, where the aggregate value of two or more public service pensions held by one person exceeds €32,500.

To summarise:

- For public servants who retire on or after 1st March 2012 and before 1st July 2016, the PSPR is only payable on public service pensions of €32,500 or more;
- If retiring during this current ‘grace period’, a person’s retirement benefits are calculated as if the FEMPI 2013 pay reduction (where applicable) and any increment pause / freeze operative from 1st July 2013, had not applied; and
- For those who retire on or after 1st July 2016, no PSPR is payable on pension.

Pension Related Deduction from pay (the ‘pension levy’)

22. Since March 2009, all public servants who are in pensionable employment – including members of the PDF – are liable to pay a **Pension Related Deduction (PRD)** regardless of the date they join the public service. Commonly known as the ‘pension levy’, this was introduced by Government as part of a package of emergency financial measures.

The PRD is separate from the standard employee occupational pension contributions. It applies to all taxable earnings from a public servant’s employment, including basic pay, allowances etc., and regardless of whether those earnings are pensionable or not.

The PRD does **not** operate as part of the employee's occupational pension scheme arrangements and **no** additional superannuation benefits are earned as a result of the deduction. It does **not** have any impact on the pension and gratuity entitlements outlined in this handbook. Neither does it apply to existing public service pensioners. The current PRD deduction rates are as follows:

Pension levy calculation	
First €15,000 of taxable earnings	Exempt
Between €15,000 and €20,000	2.5%
Between €20,000 and €60,000	10.0%
Above €60,000	10.5%

Income tax, PRSI and the Universal Social Charge

23. Under existing legislation, all gratuities and disability pensions referred to in this handbook are generally exempt from income tax, PRSI and the Universal Social Charge (USC).

While there have been some changes in the tax treatment of retirement benefits over recent years, these did not affect the majority of people.

As regards retirement gratuities (lump sums) payable under employer occupational pension schemes generally, amounts below €200,000 continue to be exempt from income tax. Occupational pensions are liable to income tax and the USC on the same basis as applies generally.

Tax treatment of retirement benefits in the public and private sectors

Since 1st January 2011, the maximum **lifetime** tax-free retirement lump sum is €200,000, while amounts above this are now subject to income in two stages. The portion between €200,000 and €575,000 is taxed at the standard rate of 20%, while

anything above that is taxed at the person's marginal rate of tax. A death-in-service lump sum payable to a spouse etc. continues to be tax-free.

However, *Budget 2014* reduced the maximum allowable pension fund (pot) for tax purposes at retirement from €2.3 million to **€2.0 million**. This applies from 1st January 2014. Revenue guidelines suggest this latest measure will generally **not** impact those whose gross pensionable pay on retirement is €120,000 a year or less, **provided they have no other additional, separate significant personal retirement benefits e.g. AVCs from a private sector provider**. It has been clarified by the Department of Public Expenditure and Reform that *Budget 2014* did not change the position of retirement lump sums (gratuities) in relation to exemption from income tax. Such lump sums remain tax-free up to €200,000.⁵

PRSI, USC etc.

While occupational pensioners are shown under **Class M** for PRSI purposes, in practice they are not liable to pay PRSI. Class M does not give cover for Social Welfare benefits and pensions.

The USC, which came into operation from 1st January 2011, is separate from income tax and replaces both the Health Levy and Income Levy. The USC is a tax on the community at large and does not confer a benefit to those paying the charge. It does not replace PRSI, which continues as before. Individuals whose annual income does not exceed €12,012 p.a. are exempt from the USC. For those earning more than that, the following USC rates apply from 1st January 2015: 1.5% on the first €12,012; 3.5% on the next €5,564; 7% on the next €52,468; and 8% on the balance. The USC is payable on gross income from all other sources including earnings from any employment. Further details regarding the USC are available at <http://www.revenue.ie/en/tax/usc/index.html>

⁵ Additional background information can be found in DPER Circular Letter dated 27 June 2014 at <http://www.per.gov.ie/public-service-pensions-circulars-and-letters/> and from Revenue: Guidance Note <http://www.revenue.ie/revsearch/search?q=sft&btnSearch=Find>

Employee pension contributions for dependants' benefits (see section 17) normally qualify for income tax relief, subject to Revenue rules and limits. However, from 1st January 2011, such pension contributions as well as the PRD (see section 22) are subject to employee PRSI and the USC. Where a public service pensioner also gets a State Pension, the State Pension is not subject to the PSPR.

Although Social Welfare pensions are paid to beneficiaries without income tax being deducted, they are treated as income for tax purposes. Where you are in receipt of an occupational pension, your tax credits are reduced to take account of any Social Welfare pension that may be payable.

Any queries regarding income tax, the USC etc. should be made to your **Regional Revenue Office**, the address of which is shown on your Tax Credit Certificate or on any correspondence received from Revenue. Please remember to quote your PPS number when corresponding with Revenue.

Social Insurance benefits

24. Enlisted personnel pay PRSI at the Class H contribution rate. Therefore, they are fully insured for the range of Social Insurance payments including the following:

- State Pension (Contributory)
- Jobseeker's Benefit
- Illness Benefit
- Maternity Benefit
- Adoptive Benefit
- Invalidity Pension
- Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension
- Guardian's Payment (Contributory)
- Carer's Benefit

Certain benefits such as Illness Benefit and Maternity Benefit are not paid during service. This is because full military pay continues to be issued during sick leave and maternity leave.

Qualification for Social Welfare payments is a matter for the Department of Social Protection (DSP) to decide under its rules. Former PDF personnel are eligible for social assistance payments and other services (e.g. medical cards under the Health Acts) on the same basis as other members of the community.

As part of national pension reform measures, the age at which people will qualify for the social insurance **State Pension** has been increased from 65 to 66 years of age in 2014, to age 67 in 2021 and to age 68 in 2028. In effect, this means that from 1st January 2014, for any person born between 1948 and 1954 his/her State Pension age will be 66, if born between 1955 and 1960 it will be age 67, and if born since 1961 it will be age 68.

Further information is available from the Defence Forces Personnel Support Service, at local DSP offices or by contacting the social welfare information service at Oisín House, Pearse Street, Dublin 2; tel: 01-7043000; email: info@welfare.ie; website: www.welfare.ie

Implications for superannuation benefits – family law provisions

25. When granting a decree of judicial separation or divorce, a Court may also grant a Pension Adjustment Order (PAO). This requires that some or all of the member's retirement benefits be paid to the member's spouse and/or dependent children.

A PAO over-rides the provisions of the superannuation arrangements. If death in service occurs, the gratuity and spouses' and children's pensions (known as contingent benefits) may also be affected by a PAO. Separate PAO's must be made for retirement benefits and contingent benefits in an occupational pension scheme. Separate PAOs are also required for each private pension arrangement that exists, for example, if you or your spouse contributes to a separate AVC arrangement. Further information about

PAOs can be obtained from Pensions Section, Department of Defence (see section 27) or from the Pensions Authority, Verschoyle House, 28/30 Lower Mount Street, Dublin 2; tel: 01-6131900; email: info@pensionsauthority.ie

Further information

27. Further information on the superannuation and other benefits covered in this handbook can be obtained from the Department of Defence:

- at **091-743900** or **Lo-Call 1890-426444** asking for extension **3900**:
- by e-mail pensions.admin@defence.ie; or
- by writing to **Pensions Administration Section, Department of Defence, Áras an tSáile, Renmore, Galway.**

This handbook is also available on the Defence Forces Intranet **IKON** – click on the **One Stop Shop** link – and through other military channels such as Personnel Support Services locally.

This document is for information purposes and is not a legal interpretation.

Appendix A**Superannuation arrangements for ‘new entrant’ Enlisted Personnel who joined the PDF on or after 1 April 2004 and before 1 January 2013****The following additions to basic pay are pensionable, subject to certain conditions in the case of specific allowances (see section 7.3 *) and exclusions (see payments marked #)**

1. Military Service Allowance
2. Flying Pay
3. Technician Pay
4. Naval Pay
5. Additional Pay – Assistant Stores Controller
6. Fire Protection Pay
7. Irish Language Teaching Allowance
8. NCO Account Holders Allowance #
9. NCO Instructors Allowance
10. Specialised Instructors Allowance
11. Mast Riggers / Erectors Allowance
12. Foreign Language Proficiency Allowance
13. Border Duty Allowance
14. Army Ranger Wing Allowance
15. Acting-Rank (Paid) & Substitution Allowances
16. Leading Instrumentalist DFSM #
17. Editors – *Cosantóir & Connect* #
18. Security Duty Allowance *
19. Security Duty Allowance – Portlaoise Prison *
20. Explosives Ordnance Disposal Duty Allowance *
21. Diving Allowance – daily rate *
22. Patrol Duty Allowance *

Not payable to new beneficiaries on foot of Government decision of 18 September 2012.

Appendix B**Pension and gratuity examples****New entrant enlisted personnel who joined the PDF on or after 1 April 2004
and before 1 January 2013**

Annual pensionable pay at discharge date	Leaving before age 50 with preserved benefits				Immediate benefits if retiring from age 50
	2 yrs	10 yrs	20 yrs	25 yrs	30 yrs or more (Max)
€41,000					
Pension p.a.	€ 424	€ 2,121 **	€ 4,241	€	€
Gratuity	3,075	15,375 **	30,750		
€45,000					
Pension p.a.	€ 524	€ 2,621	€ 5,241 ***	€ 7,862	€ 10,483
Gratuity	3,375	16,875	33,750 ***	50,625	67,500
€58,000					
Pension p.a.	€ 849	€ 4,246	€ 8,491	€ 12,737	€ 16,983
Gratuity	4,350	21,750	43,500	62,250	87,000

Notes to examples in Appendix B

Immediate benefits on discharge are payable only in the case of a person who serves to the minimum pension age of 50 or those compulsorily discharged on medical grounds with a minimum of 5 years' actual pensionable service. Otherwise, if leaving before age 50, pension and gratuity will be 'preserved' and payable from age 60, on application by the former member.

It is not necessary to be age 50 and to have 30 years' service to qualify for immediate benefits. For example, a person who serves to age 50 and retires with 28 years' pensionable service qualifies from that age for immediate pension and gratuity based on that service.

The minimum service required to qualify for pension – whether immediate or preserved – is 2 years. However, 30 years' pensionable service gives entitlement to maximum benefits. Maximum pension is one-half of pensionable pay and allowances less the maximum personal rate of Social Welfare State Pension Contributory (SPC) applicable at discharge date. Maximum gratuity is 1½ times pensionable pay.

In general, 'pensionable pay' is annual 'basic pay' at discharge date plus an annual average of 'pensionable allowances' payable in the best 3 consecutive years during the final 10 years of service.

Occupational pensions are 'integrated' with the Social Insurance system as in other areas of the public service. This means that the level of pension takes account of the person's entitlement to certain Social Welfare benefits such as the State Pension. This results in a lower rate of occupational pension than would otherwise be the case. The pension examples shown here are calculated using the standard public service integration formula as it applies to groups with special pension terms. For that purpose, all service in excess of 20 years is doubled and the current rate of SPC (€12,017.15 p.a. from January 2010) is used – see examples below.

The standard gratuity is calculated on the basis of 3/80ths of pensionable pay for each of the first 20 years of service and 6/80ths for each of the next 10 years, subject to a maximum of 120/80ths (1½ times pensionable pay).

Example 1 (see table above **)

10 years' pensionable service - pensionable pay €41,000 a year

PENSION

1/200 X (State Pension of €12,017.05 p.a. X 3.333333 = €40,056.83) X 10 years **PLUS** 1/80th X (€41,000 less €40,056.83) X 10 years

1/200 of €40,056.83 = €200.28

1/80th of €943.17 = €11.79

€200.28 X 10 yrs
= €2,002.80

€11.79 X 10 yrs
= €117.90

PLUS

PENSION

= €2,120.70 a year

GRATUITY

€41,000 X 3/80 X 10 yrs = **€15,375**

Example 2 (see table above *)**

20 years' pensionable service - pensionable pay €45,000 a year

PENSION

1/200 X (State Pension €12,017.05 X 3.333333 = €40,056.83) X 20 years **PLUS** 1/80th X (€45,000 less €40,056.83) X 20 years

1/200 of €40,056.83 = €200.28

1/80th of €4,943.17 = €61.79

€200.28 X 20 yrs

€61.79 X 20 yrs

= €4,005.60

PLUS

= €1,235.80

PENSION

= €5,241.40

GRATUITY

€45,000 X 3/80 X 20 yrs = **€33,750**

Appendix C**Superannuation arrangements for military personnel recruited as ‘new entrants’ to the PDF on or after 1 April 2004 and before 1 January 2013****‘Notional added years’ – retirement / discharge on medical grounds**

A member who has completed 5 or more years of actual pensionable service and who is compulsorily retired / discharged from the PDF on medical grounds may have a period of notional service (‘ill-health notional service’) added on the following basis to his/her actual pensionable service:

- (a) A member with between **5 and 10 years’ actual pensionable service** will be credited with an equivalent amount of notional service, subject to such added service not exceeding the additional pensionable service that would have accrued if he/she had served to the upper age / service limit for his/her rank.
- (b) Members with between **10 and 20 years’ actual pensionable service** will be credited with the more favourable of:
 - i. an amount of notional service equal to the difference between actual service and 20 years, subject to such added service not exceeding the additional pensionable service that would have accrued if he/she had served to the upper age / service limit for his/her rank; or
 - ii. 6 ²/₃ years, subject to such added service not exceeding the additional reckonable service that would have accrued if he/she had served to the lower of : the minimum pension age of 50 or the upper age / service limit for his/her rank.
- (c) Members with **more than 20 years’ actual pensionable service** will be credited with an award of added years on the same basis as at (b)(ii) above.

The aggregate of actual pensionable service and ill-health (or other) notional service cannot exceed 30 years. No ill-health added years will be awarded where the member’s disablement / illness etc. has been caused by his/her own fault or negligence. Similar arrangements will apply to the gratuity payable on death in service (equal to the greater of 1 years’ pay or the gratuity that would have been payable if the deceased had been compulsorily retired / discharged on medical grounds).

APPENDIX D**Other recent public service pension changes:****Abatement of retirement pension where re-employed in the public service**

For all pension schemes, section 52(1) of the *Public Service Pensions (Single Scheme and Other Provisions) Act 2012* provides for the **abatement** – that is, cessation or reduction, as appropriate – of existing public service pensions where the pension-holders take up work elsewhere in the public service. Before this change, the abatement principle already operated as a standard feature of public service pension schemes generally, but only within individual sectors / bodies where a public service pensioner resumed working in his or her former occupation, e.g. Defence Forces, Garda, Civil Service etc. The 2012 Act extends that abatement principle across and between all sectors without exception, thereby restoring the arrangements that were in place until 1965. This measure does not apply in relation to employment with the commercial semi-State bodies.

This extended abatement measure applies only where a public service pensioner takes up another public service post **on or after 1st November 2012**. A public service pensioner already in public service employment **immediately before that date** will not be affected by the change while he or she stays in that employment.

So, from 1st November 2012, a public servant retiring on pension who at some later point re-enters any public service employment will be subject to abatement and may, depending on his/her overall earnings, have their pension reduced or suspended for as long as they are in that new job.

Basically, abatement means that the combined amount of his/her earnings from their current public service job plus their existing public service pension, cannot exceed the up-rated (current) pensionable pay from their old job.

40-year limit (aggregate) on pensionable service

The 2012 Act also introduced a 40-year limit on the total service that can be counted towards a public service pension scheme where a person is, or has been, a member of more than one such

existing scheme. This general limit already applied in relation to service in any one pension scheme, but it has been extended across all public service schemes with effect from **28th July 2012**.

This may have implications for anyone who has already acquired pension entitlements in a previous public service employment, and is working in or considering retirement from a different pensionable post with another public body. So while he/she can still, potentially, benefit from two (or more) pensions, this new rule effectively imposes a limit of 40 years on qualifying service, in the aggregate, from all public service employments. The specific outcome will, of course, vary from one person to another.

The 2012 Act makes one exception. A person who already had more than 40 years' pensionable service in different public service pension schemes on 28th July 2012 does not lose any service accrued up to that point. They cannot, however, accrue any further pensionable service after that date.

Aggregation of two or more pensions for 'pension reduction' purposes

On its introduction in January 2011, the public service pension reduction (PSPR) – and the exemption on the first €12,000 a year – applied separately to each individual pension. An example would be a retired teacher or civil service pensioner who also has a public service widow's/widower's pension.

However, changes made under the 2012 Act to the original legislation (the "FEMPI" Act 2010) now provide for the PSPR to be applied instead to the combined (aggregate) value of all public service pensions held by a person, rather than separately to each pension as had been the case.

This new measure, resulting in a higher PSPR liability in such cases, was implemented from 1st September 2013. However, the aggregation measure does not apply to any pensioner whose combined pre-PSPR pensions are €32,500 or less.

Appendix E

Financial benefits where a member of the PDF is killed in the course of duty (regardless of rank) :

1. Where a married member is killed in the course of duty or in circumstances attributable to military service – whether at home or overseas – combined spouse's and children's pensions of up to 90% of reckonable pay (50% for the spouse and up to 40% for dependent children) are payable under the Army Pensions Acts. These enhanced payments apply instead of all other dependants' pensions under the Defence Forces pension code.
2. The standard death gratuity of a minimum of 1 year's pensionable pay is payable in all cases of death in service, regardless of the circumstances.
3. Under the Department's special compensation scheme, a lump sum of €148,154 is payable in respect of a deceased member who, while in receipt of Overseas Peace Support Allowance, is killed in the course of duty while serving overseas as a contingent member with a United Nations force or other relevant mission, or in circumstances attributable to such service.
4. In the case of unmarried personnel, an allowance may be payable under the Army Pensions Acts where certain prescribed dependants (e.g. father or mother) were wholly or mainly dependent on the deceased. If killed in the course of duty with a UN force or other relevant mission, the lump sum at paragraph 3 may be payable to such dependants.
5. Additional lump sum death benefits may also be payable under special insurance schemes organised by the Defence Forces.
6. Members of the PDF are insured for Widows' / Widowers' or Surviving Civil Partner's (Contributory) Pension under the Social Welfare Acts.