



Department of Defence  
An Roinn Cosanta

# **Permanent Defence Force**

## **Outline of Superannuation and other benefits**

### **Enlisted Personnel who joined before 1 April 2004**

**Issued by**

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## **Introduction**

The legacy Defence Forces occupational pension schemes are made under the *Defence Forces Pensions Acts 1932 to 2004*. 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.

This handbook gives a general outline of the superannuation arrangements for enlisted personnel who joined the PDF **before 1<sup>st</sup> April 2004**. The document does not cover every aspect of their arrangements. However, it aims to explain the principal features and how they are applied. It also includes details of certain improvements in those arrangements for qualified (pre-April 2004) NCOs and Privates who were **serving on 1<sup>st</sup> September 2005**. The improvements in question were agreed between PDFORRA and the Department of Defence under the C&A Scheme.

Different superannuation arrangements apply to all military personnel who joined the PDF as *new entrants* **on or after 1 April 2004 and before 1 January 2013**, in accordance with the *Public Service Superannuation (Miscellaneous Provisions) Act 2004*. For these new entrants to the PDF, this introduced a minimum age of 50 at which pension may be paid immediately on retirement. In general, 'new entrant' in this context means a person whose employment relationship with the public service begins on or after 1 April 2004. However, it should be noted that a person serving on 31 March 2004 in the public service who later leaves and then re-joins after a period of 26 weeks or more, is defined as a "new entrant" under the 2004 Act.

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 1<sup>st</sup> January 2013**

**onwards**, including the Permanent Defence Force. 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 will be 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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## **Superannuation arrangements of Enlisted Personnel who joined the Permanent Defence Force (PDF) before 1 April 2004**

### **Defence Forces superannuation arrangements - general**

1. The Defence Forces occupational pension schemes make provision for the grant of superannuation benefits on your discharge from the PDF, and to certain dependants if you die in service or while on pension. The main benefits are –
  - (a) an occupational (service) pension;
  - (b) a retirement 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. However, contributions are payable for the benefits at (c).

Subject to certain minimum service requirements, occupational pension and/or gratuity are payable immediately following discharge and regardless of age. Your benefits are calculated on the basis of 'retiring rank', overall 'qualifying service' and 'pensionable pay'.

Certain improvements in the existing (pre-April 2004) Defence Forces occupational pension schemes apply to NCOs and Privates who were **serving on 1 September 2005**, provided they meet the relevant qualifying conditions. Briefly, this relates to:

- increases in the level of pay-related retirement gratuity after 22 or more years' service;
- changes to how Technician Pay and certain other allowances are reflected in pension calculation; and
- the pensionability of certain allowances for the first time (e.g. NCO Instructors) as well as changes to the rules governing the pensionability of allowances generally.

## **Minimum Service Requirements**

2. A minimum of 3 years' qualifying service is required to qualify for a gratuity. The minimum for an occupational pension, as well as a gratuity, is 21 years (or 12 years if discharged on medical grounds – '*below Defence Forces medical standards*'). Maximum benefits are payable after 31 years' qualifying service. As mentioned earlier, pension and/or gratuity are payable on your discharge and regardless of age.

There are no minimum service requirements in the case of death gratuity or spouses' and children's pensions.

## **Qualifying service**

3. 'Qualifying service' consists of full-time paid service after age 16 in the PDF and service transferred to the PDF under the Public Sector Transfer Scheme (see section 4). In certain exceptional circumstances, service on full-time security duties as a member of the Reserve Defence Force before joining the PDF (pre-January 1990) also counts.

Qualifying service on different PDF engagements may be aggregated for superannuation purposes but any gratuity previously paid is recouped.

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.

[However, 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...](#) ]

All benefits are payable by reference to the number of complete years of qualifying service.

## **Transfer of Service – Public Sector Transfer Scheme**

4. 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, if 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).

## **Retiring Rank**

5. This means the rank actually held on discharge provided it has been held for at least 1 year – whether continuously or in the aggregate. In other cases, it means the lowest rank held during the year immediately preceding discharge. For ‘retiring rank’ purposes, previous service in paid acting-rank may be combined with later service in the corresponding substantive rank.

## **Refund of contributions**

6. Contributions to the Spouses’ and Children’s Pension Scheme deducted from your pay during service are generally refunded (subject to income tax) if:
  - (a) you leave the PDF without entitlement to an occupational pension; and
  - (b) provided your PDF service has not been transferred to another public sector organisation for superannuation purposes (as in section 4).



## **Rates of benefit**

7. Occupational pensions are payable at flat rates based on retiring rank and qualifying service (see sections 3 and 5), that is, they are not based directly on ‘pensionable pay’ at discharge date. The same applies to ‘short service gratuity’ for those with less than 21 years (see section 9).

Retirement gratuity payable after 21 years’ service or more – and on compulsory discharge ‘*below Defence Forces medical grounds*’ with at least 12 years’ service – is based on retiring rank, qualifying service and pensionable pay at discharge date (see section 8).

The actual rates of pension etc. are published by Pensions Section, Department of Defence from time to time as required.

## **Pensionable Pay**

### **8.1 Military Service Allowance (MSA)**

MSA is reckonable for pension and gratuity purposes in the case of enlisted personnel **discharged on or after 1<sup>st</sup> August 1990**, provided the allowance is payable at the date of discharge and had been payable for not less than 5 years during service.

MSA is fully reflected in pay-related retirement gratuity for 21 or more years’ service and in death gratuities, while a fixed addition (top-up) is made to pension (see sections 11, 12 and 14).

### **8.2 Other qualifying payments**

This relates to the following allowances that may be reflected in superannuation benefits subject to certain conditions:

- Technician Pay (Groups 1 to 6)
- Naval Pay
- Flying Pay

- Assistant Stores Controller
- Fire Protection Pay
- Band Instructors Allowance (DFSM)
- Irish Language Teaching Allowance, Military College
- Groom's Allowance, Equitation School (nowadays part of 'Technician Pay')

Previously, a fixed 3% addition (top-up) was made to pension in respect of each such pensionable payment regardless of its actual rate (e.g. whether for Technician Pay Group 1 or higher).

The eight payments listed above are fully reflected in pay-related retirement gratuity for 21 or more years' service – see section 12.

However, when calculating pension and pay-related gratuity, the payment(s) such as Technician Pay etc. listed above could only previously be included if held continuously for not less than 5 years before discharge. This is often referred to as the '5-year rule'.

The method of reflecting such payments in pension calculation, as well as the '5-year rule', has been changed for certain qualified personnel (see sections 8.3 and 8.4).

### 8.3 **Changes to pension calculation (e.g. for Technician pay) and to the '5-year rule'**

**If you were serving on 1<sup>st</sup> September 2005**, new % additions – ranging from **1% to 15%** – apply to pension in respect of the various pensionable payments (as at sections 8.2 and 8.4) subject to the following conditions:

- (i) The maximum amount of the addition to pension in respect of any pensionable payment is limited to 50% of the actual rate of that payment applicable at your discharge date.
- (ii) In certain cases, a person can move onto a higher rate of payment within the same allowance band in the period shortly before discharge e.g. from Technician Pay Group 2 to Group 3, or from the low to high rate of Flying Pay. In line with the revised '5-year rule' (as at (iii) below), you must continuously hold that higher rate of payment for not less than one year up to and including discharge date in order to

have your pension and pay-related gratuity calculated using that higher rate of Technician Pay etc.

- (iii) Technician Pay, Naval Pay, Flying Pay etc. will now reckon in the calculation of pension and pay-related gratuity if held:

- for at least **1 year continuously** up to and including your discharge date; **and**
- for an **aggregate of at least 5 years** during the **final 8 years** of your service (but see (ii) above also).

This maintains the underlying principle of the ‘5-year rule’, while also introducing a substantial degree of flexibility in its application.

- (iv) The new 1% pension addition applies if, after 24<sup>th</sup> November 2008, you qualify for the first time for payment of Group 1 Technician Pay. The existing 3% pension addition continues to apply only if you were already in receipt of Group 1 Technician Pay on that date and satisfy the existing ‘5-year rule’ (as at section 8.2 above) on your discharge date. Otherwise, where you have to rely on the revised ‘5-year rule’ at (iii) above in order to have Group 1 Technician Pay reckoned, the new (lower) 1% pension addition applies.

(Note: 24 November 2008 is the date of the formal agreement between the Department of Defence and PDFORRA regarding improvements in the existing (pre-April 2004) pension schemes for qualified enlisted personnel serving on 1 September 2005).

The 1% pension addition is also applicable to the Mast Riggers/Erectors Allowance – see section 8.4 below.

- (v) Contributions in respect of the Spouses’ and Children’s Contributory Pension Schemes take account of the above improvements in pension terms. The contribution liability for pensionable payments is deducted from retirement (pension/gratuity) or death benefits, as the case may be.

For clarity, the person concerned must fully satisfy the revised ‘5-year rule’ in respect of each allowance in its own right to get the benefit of that payment in their pension and gratuity.

#### 8.4 **Pensionability of certain allowances for the first time**

In addition to the payments that were already pensionable, the following four allowances are now reckonable when calculating pension and pay-related retirement gratuity on the basis set out below –

- NCO Account Holders Allowance <sup>1</sup>
- NCO Instructors Allowance
- Mast Rigger/Erectors Allowance
- Foreign Language proficiency Allowance (maximum rate only).

Pensionability in these cases applies **from 1<sup>st</sup> September 2005** or from the date the allowance was introduced (whichever is the later) in respect of qualified personnel **serving on or after that date**.

Subject to satisfying the revised ‘5-year rule’ (as at 8.3(iii) above), the % addition to pension is as follows:

- **10%** for Specialised NCO Instructors Allowance payable at the high rate (e.g. Military College);
- **7%** for the full rate of NCO Account Holders Allowance or **3%** where payable at half-rate;
- **7%** for Foreign Language Proficiency Allowance but only where the maximum rate is payable;
- **3%** for the low rate of NCO Instructors Allowance; and
- **1%** for Mast Riggers/Erectors Allowance.

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<sup>1</sup> Not payable to new beneficiaries on foot of Government decision of 18 September 2012.

The measure at 8.3(iv) above relates to specific categories of personnel in receipt of Group 1 Technician Pay. Otherwise, the various conditions set out in section 8.3 also apply to the above four newly pensionable allowances.

In the case of NCOs and Privates serving on 1<sup>st</sup> September 2005, the full list of revised % additions to pension for the various pensionable payments such as Technician Pay is shown in **Appendix A** at the end of this handbook.

### **‘Short-service gratuity’ for less than 21 years’ service**

9. Subject to a minimum of 3 years’ qualifying service (and other conditions), a ‘short-service gratuity’ is payable on discharge with less than 21 years. This is payable at flat rates that depend on retiring rank and qualifying service.

However, where discharge is on medical grounds and qualifying service is 12 years or more, a ‘modified’ pension and gratuity are payable – see section 13.

There are three basic rates of short-service gratuity, one for the retiring rank of Private, a higher rate for the ranks of Corporal and Sergeant, and a higher rate again for the ranks of CQMS to Sergeant-Major.

- Where service is less than 7 years, the appropriate basic rate is multiplied by the number of complete years of service.
- Where service is 7 or more but less than 13 years, the basic rate is doubled and then multiplied by the number of complete years.
- Where service is 13 or more but less than 21 years, the basic rate is trebled and then multiplied by the number of complete years.

An additional amount in respect of MSA is payable where service is not less than 5 years.

Payment of the short-service gratuity is not permitted where discharge was by purchase; as a result of conviction by a court-martial or a civil court; for misconduct or inefficiency; to take

up civil employment (but only where discharge is within 3 months of termination of engagement); for the purpose of appointment to commissioned rank; or on transfer to the Reserve at own request (other than on compassionate grounds) prior to completion of PDF service. The current short-service gratuity rates are shown in **Appendix B** at the end of this document.

### **Integration of occupational pensions with the State Social Insurance system**

10. *Integration* is a standard feature of public service occupational pension schemes for employees such as NCOs and Privates in the PDF who are fully insured for the range of benefits under the Social Welfare Acts, including the State Pension Contributory – see section 24. 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 payable. The State Pension etc. is regarded as part of the overall pension package payable to the individual. In effect, integration results in a lower rate of occupational pension than would otherwise be the case – see section 11.2.

Integration applies to pensions (personal and spouses') but not to retirement gratuity because Social Insurance benefits are in pension form only.

### **Occupational pension after 21 or more years' service**

- 11.1 As indicated in section 2, the minimum service required for an occupational pension is 21 years. This is payable immediately on your discharge and regardless of age. It consists of the following elements that are payable for your lifetime:

- (a) a flat-rate 'basic pension' for **21 years' service** that varies depending on retiring rank (as in section 5) **plus**,
- (b) an addition (top-up) equal to 40% of the rate of **MSA** for the rank where service is from 21 to 30 years' inclusive (see section 8.1); and
- (c) where applicable, fixed % additions to basic pension (at (a) above) in respect of each reckonable pensionable payment such as Technician Pay, Flying Pay etc. (see sections 8.2 to 8.4; and Appendices A and C).

- 11.2 An ‘additional increment’ is payable at a flat rate for each year of service in excess of 21 years up to a maximum of 31 years. This increment is increased, as appropriate, if you qualify for any of the fixed % additions to pension in respect of Technician Pay etc. Where service is 31 or more years, the MSA addition to basic pension is 50% of the rate of MSA (rather than 40%).

The additional increment ceases to be payable when you reach the qualifying age for the State Pension Contributory (age 66 to 68 depending on your date of birth). At the same time, the 50% addition for MSA reverts to the 40% rate. These arrangements are in accordance with the principle of integrating occupational pensions with Social Insurance benefits in the case of employees who are fully insured under the Social Welfare Acts for benefits such as the State Pension – see section 10. However, the maximum personal rate of either State Pension is considerably greater than any reduction that could arise in your Defence Forces pension on qualification for State Pension. In effect, enlisted personnel covered by the existing (pre-April 2004) Defence Forces pension schemes have a partial form of integration compared to other public service groups generally.

The current pension rates are shown in **Appendix C** at the end of this document. Using the example there, you can calculate the rate of pension in your case by combining the various elements involved.

- 11.3 In addition to the usual factors such as pensionable service, pensionable pay etc., the recent emergency measures introduced by Government are also relevant when calculating public service retirement benefits. This relates, in particular, to the reduced pay rates already operative from 1<sup>st</sup> January 2010 and the new ‘public service pension reduction’ introduced from 1<sup>st</sup> January 2011. A person’s actual date of retirement will also be of significance. See section 21 for further details.

### **Pay-related retirement gratuity after 21 or more years’ service**

12. 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.

Previously, the retirement gratuity for NCOs and Privates after 21 years' service was 25 weeks' pensionable pay. This rose by increments of two weeks' pay for each complete year of service after 21 years to give a maximum of 45 weeks' pay after 31 years' service, to coincide with maximum pension.

**If you were serving in the PDF on 1<sup>st</sup> September 2005**, the level of retirement gratuity payable on discharge with 22 years' service or more has been increased. The gratuity of 25 weeks' pensionable pay after 21 years' service stands. However, for 22 – 31 years' service, the gratuity rises by increments of 4 weeks' pay per year (instead of the 2 weeks per year previously). This gives a maximum of 65 weeks' pensionable pay after 31 years' service (instead of 45 weeks previously) – see the table below.

<b>NCOs and Privates serving on 1<sup>st</sup> September 2005 – pay-related retirement gratuity for 21 or more years' service</b>	
<b>Number of years' pensionable service</b>	<b>Revised terms from 1 September 2005 – Number of weeks' pensionable pay</b>
21	25
22	29
23	33
24	37
25	41
26	45
27	49
28	53
29	57
30	61
31 or more	65

In the case of enlisted personnel who were serving on 1<sup>st</sup> September 2005, 'pensionable pay' for pay-related retirement gratuity purposes includes basic pay at discharge date, plus MSA and any of the other additional pensionable payments listed in **Appendix A** that satisfy the '5-year rule'. Any outstanding contributions due to the Spouses' and Children's Pension Scheme are deducted from this gratuity – see section 17. The amount deducted qualifies for income tax relief.



13. **Compulsory discharge on medical grounds**

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, 'modified' benefits i.e., an occupational pension and a gratuity, are payable where service is 12 years or more but less than 21 years. These benefits, which are payable immediately on discharge and regardless of age, are calculated as a proportion of the standard pension and gratuity applicable to 21 years' service for the retiring rank. For example, discharge on medical grounds with 17 years' qualifying service would give the person concerned a pension and gratuity of seventeen twenty-firsts (17/21) of the 21- years pension and gratuity. Proportionate additions for MSA and, if applicable in the case of those serving on 1<sup>st</sup> September 2005, other pensionable payments as shown in Appendix A would also apply where appropriate.

Any outstanding contributions to the Spouses' and Children's Pension Scheme are deducted from the gratuity.

14. **Death gratuity**

On death in service, a 'death gratuity' of 1 year's pensionable pay is payable. This includes basic pay, MSA and any of the other additional payments listed in **Appendix A** held by the deceased at the date of death. There is no minimum service requirement for this gratuity.

The death gratuity is usually paid to the spouse and/or children of the deceased. If he/she had no spouse or children, it is paid to his/her parents or siblings. In some cases, it is paid to the deceased's legal personal representative. Any outstanding contributions due to the Spouses' and Children's Pension Scheme are deducted from this gratuity – see section 17.

15. **Disability pensions**

A 'disability pension' (or, more properly, a wound pension) under the Army Pensions Acts may be granted after discharge 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 discharge. 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 discharge. 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 13) 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 (that is, 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.

The disability pension is paid in addition 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. In some cases involving payment of a modified 'medical grounds' pension at section 13, no reduction of the occupational pension is made.

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 what is provided under the Defence Forces pension code – see section 24.

### **Additional voluntary contributions (AVCs)**

16. 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. 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](http://www.revenue.ie)).

A Revenue-approved group AVC scheme is in operation for enlisted personnel of the PDF to cover retirement and dependants’ benefits. The Department of Defence facilitates the deduction of AVC contributions from members’ pay at source. Queries about this AVC scheme should be made to the relevant private sector pension provider / administrator.

### **Spouses' & Children's Contributory Pension Scheme**

- 17.1 Your spouses’ and children’s contributory pension scheme is essentially based on schemes applicable in other areas of the public service. Membership of the original scheme was compulsory for male personnel enlisted in the PDF after 31<sup>st</sup> January 1978 and for female personnel who enlisted after 31<sup>st</sup> December 1984. Membership of the revised scheme, which was introduced to cover certain categories such as spouses and children of members who married after discharge from the PDF, was compulsory for any enlisted personnel who joined after 31<sup>st</sup> May 1985. Membership of either scheme was optional for those already serving before those dates.

Spouses' and children's pensions are payable on the death in service, or while on pension, of a member of the Contributory Scheme. A surviving spouse may also be entitled to benefits under the Social Welfare code in addition to those provided under the spouses' and children's pension scheme (see section 24).

The spouse's pension is 50% of the 21 years' pension for the rank concerned, inclusive of appropriate additions for MSA and other qualifying payments such as technician pay.

Rates of children's pensions will vary depending on whether or not a spouse's pension is payable and also 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. The combined aggregate 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 up to age 22 where a child is in full-time education or training). Normally, where an eligible child is permanently incapacitated due to ill-health there is no age limit.

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

- (a) **Periodic contributions** deducted from weekly pay; and
- (b) **Non-periodic (lump sum) contributions** deducted from retirement or death gratuity, as the case may be.

The periodic (weekly) contribution from your pay during service is 1½% of four times the current rate of spouse's pension for the rank concerned. This works out at somewhat less than 1½% of pensionable pay.

The maximum number of years' contributions (periodic and non-periodic combined) to the spouses' and children's scheme is 31. Non-periodic contributions may arise where you have not paid your full periodic contribution liability for all reckonable service (including portions of years). In that case, a single lump sum deduction is made from the retirement or death gratuity, as appropriate. However, if you remain unmarried throughout your membership of the spouses' and children's scheme, non-periodic contributions are not payable. All contributions deducted from pay/gratuity qualify for income tax relief.

As indicated in sections 8.3 and 8.4, contribution liability for all pensionable payments is deducted from retirement (pension / gratuity) or death benefits, as the case may be.

Spouses' and children's periodic contributions are generally refunded in full if you leave the PDF without entitlement to pension benefits and provided that your PDF service has not been transferred to another public sector organisation for superannuation purposes. A refund of contributions is also payable if you are a member of the original (1977/78) spouses' and children's scheme and have not married while serving in the PDF. Any such refunds are subject to income tax.

- 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'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 (at section 11) and a disability pension (at section 15) is attributable to his/her pensionable disablement.

17.3 **Enhanced spouses' and children's pensions in certain cases**

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 additional details in **Appendix D** at the end of this handbook.

**Recent changes to public service pension terms**

18. 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 28<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 E**.

### **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* established 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 22<sup>nd</sup> May 2015. For further details, see <http://www.justice.ie/en/JELR/Pages/PR15000470>

### **Payment of pensions and gratuities**

20. Gratuities are paid promptly following discharge or death in service. Pensions are paid monthly at the end of each month. 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 can be made from your occupational pension on request (i.e. VHI, CAFNBO, GANBO, ONET, IUNVA). Over-holding charges may be deducted, as appropriate, from pension and/or gratuity in the case of over-holders of married quarters following discharge from the PDF.

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 Reform<sup>2</sup>. 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'.**

*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.

### **Public service pension reduction**

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

Known as the 'public service pension reduction' (PSPR), the actual decrease from that date is progressively more for those with higher rates of pension. Pensions below €12,000 a year

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<sup>2</sup> 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.



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 1<sup>st</sup> 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 29<sup>th</sup> 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 30<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> March 2012 and before 1<sup>st</sup> 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 1<sup>st</sup> July 2013, had not applied; and

- For those who retire on or after 1<sup>st</sup> 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 pension contributions, such as those as outlined in section 17). 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 document. Neither does it apply to existing public service pensioners. The current PRD deduction rates are as follows:

<b>Pension levy calculation</b>	
First €15,000 of taxable earnings	<b>Exempt</b>
Between €15,000 and €20,000	2.5%
Between €20,000 and €60,000	10%
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 1<sup>st</sup> 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 1<sup>st</sup> 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.<sup>3</sup>

### **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 1<sup>st</sup> 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,

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<sup>3</sup> 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>

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 1<sup>st</sup> 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>

Employee pension contributions for dependants' benefits (see section 17) normally qualify for income tax relief, subject to Revenue rules and limits. However, from 1<sup>st</sup> 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:

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

- Maternity Benefit
- Adoptive Benefit
- 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. 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 1<sup>st</sup> 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.

Qualification for Social Welfare payments is a matter for the Department of Social Protection (DSP) to decide under its rules. Further information on Social Insurance benefits is available from the Defence Forces Personnel Support Service (PSS), 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](mailto:info@welfare.ie); website: [www.welfare.ie](http://www.welfare.ie)

### **Implications for superannuation benefits – *Family Law Act 1995 and Family Law (Divorce) Act 1996***

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 superannuation benefits be paid to the member's spouse and/or dependent children. A PAO over-rides the provisions of the superannuation arrangements. Death gratuity and spouses' and children's pensions may also be affected by a PAO. Further information about PAOs can be obtained from the Pensions Section, Department of Defence (see section 26) or from the Pensions Authority, Verschöyle House, 28/30 Lower Mount Street, Dublin 2; tel: 01-6131900; email: [info@pensionsauthority.ie](mailto:info@pensionsauthority.ie)

**Further information**

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

- by tel. **091-743900** or **Lo-Call 1890-426444** asking for extension **3900**;
- by e-mail to [pensions.admin@defence.ie](mailto:pensions.admin@defence.ie);
- by writing to **Pensions Administration Section, Finance Branch, 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**

<b>Pensionable Payments</b>	<b>New % additions* to pension under existing (pre-April 2004) Defence Forces Pensions Schemes for enlisted personnel serving on 1 September 2005</b>
<ul style="list-style-type: none"> <li>• <b>Technician Pay Group 1 **</b></li> <li>• <b>Mast Rigger / Erector Allowance***</b></li> </ul>	<b>1%</b>
<ul style="list-style-type: none"> <li>• Technician Pay Group 2</li> <li>• Naval Pay</li> <li>• Band Instructors Allowance (DFSM)</li> <li>• Irish Language Teaching Allowance – all three rates</li> <li>• <b>NCO Account Holders Allowance – half rate***</b></li> <li>• <b>NCO Instructors Allowance – low rate ***</b></li> </ul>	<b>3%</b>
<ul style="list-style-type: none"> <li>• Technician Pay Group 3</li> <li>• Fire Protection Pay</li> <li>• Flying Pay – low rate</li> </ul>	<b>5%</b>
<ul style="list-style-type: none"> <li>• Technician Pay Group 4</li> <li>• Flying Pay – high rate</li> <li>• Assistant Stores Controller</li> <li>• <b>NCO Account Holders Allowance – full rate***</b></li> <li>• <b>Foreign Language Proficiency Allowance – maximum rate***</b></li> </ul>	<b>7%</b>
<ul style="list-style-type: none"> <li>• Technician Pay Group 5</li> <li>• <b>Specialised NCO Instructors Allowance – high rate payable in Military College and other designated training institution appointments ***</b></li> </ul>	<b>10%</b>
<ul style="list-style-type: none"> <li>• Technician Pay Group 6</li> </ul>	<b>15%</b>

\* The maximum amount of the pension addition in respect of any of the above is limited to 50% of the actual current rate of the payment involved. Where a person moves onto a higher rate of payment e.g. from Technician Pay Group 2 to Group 3, he/she must hold that higher rate for the required 1 year before discharge in order to satisfy the revised ‘5-year rule’ for pension & gratuity purposes (see section 8.3 of this document).

\*\* The new 1% pension addition applies to those who, after 24 November 2008, qualify for the first time for Group 1 Technician Pay. The existing 3% pension addition continues to apply to personnel who are already in receipt of Group 1 Technician Pay on that date and who satisfy the existing ‘5-year rule’ at discharge date. Otherwise, where that person has to rely on the revised 5-year rule in order to have Group 1 Technician Pay reckoned, the new 1% pension addition will apply (see section 8.3).

\*\*\* These allowances are pensionable from 1 September 2005, or from the date of the introduction of the allowance, whichever is the later, and applicable only to enlisted personnel serving on or after the relevant date (see section 8.4).

**Appendix B**

<b>NCOs and Privates who joined the PDF before 1 April 2004</b> <b>Short-service gratuity rates (incl. MSA additions) –</b> <b>see section 9 of this document</b> <b>(rates effective from 1 January 2010)</b>			
Complete years' service	Retiring rank		
	Private	Cpl. & Sgt.	CQMS to Sgt-Major
	€	€	€
3	871.71	1,064.34	1,379.76
4	1,162.28	1,419.12	1,839.68
5	1,755.60	2,095.50	2,640.85
6	2,106.72	2,514.60	3,169.02
7	4,915.68	5,867.40	7,394.38
8	5,617.92	6,705.60	8,450.72
9	6,320.16	7,543.80	9,507.06
10	7,022.40	8,382.00	10,563.40
11	7,724.64	9,220.20	11,619.74
12	8,426.88	10,058.40	12,676.08
13	13,693.68	16,344.90	20,598.63
14	14,747.04	17,602.20	22,183.14
15	15,800.40	18,859.50	23,767.65
16	16,853.76	20,116.80	25,352.16
17	17,907.12	21,374.10	26,936.67
18	18,960.48	22,631.40	28,521.18
19	20,013.84	23,888.70	30,105.69
20	21,067.20	25,146.00	31,690.20



**Appendix C**

**Joined before April 2004: occupational pension – current annual rates (effective 1 January 2010) – but see section 21 of this Handbook**

Basic Pension p.a. – 21 Years		% additions to Basic Pension p.a. – Tech Pay etc (see Appendix A) €					
Retiring Rank	Basic pension €	1%	3%	5%	7%	10%	15%
Private	11,175	112	335	559	782	1,118	1,676
Corporal	12,235	122	367	612	856	1,224	1,835
Sergeant	12,689	127	381	634	888	1,269	1,903
CQMS	14,512	145	435	726	1,016	1,451	2,177
Coy-Sgt	14,997	150	450	750	1,050	1,500	2,250
BQMS	16,551	166	497	828	1,159	1,655	2,483
Sgt-Major	17,514	175	525	876	1,226	1,751	2,627
Additional increment – 22 to 31 years' service		% additions to Additional Increment p.a. – Tech Pay etc (see Appendix A) €					
No.	€ p.a.	1%	3%	5%	7%	10%	15%
22	440	4	13	22	31	44	66
23	881	9	26	44	62	88	132
24	1,321	13	40	66	92	132	198
25	1,762	18	53	88	123	176	264
26	2,202	22	66	110	154	220	330
27	2,642	26	79	132	185	264	396
28	3,083	31	92	154	216	308	462
29	3,523	35	106	176	247	352	528
30	3,964	40	119	198	277	396	595
31	4,404	44	132	220	308	440	661
MSA addition	21 – 30 years €	31 years or more €	<b>Example:</b>				
Private	2,409	3,012	Sergeant with 26 years' service is qualified for the 3% and 5% additions (NCO Instructor – low rate plus Tech Pay Group 3). 'Basic pension' is €12,689 + 381 + 634; 'Additional increment' is €2,202 + 66 + 110; 'MSA addition' is €2,409. Total pension is €18,491 year. (All above annual rates are rounded to nearest €).				
Corporal	2,409	3,012					
Sergeant	2,409	3,012					
CQMS	2,565	3,206					
Coy-Sgt	2,565	3,206					
BQMS	2,565	3,206					
Sgt-Major	2,565	3,206					
			<b>Depending on date of discharge, the 'public service pension reduction' may apply – see section 21 of this handbook.</b>				

## **Appendix D**

### **Financial benefits where a member of the PDF is killed in the course of duty (irrespective 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.

## **Appendix E**

### **Other recent public service pension changes:**

#### **Abatement of 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 extended abatement measure will apply only where a public service pensioner takes up another public service post **on or after 1<sup>st</sup> 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 remains in that employment. This abatement measure does not apply in relation to employment with the commercial semi-State bodies.

So, from 1<sup>st</sup> 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 **28<sup>th</sup> 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 28<sup>th</sup> 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 1<sup>st</sup> September 2013. However, the aggregation measure does not apply to any pensioner whose combined pre-PSPR pensions are €32,500 or less.