

# Pensions



**Information for Scheme Members**

**in the format of Frequently Asked Questions**



## Preface

The information in the F.A.Qs below is provided as an outline and general guide in relation to retirement. It does not purport to be a legal interpretation and cannot confer any rights which are not conferred by the pension scheme.

Primary School Teachers Pension Scheme 2009 is available on the Irish Statute Book, <http://www.irishstatutebook.ie/2009/en/si/0434.html>

## Frequently Asked Questions for Teachers in Primary Schools

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## 1. Who is eligible for pension benefits under this Scheme?

The following people are eligible to join the Primary School Teachers' Pension Scheme –

- (a) A person appointed since 1 September 2001 and before 1 January 2013 who is employed as a teacher in a primary school provided s/he does not have a break in service of more than 26 weeks which continued or commenced on or after 1 January 2013.
- (b) A person appointed to wholetime or certain part-time posts in special schools (provided that, in the case of a part-time teacher, he or she was timetabled to teach at least 9 hours a week) between 1 September 1996 and 31 August 2001 and who is a fully qualified teacher in a primary school provided s/he does not have a break in service of more than 26 weeks which continued or commenced on or after 1 January 2013.
- (c) A person appointed to wholetime posts before 1 September 1996, provided s/he does not have a break in service of more than 26 weeks which continued or commenced on or after 1 January 2013.

## 2. What are the main benefits?

The main benefits are:

- ◆ Retirement pension and lump sum (questions 6 to 12)
- ◆ Death benefits (questions 17 and 18)
- ◆ Spouses' and children's pensions (questions 20 to 24)

Other aspects of pension covered are:

- ◆ Actuarially reduced benefits (question 12)
- ◆ Preserved benefits (question 25)
- ◆ Transfer of service (question 27)
- ◆ Purchase of pre-pension scheme service (question 28)
- ◆ Purchase of notional service (question 29)
- ◆ Additional Voluntary Contributions (AVCs) (question 30)
- ◆ Income tax treatment of pension (question 32)
- ◆ Divorce or separation (question 33)

### 3. How do I join the pension scheme?

Membership of the Scheme is compulsory for each eligible person appointed to a post either for the first time or after a break in service. (see 1 above)

### 4. What contributions do I pay for these benefits?

Each member of the Scheme must pay a contribution for the duration of his or her membership of the Scheme. The contribution comprises 5% of remuneration in the case of a member paying modified (or D rate) PRSI. Where a member is paying full (or A rate) PRSI and is in wholtime service, he or she will pay 3.5% of net remuneration plus 1.5% of remuneration.

Remuneration in any year means the total of basic salary plus pensionable allowances plus supervision and substitution payments payable in that year. Net remuneration means the difference between remuneration and twice the maximum personal rate of State Pension (Contributory). The State Pension (Contributory) is formerly known as the Old Age Contributory Pension.

The contributions payable by a member in part-time service paying full PRSI will differ depending on the period to which the service relates. If the teaching service commenced before 1 September 2001, he or she will pay 3.5% of net remuneration plus 1.5% of remuneration for that period of service. However, for any service done since 1 September 2001 contributions will be calculated on a pro-rata basis. This means that they will be based on notional pensionable remuneration and the part-time attendance pattern expressed as a proportion of wholtime service.

### 5. Is my Pension Scheme a Defined Benefit or a Defined Contribution Scheme and how is it funded?

Your scheme is a Final Salary Defined Benefit Scheme which gives a pension based on service and final pensionable remuneration (salary, pensionable allowances and supervision and substitution payment, if appropriate). See question 6 for further information as to how these are calculated and where averaging will apply. The scheme is an unfunded Pay-as-you-go scheme. The amount of pension benefit is defined in the scheme rules and is not affected by investment returns.

Scheme benefits are payable from monies voted by the Oireachtas.

## 6. On what basis are my pension benefits calculated?

On retirement you will be entitled to a pension and lump sum, provided you have a minimum of 2 years actual (i.e. worked) pensionable service. Pension and lump sum payments are determined by –

- ◆ Total pensionable service (based on completed years and days of service subject to a maximum of 40 years), and
- ◆ Pensionable remuneration on the last day of service

## 7. What is pensionable service?

Pensionable service is teaching service in a primary school which is –

- ◆ Permanent and Temporary Wholetime
- ◆ Job-sharing
- ◆ Substitute and certain part-time service
- ◆ Transferred service
- ◆ Purchased notional service\*
- ◆ Added years/service granted in certain circumstances
- ◆ Certain approved leave but subject to certain conditions
- ◆ Special leave without pay to work in an Irish Aid programme subject to certain conditions

The way in which part-time service is credited will depend on when the service was given and the status of the part-time service.

### **Part-time service given since 1 September 2001**

All part-time service given since 1 September 2001 is pensionable and there is no minimum number of hours required in order for it to qualify as such. The service is calculated on a pro-rata basis compared to wholetime service.

For pension benefit purposes, pensionable service cannot exceed 40 years.

*\*(important to note, purchased Notional Service cannot be counted to reach eligibility threshold for retirement under 35/55 year rule)*

## 8. What is pensionable remuneration?

Broadly speaking, pensionable remuneration is final pay. For a primary school teacher this will comprise of retiring salary plus pensionable allowances plus supervision and substitution payment.

Pensionable allowances will comprise the total of the annual rate of each pensionable allowance held by the teacher. However, if an allowance has not been held during each of the last 3 years immediately before retirement, it will be averaged based on the number of days on which the allowance is held.

The pensionable supervision and substitution payment comprises of a payment made to a teacher which is the result of a commitment made to undertake supervision and substitution duties in the school subject to a maximum of 37 hours in the school year. The payment is averaged based on the payment received in each of the last 3 years divided by 3. It should be remembered that a teacher who enters into this commitment but who later ceases to meet it will forfeit all pensionability attaching to the payments received.

There are limited exceptions to the normal averaging rule such as where –

- ◆ a teacher dies in service and had at least 3 years potential service before 31 August in the year in which he or she would have reached 65 years of age,
- or
- ◆ a teacher retires on medical grounds before 60 years of age (or 65 years of age in the case of a New Entrant) and had at least 3 years potential service before reaching that age.

Where these exceptions apply, allowances will not be averaged. The supervision and substitution payment will be averaged, but only over the period in which the payment was made.

## 9. How are my pension and lump sum calculated?

Subject to a minimum requirement of service (see question 25), pension and lump sum are payable for each year of pensionable service. Since 1 September 2001, all part-time service is calculated on a pro-rata basis.

### **Pension:**

In the case of a teacher paying D Rate PRSI, the pension is 1/80<sup>th</sup> of a teacher's pensionable remuneration for each year of pensionable service. This is an unco-ordinated pension.

In the case of a teacher paying A Rate PRSI, the pension is 1/200th of retiring salary, up to a threshold of 3½ times the single rate of State Pension Contributory (SPC), together with 1/80<sup>th</sup> of such retiring salary (if any) as exceeds the threshold. This is a co-ordinated pension. Where a co-ordinated pension is in payment, a supplementary pension may be payable in certain circumstances.

**Supplementary Pension (if applicable)**

*Maximum supplementary pension equates to the difference between*

*(I) unco-ordinated pension and (II) co-ordinated pension*

$$I = \frac{\text{service} \times \text{salary}}{80}$$

$$II = \frac{\text{service} \times (\text{salary} \leq \text{SPC} \times 3.333333)}{200} + \frac{\text{service} \times (\text{salary} > (\text{SPC} \times 3.333333))}{80}$$

The pension for a teacher who paid Class D PRSI or the combined pension (co-ordinated + supplementary) of a person who paid Class A PRSI is subject to a maximum benefit of ½ of pensionable remuneration.

**Lump Sum:**

The lump sum is 3/80ths of gross pensionable remuneration for each year of pensionable service but subject to a maximum of 120/80ths . This payment is currently tax free.

**Examples:**

Teacher retires with gross pensionable remuneration of: max point of the salary scale €59,359, a pass degree €1,842, 35 year allowance €2,324 and special duties post €3,769.

Pensionable remuneration = €67,294. Pensionable service = 38 years 29 days (38.079452 years). SPC = €12,017.05

Pension:(I) Unco-ordinated pension:  $[38.079452 \times \text{€}67,294] / 80 = \text{€}32,031.48$

Pension:(II) Co-ordinated pension:  $[38.079452 \times (\text{€}12,017.05 \times 3.333333)] / 200$   
+  $[38.079452 \times (\text{€}67,294 - \text{€}12,017.05 \times 3.333333)] / 80 = \text{€}20,591.41$   
Supplementary pension: I – II =  $\text{€}32,031.48 - \text{€}20,591.41 = \text{€}11,440.07$

Lump Sum =  $[38.079452 \times \text{€}67,294] / 80 \times 3 = \text{€}96,094.45$

### **Preserved benefit:**

Teachers entitled to preserved benefits receive a pension and lump sum based on pensionable remuneration at the date of resignation adjusted by the appropriate pay changes between that date and the date of their retirement.

### **Split pension:**

It may be possible for a person who has a break in service to choose between aggregating previous teaching service with service given after the break, or to retain preserved benefits which he or she had before re-entry and to work up a second preserved benefit (effectively what is called a split pension). This can arise in two situations –

- ◆ Where a teacher was in service on or before 5 April 1995 and paid modified (or D Rate) PRSI and had a break in service after which he or she would then pay full (or A Rate) PRSI,

or

- ◆ Where a teacher was in service on or before 1 April 2004 and returned to teaching following a break in service more than 26 weeks later (s/he is then considered to be a “New Entrant”)

## **10. I am job-sharing – how is my pension calculated?**

You have your job-sharing service treated on a pro-rata basis, i.e. 1 year = 183 days and the pensionable remuneration is the notional full rate of pay for the job. This means that the period of job-sharing is reckoned pro-rata to wholetime pensionable service and the pensionable remuneration is based on the wholetime equivalent pensionable remuneration.

## 11. Am I paid my pension automatically on retirement?

No. You must apply to the Pension Unit of the Department for your pension. This should be done at least 3 months before the date of your proposed retirement. You should apply on or before 1 March if retiring at the end of the school year, i.e. 31 August.

## 12. At what age are benefits payable?

Where a teacher is a New Entrant and has a minimum of 2 years of pensionable service on retirement, benefits are payable to him or her at 65 years of age. "New Entrant" is defined in Section 2 of the Public Service Superannuation (Miscellaneous Provisions) Act 2004. In general, a New Entrant is a person who commences employment in the public service on or after 1 April 2004, or returns to employment on or after that date following a break in public service employment of more than 26 weeks. Exceptions include career breaks and protected leave such as maternity leave. The Act should be consulted to determine whether a person is or is not a New Entrant.

Where a teacher is not a New Entrant and has a minimum of 2 years' pensionable service on retirement, benefits are payable to him or her –

- ◆ at the end of the school year in which age 65 years is reached, (on compulsory retirement), or
- ◆ at 60 years of age, or
- ◆ at 55 years of age provided that the teacher has at least 35 years actual pensionable service. A period shorter than the 35 year requirement may be permitted having regard to the duration of the teacher's training course completed before entering the profession.

Having reached 55 years of age with three years of pre-service training, i.e. a primary degree, a teacher can retire with 34 years service. Having reached 55 years of age with four years of pre-service training e.g. a primary degree plus a non-concurrent teaching qualification, a teacher can retire with 33 years service. Eligibility credit is limited to 1 year where a three year degree took four years to complete. For the purposes of this rule a job-sharing year may be counted as a full year. It should be noted that while this pre-service training can be taken into account for the purpose of qualifying for retirement at 55 years of age, it cannot be used to credit service on which benefits will be based. Notional service cannot be used in determining whether a teacher has the 35 years service.

Benefits may be paid before those ages;

- (i) if the person is retiring on medical grounds (see question 16)
- (ii) by way of cost neutral early retirement (see below).

Cost Neutral Early Retirement: If a member does not qualify for retirement under the above criteria, the option of cost neutral early retirement option is available. Cost Neutral retirement will permit retirement between age 50 and 60 (or between 55 and 65 in the case of a New Entrant). Cost neutral early retirement would result in immediate, actuarially reduced pension benefits in lieu of preserved benefits at a later date. A teacher wishing to avail of this facility must apply before his or her resignation from the school. Cost neutral early retirement provides greater flexibility to teachers in terms of retirement planning.

Further information and circular Pen 07/05 is available on the departments website.

The benefits payable under cost neutral early retirement expressed as a percentage of the Preserved Benefits which would have been payable at age 60 to teachers who are not New Entrants are:

Age Last Birthday	Pension	Lump Sum
50	62.4%	82.2%
51	65.1%	83.9%
52	67.9%	85.5%
53	71.0%	87.2%
54	74.3%	88.9%
55	77.8%	90.7%
56	81.6%	92.4%
57	85.7%	94.3%
58	90.1%	96.1%
59	94.8%	98.0%

The benefits payable to New Entrants under the cost neutral early retirement facility from age 55 are:

Age Last Birthday	Pension	Lump Sum
55	58.2%	82.4%
56	61.1%	85.6%
57	64.1%	85.6%
58	67.4%	87.3%
59	71%	89%
60	74.8%	90.7%
61	79%	92.5%
62	83.6%	94.3%
63	88.5%	96.1%
64	94%	98%

Teachers who leave the school system with preserved benefits receive a pension and lump sum, on application, at age 60 (or 65 in the case of New Entrants). (see Question 25)

### 13. Is my pension increased after I retire?

Increases in teacher pensions are awarded by the Minister for Education and Skills with the consent of the Minister for Finance under Schemes made in accordance with pensions increases regulations. The application of increases is based on parity which means that, where increases paid to serving teachers are being passed on to retired teachers, the pension increases are effective from the same date as the increases being paid to the serving teachers.

In practice, all general increases since 1986 have been passed on to retired teachers on the same basis as to serving teachers. In the case of special pay increases for serving teachers, some are passed on to retired teachers, others are not.

Some of the conditions which may have to be met before special pay increases are passed on to retired teachers are:

- ◆ The increase must apply to all teachers serving in the posts concerned
- ◆ Assimilation of serving teachers to the revised pay scales must be on the basis of “corresponding points” (i.e. not on “starting pay on promotion” or “re-grading” terms)

- ◆ The increase must not have been awarded in consequence of a substantial restructuring or alteration of duties which, in effect, constitutes regrading of the posts or grades concerned
- ◆ The increase must not have been awarded in respect of increased productivity from serving teachers, and
- ◆ The increase must be a permanent feature of the pay scale

In addition, if an allowance becomes pensionable from a particular date, the benefit is not passed on to teachers who retired before that date. If a new pensionable allowance is introduced, it does not apply to retired teachers who never held that allowance while serving.

#### **14. Are the benefits reduced if a teacher is re-employed in the school system after retirement?**

Pension is reduced/abated to ensure that the total of pay and pension does not exceed the current equivalent of the teacher's pay on the date of retirement. A retired teacher in receipt of pension must inform the Department whenever s/he returns to teach or to work in the wider public sector as the Public Service (Single Pension Scheme and Other Provisions) Act 2012 extends abatement to any subsequent public service employment. Furthermore, where a retired teacher, in receipt of a supplementary pension (See question 33), re-enters insured employment including self-employment, payment of the supplementary pension must immediately cease. Lump sum payments are not reduced or postponed.

#### **15. How are pensions paid?**

Pensions are paid fortnightly in arrears by the Department of Education and Skills. Before retirement, teachers complete a Pensions Declaration Form. Payment of the pension begins with effect from the day following the last day of paid service.

Payments are made direct to the retired teacher's bank account. Certain deductions may be made from pension if the individual so wishes (e.g. VHI, subscriptions to retirement associations). The retired teacher must make the appropriate arrangements with the Retired Teachers Payroll Division of the Department.

## 16. What benefits are payable if I have to retire early on medical grounds?

If a teacher has to retire before 60 years of age (65 in the case of a New Entrant) on medical grounds, pension and lump sum are paid immediately at retirement if the teacher has more than 5 years pensionable service. The benefits are based on actual service up to the last day of paid service plus, where appropriate, extra years of service known as added years.

If a person has to retire on medical grounds with less than 5 years but more than 2 years pensionable service, the person has a choice of taking a once-off lump sum payment (known as a short service gratuity) or opting for preserved benefits payable in the normal way at 60 years of age or 65 years of age in the case of a New Entrant.

The short service gratuity is equal to 1/12th of pensionable remuneration plus 3/80ths of pensionable remuneration for each year of actual pensionable service. Where a teacher has less than 2 years service, the amount of the gratuity will be 1/12th of net pensionable remuneration for each year of service.

## 17. What benefits apply if I die in service?

On production of probate or letters of administration, a death gratuity is payable to the teacher's personal representative, i.e. the executor named in the Will or the administrator where the teacher died without a Will. A Death Gratuity is the greater of –

- ◆ One year's pensionable remuneration (at the rate applicable at the teacher's death); or
- ◆ The amount of lump sum that would have been payable had the teacher retired on medical grounds at the date of death, subject to a maximum of 1½ times the teacher's pensionable remuneration at the date of death.

There is no minimum service requirement but a grant of probate is required in all cases before a benefit can be paid.

If the teacher is a member of the Spouses' and Children's Contributory Pension Scheme, an amount equal to a month's pay will be paid to the Spouse/Civil Partner for the first month after death. Thereafter Spouse/Civil Partners' and children's pensions will be payable based on the deceased teacher's (actual + potential) service calculated to the earlier of; the end of his/her current contract or, in the case of a teacher who is not a New Entrant to compulsory retirement date, or in the case of a teacher who is a New Entrant to preserved pension age, subject to a maximum of 40 years. There is an appropriate deduction made from the Death Gratuity in respect of this additional notional service. (see question 24 below)

## 18. What benefits apply on death after retirement?

If, at the time of death the total gross pension received since retirement, together with the amount of the gross retirement lump sum, comes to less than one year's pensionable remuneration at the date of retirement, a balancing gratuity sufficient to bring the total up to the equivalent of one year's pensionable remuneration is payable to the teacher's personal representative. This does not apply in the case of people who are paid a preserved pension. Spouse's/ Civil Partner's and Children's benefits are also payable where appropriate. (see question 20 below)

## 19. What benefits apply on departure from teaching otherwise than on age or retirement on medical grounds?

On voluntary resignation from teaching before reaching 60 years of age (or 65 years of age in the case of a New Entrant) a teacher has the following options –

### **a. Transfer:**

Transfer accrued pension rights to an approved organisation (question 27), or

### **b. Preserved Benefits:**

If the teacher has at least 2 years pensionable service, s/he may on application at age 60 (or 65 in the case of a New Entrant) be paid preserved benefits (question 25), or

### **c. Retirement from age 55 onwards**

Retirement benefits may be payable provided a teacher is not a New Entrant and has at least 35 years actual pensionable service at 55 years of age. (see question 12)

### **d. Actuarially Reduced Benefits.** (see question 12).

## 20. What is the Spouses' and Children's Contributory Pension Scheme?

This is a contributory scheme, membership of which is compulsory for men appointed on or after 1 July 1969 and women appointed on or after 1 June 1981. Men and women serving prior to the relevant dates were given options to join the scheme.

The original scheme provides pensions for the Spouse/Civil Partner and/or dependent children of a member or dependent marital children of a member who dies in service, or after qualifying for pension or preserved pension. It does not

provide pensions for Spouse/Civil Partners of marriage/civil partnership occurring after retirement or children from such marriages/civil partnerships.

A further option was given to all teachers in service between **31 March 2004 and 31 August 2005** to join the “revised spouse’s and children’s scheme”. The Revised Scheme provides pension benefits for the spouse/civil partner and children of the member and, unlike the Original Scheme, includes provision for the spouse/civil partner of a member who marries after retirement, for the children of a member which are born after the member’s retirement and for non-marital children.

If you are unsure whether you are covered for Spouses’ and Children’s benefits or which Scheme you may be a member of, you can check with the Pension Unit.

### 21. How is a spouse’s/civil partner’s pension calculated?

When a teachers dies after retirement a Spouse/Civil Partner’s pension of  $\frac{1}{2}$  the former teacher’s pension is payable. It will be a little more than  $\frac{1}{2}$  where the former teacher was in receipt of a co-ordinated pension.

Benefits payable under Spouses’ and Children’s Pension Schemes will not be affected by a decision to accept cost neutral early retirement in lieu of preserved benefits, i.e. any benefits payable under Spouses’ and Children’s Pension Schemes to survivors of early retirees will be the same as those payable to survivors of teachers who opt for preservation of benefits.

Where a teacher dies in service or following retirement on medical grounds, the Spouse/Civil Partner’s pension is based on the service that the teacher would have had if s/he had served to the earlier of; the end of his/her current contract or, in the case of teacher who is not a New Entrant to compulsory retirement date, or in the case of a teacher who is a New Entrant to preserved pension age, subject to a maximum of 40 years.

The spouse’s/civil partner’s pension is payable in addition to any entitlements payable under the Social Welfare Code.

### 22. What children are eligible for pensions?

Dependent children under the age of 16 or age 22 if in full time education are eligible. Where such a child is permanently incapacitated by reason of mental or physical infirmity from maintaining him or herself there is no age limit provided the infirmity existed from birth or arose while the child was eligible for benefit.

### 23. How much is a child's pension?

A child's pension is 1/3rd of the Spouse/Civil Partner'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/Civil Partner's pension is divided among them. Where both Spouse's/Civil Partners are deceased and there is only one eligible child the amount of pension is 2/3rds of the deceased Spouse's/Civil Partner's pension. Where there are two or more eligible children an amount equal to the deceased Spouse's/Civil Partner's pension is divided equally between them. A Spouse's/Civil Partner's pension along with children's pensions can bring the total amount payable up to the level of the de-ceased person's pension.

### 24. Do I pay for the Spouse/Civil Partners' pension?

Periodic deductions of 1½% of remuneration are made during a teacher's working life. In addition, a single deduction of 1% of pensionable remuneration is made from the retirement lump sum or death gratuity, as appropriate, in respect of each year of pensionable service for which periodic contributions have not been made.

This includes a deduction for any pre-scheme service which is reckonable and any potential service to the earlier of; the end of his/her current contract or, in the case of teacher who is not a New Entrant to compulsory retirement date, or in the case of a teacher who is a New Entrant to preserved pension age, credited for the Spouse's/Civil Partner's pension (see above). It is possible, in certain circumstances, to reduce the amount of this lump sum deduction by making additional periodic contributions during service.

Under the original Spouses' and Children's Scheme, if an individual had never been married during their time as a teacher, all contributions will be refunded on retirement or death in service. If an individual is unmarried following the death of a Spouse/Civil Partner, the amount to be refunded, if any, will depend on when pensionable service began.

Where a teacher chose not to be a member of the original scheme but joined the revised scheme, the periodic deductions are 2% of remuneration and the single deduction at retirement or death will be 1.5% of pensionable remuneration.

Unlike the main pension scheme, a teacher is only liable to pay contributions into the Spouses' and Children's Scheme for 40 years service. Where a teacher has paid contributions to the Spouses' and Children's Scheme for over 40 years, the contributions for the earliest years will be refunded. Refund of contributions are not refundable under the Revised Spouses' and Children's Pension Scheme except in the case of religious.

## 25. Who benefits from preserved entitlements?

Any teacher who resigned before age 60 with a minimum of 5 years pensionable service if the resignation occurred between 30 June 1977 and 1 June 2002 inclusive, or who has a minimum of 2 years pensionable service since 2 June 2002 is entitled to a preserved pension and lump sum, payable on application at age 60 (or 65 in the case of a New Entrant). The pension is based on pensionable service and pensionable remuneration at the date of resignation, adjusted by the appropriate pay changes between that date and the teacher's 60th birthday (or 65th birthday in the case of a New Entrant). Alternatively, the resigning teacher may opt for actuarially reduced benefits if resigning after age 50 (or age 55 in the case of a New Entrant). (see question 12).

Where a former teacher with an entitlement to preserved benefits dies before age 60 (65 in the case of a New Entrant) a death gratuity, equal to the preserved lump sum is payable. Where such a former teacher was a member of the Spouses' and Children's Scheme and leaves an eligible Spouse/Civil Partner and/or eligible children, then a spouse's/civil partner's pension and/or children's pension(s), based on the member's pensionable service only may be payable. There is no addition of notional years in respect of potential service to age 65. Preserved pension rights for spouse's/civil partner's and children's benefits become effective on the death of the (former) scheme member (question 20).

## 26. What are added years?

Notional service or added years may be awarded in exceptional cases;

- (a) **retirement on medical grounds** (Question 16)
- (b) death in service (Question 17).

## 27. What are the arrangements for the transfer of pensionable service?

The Transfer Scheme enables teachers to transfer pensionable service between different pension schemes within the education system and with the majority of State and semi-state organisations (e.g. the Garda Síochána, the Defence Forces, Health Services, etc.). A list of the "public service transfer network" organisations is available on the Department's website. ([www.education.ie](http://www.education.ie)) Teachers should notify Pension Unit of any previous employment in the public service and teachers resigning should state the name of their prospective public service employer (if any) so that pensionable service can be transferred, if appropriate.

In addition, the Department will accept transfer values from a private pension fund provided that certain requirements are met. Further information is available from the Pension Unit.

## 28. Can I purchase service given before my membership of the Scheme commenced?

A teacher, who has teaching service which was not pensionable in the past but is now, may apply to have this prior service made pensionable. In the case of any part-time service to be purchased, it is subject to the minimum thresholds stated under question 7. The rules will depend on whether the service was given as a qualified or unqualified teacher.

### **Qualified Service:**

A teacher who was in service on or after 1 September 1996 may buy previous service given as a fully qualified teacher when s/he was not a member of the scheme. Only service which can be verified will be credited.

### **Unqualified Service:**

A teacher who was in service on or after 1 September 2001 may seek to make pensionable unqualified (including substitute/part-time) service given before and after that date. Such service must be verified and appropriate contributions paid.

## 29. What is the Notional Service Purchase Scheme?

The scheme for the purchase of notional service allows teachers who would have less than 40 years pensionable service at 60 or 65 years of age (65 years of age only in the case of a New Entrant), and who fulfil certain other conditions to purchase additional pensionable service at full actuarial cost. This must be done by way of written application. The additional service purchased is treated as actual service in calculating pension and lump sum entitlements, including spouse's/civil partner's and children's benefits.

Payment may be made by a lump sum payment once in any calendar year or by periodic deductions from pay. Periodic deductions begin on the teacher's birthday up to 2 years before 60 or 65 years of age. Purchase rates depend on age at commencement of purchase. Contributions are normally allowable against income tax in the same way as contributions to the spouses' and children's scheme, subject to the rules, including limits, set by the Revenue Commissioners.

If a teacher opts to purchase notional service by periodic contributions but subsequently leaves service before the age to which s/he had agreed to

purchase service or if a teacher ceases to make the periodic payments the amount of added years he or she will have purchased at retirement will be less than the amount he or she contracted to purchase initially. This will reduce his or her benefits.

In addition, where a teacher who is not a New Entrant and who is purchasing notional service by reference to age 65 chooses to avail of cost neutral early retirement, the notional service reduction factors will first be applied and then the cost neutral reduction factors (see question 12) would be applied. This is to reflect the fact that retirement is taking place before the age of 60 years.

Where a teacher opts to purchase by way of lump sum, payment must be made at or before retirement. In addition, it is not possible to purchase by way of lump sum by reference to age 60 where a teacher is over 60 years of age.

Teachers on career break can choose to reckon this period by purchasing it by way of notional service at the normal applicable rates. In the case of a teacher who, having entered into a contract to purchase notional service, then takes unpaid leave, he or she may reckon this service by purchasing it by way of lump sum at retirement or within 6 months of return to duty, or can double up on his or her periodic payments for a period equivalent to the period of leave. Information on the appropriate rates applicable is available from Pensions Section.

Important to note, purchased Notional Service, although reckoned for the calculation of benefits, cannot be counted to reach eligibility threshold for retirement under 35/55 year rule.

### 30. What are AVCs?

Additional Voluntary Contribution (AVC) schemes are a facility available to teachers through their staff unions/associations which allow them to enhance their pension benefits at their own expense, as permitted by the Revenue Commissioners. AVCs are essentially a private arrangement between the individual and a private sector pension provider. The 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. The cash benefit is ultimately dependent on the performance of the fund in which the AVC contributions are invested. Contributions are allowable against income tax, subject to Revenue rules.

It may also be possible to transfer the value of an AVC to the Primary School Teachers Pension Scheme in order to purchase notional service. Further information on the conditions attaching to this is available from the Pension Unit.

### **31. How are benefits and contributions treated for income tax purposes?**

Under the current rules, the retirement lump sum, death gratuity or balancing gratuity (if appropriate) are not subject to income tax. Pensions are subject to income tax in the normal way. Contributions for personal benefits, Spouses' and Children's Contributory Pension Scheme and Purchase Scheme contributions would normally qualify for income tax relief subject to Revenue Commissioner thresholds. Where a teacher is due a refund of contributions (because s/he does not have sufficient service to qualify for a preserved benefit or cannot transfer service), the refund will be made to him or her less an amount equal to any income tax liability in respect of such contributions (currently at 20%).

### **32. What happens to my pension if I get divorced or separated?**

Your pension will only be affected by divorce or judicial separation if there is a Pensions Adjustment Order (PAO) in force apportioning some of the pension entitlements to the Spouse/Civil Partner or dependent children. Death gratuity and spouses' pension entitlements may also be affected by a PAO. Where there is no PAO then benefits will be payable in accordance with the rules of the scheme. Arrangements for making PAOs are primarily matters for the parties to the legal proceedings and the Courts. Where an application for a PAO arises you should notify the Pension Unit of this Department.

### **33. How does PRSI impact on my occupational pension?**

Historically, most public servants in membership of an occupation pension scheme paid a modified /reduced rate of PRSI. In general this rate provided for a very limited range of benefits under the social welfare code. In broad terms, it would be unlikely for a teacher, who has paid modified rate of PRSI throughout his/her career, to qualify, on resignation or retirement, for unemployment benefit or a personal social welfare contributory pension. Where a teacher was employed in a post which was not pensionable, the teacher generally paid full rate PRSI (Class A). In 1995 full rate PRSI was extended to all new employees of the categories of public sector employees (including teachers) to whom modified PRSI rate had traditionally applied. In addition, a teacher to whom modified PRSI rate applies, who has a break in service, upon resuming employment, becomes liable for full rate PRSI.

The occupational pension contribution payable is determined by the PRSI Class. Those on modified Class D PRSI make a higher contribution towards occupational pension than those on Class A. Conversely, those on Class A

have a higher PRSI contribution, given that they are providing for a state pension. Class A PRSI payment brings with it a potential entitlement to a state pension. As the state pension may become payable at age 66, and as some teachers retire significantly earlier than that age, those teachers may, on application, be paid a supplementary pension by this Department in the period between retirement and age 66 where they satisfy certain criteria. The purpose of paying the supplementary pension is to ensure that teachers who paid Class A PRSI are not disadvantaged in the period between their retirement and the date of their receipt of state pension.

The payment of supplementary pension beyond age 66 can be extended where the criteria continue to be satisfied. Where a person is awarded a supplementary pension and is subsequently awarded a pension from the Department of Social Protection, s/he is required to notify the Pension Unit of the Department of Education and Skills in order that their entitlement to supplementary pension may be reviewed. Where a state pension becomes payable to a value greater than that of the supplementary pension, the supplementary will cease immediately. Receipt of a lower amount of state pension will result in a reduction of the supplementary pension.

#### 34. Where can I get more information?

Application forms and further information on the Primary School Teachers' Pension Scheme can be accessed on the Department of Education & Skills website at:

**<http://www.education.ie/en/Education-Staff/Services/Retirement-Pensions/>**

**If, having consulted the Department's website, you still require further clarification on any aspects of pensions, please contact us by e-mail [pensions@education.gov.ie](mailto:pensions@education.gov.ie) or by post to Pension Unit, Department of Education and Skills, Cornamaddy, Athlone, County Westmeath, submitting the query form available on the website.**

The following is a list of some recent circulars that may be of interest to you which can be viewed on the website:

New Entrant Circular (Circular P 10/04)

Cost-Neutral Early Retirement (Circular Letter PEN 07/05)

Revised Spouses' and Children's Pension Scheme (Circular Letter PEN 14/05)

Revised Notional Service Circular (Circular Letter PEN 11/05)

Purchase of Notional Service, (for superannuation purposes) by job-sharers (Circular Letter PEN 5/02)

Purchase of Notional Service, (for Superannuation purposes) revision of the scheme (Circular 0129/2006)

Pension Unit,  
Department of Education and Skills,  
Cornamaddy,  
Athlone,  
County Westmeath.

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