

26 June 2009

Circular 12/09: Incentivised Scheme of Early Retirement

1. I refer to the announcement of an Incentivised Scheme of Early Retirement (ISER) by the Minister for Finance in his Budget Statement of 7 April 2009.

2. The purpose of the ISER is to facilitate the permanent, structural reduction in the numbers of staff serving in the civil service, local authorities, health sector and non-commercial state bodies, with associated restructuring of organisation and operations, in as timely a manner as possible. This reduction in numbers is intended to contribute significant and ongoing savings to the Exchequer. Therefore, CEOs¹ must as far as possible facilitate the efficient and effective implementation of the Scheme. The Scheme will not apply:

- (i) where the relevant pension scheme provides for faster accrual rates of service which allow staff to retire with full pension after less than 40 years' actual service; or
- (ii) where, excluding the Cost Neutral Early Retirement Scheme and retirement on the grounds of ill-health, the pension arrangements applicable to an employee make any kind of provision for retirement at an age earlier than the scheme's preserved pension age; or
- (iii) in areas where the recently announced moratorium on recruitment and promotion allows retiring staff to be replaced.

3. The terms of the Scheme are set out in Appendix A and there is an application form at Appendix B1, with an acceptance form at Appendix B2. This circular including Appendices A, B1 and B2 should be made available to all persons who are eligible to avail of the Scheme. **In all cases an offer of acceptance cannot be finalised until a duly completed acceptance form (at Appendix B2) has been signed and submitted by the applicant.**

¹ For "CEO" read "CEO or Director or Registrar or Board or Head of Office/Agency or parent Department" throughout this Circular.

To/All Agencies, etc

Operation of the ISER

4. In implementing the ISER, Agencies² must have regard to the overall strategic priorities of their organisation when considering applications. When selecting the order in which applicants may retire under this Scheme, regard should be had to the business needs of the organisation, the level of savings achievable by granting certain applications, the location or business area of the person or classes of persons applying, the proposed last day of service and any other relevant matter. While nothing in this Circular should be construed as conferring an absolute right or entitlement on staff members to avail of the ISER, in general, Agencies will be expected to facilitate the early release of staff, with priority being given to the officers with the longest service, other things being equal. In all cases officers must be given a decision in writing **no later than five weeks** after their application is made.

5. Where it is considered that the immediate loss of a particular group/member of staff through retirement under the ISER will give rise to difficulties of a substantial nature in the management of their Agency, in supporting the Minister and the Government or in safeguarding Exchequer resources, Agencies may (a) postpone the date of departure of that applicant for a period of up to one calendar year from the date of application or (b) in exceptional cases refuse the application.

6. Any deferment or refusal must be for stated business reasons e.g. safeguarding organisational capacity and public service delivery, including through the retention of an appropriate and balanced set of skills across relevant staff grades, business areas and locations. Each instance of delayed departure or refusal must be treated on an individual basis and the applicant must be advised of the reasons for the decision in writing. While applicants may specify on the application form a preferred date of departure, **(the preferred date must be at least five weeks from the date the application is made and no later than 30 November 2009)**, it will be a matter for the Agency to determine the final date of service having regard to business requirements, the need to manage the orderly departure of staff under this scheme and the delivery of services.

7. A decision on an application for the ISER will in the first instance be made by the Agency no later than five weeks after the application is made.³ In the event of a decision to refuse or defer an application, officers may apply, within two weeks, to the CEO to reconsider the decision. The CEO's decision, which shall be binding in all cases, must be made within three weeks of the referral.

8. An officer whose application has been approved, but whose departure has been delayed, will be entitled to retire under this Scheme with no actuarial reduction in his/her pension entitlements (but see Appendix A regarding the Purchase of Notional Service). The retirement lump sum will be subject to the taxation provisions

² For "Agency" read "Agency, Body, Department or Organisation" throughout this Circular.

³ In any case where a large number of applications are made that cannot be determined in the available period, the Personnel Officer may notify applicants that a decision on their application is being delayed by a maximum of two weeks, to a specified date.

in force on the date the application was approved. Once an application has been approved under this scheme and a signed Form B2 received by the Agency, the application cannot subsequently be withdrawn.

9. In accordance with the terms of the Government moratorium on recruitment and promotion in the public service, vacancies arising from the operation of this Scheme may not be filled unless specific sanction is given by the Department of Education and Science. CEOs will be expected to reorganise or restructure work or business units in order to protect service levels as far as possible. Notwithstanding the above measures, where the release of staff under the ISER will have significant unavoidable impacts on service delivery, CEOs will be required to bring this to the attention of their parent Department.

10. Agencies should use the introduction of this Scheme as an opportunity to review and enhance workforce planning, knowledge transfer and skills development processes at all grades. Periods of deferment under the scheme should be used to develop and implement targeted measures to reorganise and restructure work allocation and staffing in order to minimise any potential loss of experience and corporate knowledge.

11. The Scheme will be open to applications on the form at Appendix B1 **from 26 June 2009 until 11 September 2009**, after which the scheme will be reviewed in the context of Budget 2010. Applications from officers on loan should be forwarded, through the Personnel Section of the Agency in which they are serving, to their parent Agency. As the Minister for Finance indicated in his Financial Statement on Supplementary Budget day this is the only voluntary early retirement scheme that the Government intends to make available in the civil and public service⁴.

12. It is a general condition of this Scheme that persons availing of the Scheme will not be eligible for re-employment in the same part of the public service. In order to ensure compliance with the provisions of the form of acceptance, Agencies must inquire of relevant future job applicants if they have availed of the terms of this Scheme. If the person was formerly employed in an Agency under the aegis of the Department of Education and Science and availed of the ISER, they are ineligible for subsequent re-employment in an Agency under the aegis of the Department of Education and Science. However, if the person retired from an Agency under the aegis of the Department of Education and Science or another area of the public service under a similar ISER and is subsequently employed in another Agency under the aegis of the Department of Education and Science or another public service Body, that Agency or public service body must inform their former employer to this effect. The former employer will abate the pension so that s/he receives no more by way of pension and salary than the pay s/he would have received had s/he remained in the former employment. (In the event that the pay in the new employment equals or exceeds that of the former employment, the pension will cease.) This abatement will apply until the employee reaches the maximum pension age under the former employer's pension scheme.

⁴ Civil and Public servants may still avail of the existing Cost Neutral Early Retirement Scheme (Department of Finance Circular 10/2005 refers).

13. If an Agency under the aegis of the Department of Education and Science is informed by another public service body that a former employee of that Agency, who has availed of the ISER, has been employed by them, then that Agency must take immediate steps to abate the person's pension for so long as s/he is employed in the public service or until s/he reaches maximum pension age. In all cases the final public service employer should ensure that total superannuation benefits paid to a person who benefits under this Scheme should not exceed 40 years.

14. The provisions outlined in paragraphs 12 and 13 will also apply in the case of individuals engaged under a contract for services.

15. Where, exceptionally, a business need exists to re-engage *in the same part of the public service* an individual with specialised skills who has availed of the scheme, this may only be done with prior Department of Education and Science sanction and for a limited period. Pension abatement will apply to any such appointment.

16. In order to assist in the monitoring of these arrangements, the names and PPS numbers of all officers availing of this scheme will be held on a central database and when public service employers are recruiting staff who might have availed of the terms of this scheme, the employers will be required to check the names and PPS numbers of potential recruits against this database.

17. Agencies **must** submit to the Department of Education and Science on a monthly basis details of the number of applications received, whether they have been granted, deferred or refused; the cost of payments under the Scheme as well as the savings on pay for the year of retirement and for the following year (full-year), both in respect of the Agencies and of bodies under its aegis. The business reasons for any refusals or deferments must be specified, as well as the period of the deferment. In the case of deferments, they must also provide an assurance that procedures are in place to manage the transfer of knowledge/skills in the period of the deferment and the delivery of service after the applicant has retired. All of the above information will then be returned to the Department of Finance.

18. Agencies should bring this Circular to the notice of all eligible employees and to the notice of all relevant public service bodies under their aegis. Agencies must also arrange for the appropriate implementation of the ISER by those bodies, in consultation with the Department of Education and Science if necessary, and instruct those bodies to put in place appropriate reporting arrangements, as outlined in the previous paragraph.

19. Officers should address queries in relation to this Circular to the Personnel Section of their Agency.

Philip Crosby
Principal Officer
External Staff Relations
Department of Education and Science

Incentivised Scheme of Early Retirement

1 Employees **50 years of age by 11 September 2009** and over who have already accrued entitlement to preserved superannuation benefits under a public service scheme, and who have not yet reached normal preserved pension age, are eligible to apply for early retirement under this Scheme. Persons on special leave, including career breaks, are also eligible. The Scheme will not apply:

- (i) where the relevant pension scheme provides for faster accrual rates of service which allow staff to retire with full pension after less than 40 years' actual service; or
- (ii) where, excluding the Cost Neutral Early Retirement Scheme and retirement on the grounds of ill-health, the pension arrangements applicable to an employee make any kind of provision for retirement at an age earlier than the scheme's preserved pension age; or
- (iii) in areas where the recently announced moratorium on recruitment and promotion allows retiring staff to be replaced.

Where required for business reasons, Agencies may (a) postpone the date of departure of that applicant for a period of up to one calendar year from the date of application or (b) in exceptional cases refuse the application.

Applications

2 The Scheme will be open to applications from **26 June 2009 until 11 September 2009** after which the scheme will be reviewed in the context of Budget 2010. While nothing in this scheme should be construed as conferring an absolute right or entitlement on staff members to avail of the ISER, in general, Agencies will be expected to facilitate the early release of staff, with priority being given to the officers with the longest service, other things being equal. In all cases officers must be given a decision in writing no later than **five weeks** after their application is made.

Terms

3 Superannuation benefits will be based on actual service, including transferred service, plus purchased service and any additional notional years of service awarded under the Schemes of Professional Added Years (see paragraphs 9 and 10 below).

4 Pension along with 10% of the retirement lump sum, based on the salary held at the date of retirement (subject to averaging where appropriate), will be paid immediately *without* actuarial reduction (but see paragraph 8 on Purchase of Notional Service). Supplementary pension⁵, where appropriate, will be paid to persons availing of this Scheme on reaching the relevant normal preserved pension age (60 or 65 years, as appropriate).

⁵ On reaching the relevant preserved pension age, a supplementary pension may be payable to a person, who is fully insured, in respect of periods during which s/he is not employed in any capacity which involves a social insurance contribution and, due to causes outside his/her own control, fails to qualify for social insurance benefit or qualifies for such benefit at less than the maximum personal rate.

5 The 90% balance of the lump sum, based on the salary scale point on the date the person reaches the normal preserved pension age, will be paid on reaching that age and will be subject to the taxation provisions in force on the date the application under this Scheme was approved.

6 Where an applicant has expressed a preferred date for leaving, the preferred date must be **at least five weeks from the date the application is made and no later than 30 November 2009**. It will be a matter for the Agency to determine the final date of service having regard to business requirements, the need to manage the orderly departure of staff under this scheme and the delivery of services.

7 An application to retire under this Scheme must be made by submitting a completed Form B1 to the Personnel Section of the employing Agency. When approval to retire under the Scheme is offered to an individual they must complete Form B2 as soon as possible to accept the offer. Once a signed Form B2 has been received by the Agency, the application will be formally approved and cannot subsequently be withdrawn.

Purchase of Notional Service

8 In the case of officers who have availed of purchase of notional service facilities, the service purchased to the date of retirement under this Scheme will be reckoned in the normal way, i.e. pro rata and/or actuarial reductions will apply, as appropriate.

Professional Added Years

9 Certain officers appointed to professional, technical and specialist posts in the civil/public service may be eligible for added years on retirement. Under this Scheme, the normal rules with regard to leaving early will apply (e.g. in the Civil Service and State Bodies an award of added years will be reduced on a pro rata basis). Spouses' and Children's contributions in respect of added years will be charged in the normal way.

10 Note: The rules are different in the local authorities and for some grades in the health area – the treatment of professional added years will be dealt with specifically in the ISER for those sectors.

Spouses' and Children's Contributions

11 Spouses' and Children's Contributions in respect of earlier service and/or professional added years will be deducted from the balance of the lump sum payable at preserved pension age.

Re-employment

12 Persons who retire under this Scheme will not be eligible for appointment to a position in the same employment or the same sector of employment in the public service e.g. a public servant who retires from an Agency under the aegis of the Department of Education and Science under this scheme will be ineligible for re-employment in any Agency under the aegis of the Department of Education and Science at a future date.

13 If a beneficiary under this Scheme is employed at any time in the future by any other public service body, that person will notify the new employer that s/he is a beneficiary of this Scheme so that they may inform the former employer of such employment. In these circumstances, payment of the pension awarded under this Scheme will be abated with effect from the date of that appointment and abatement of pension will continue while the person is employed in the public service or until maximum pension age, as appropriate. Abatement of pension means that s/he receives no more by way of pension and salary than the pay s/he would have received had s/he remained in the former employment. (In the event that the pay in the new employment equals or exceeds that of the former employment, the pension will cease.) These provisions will also apply in the case of individuals engaged under a contract for services.

14 In the event of any such new employment, superannuation entitlements in the public service will in aggregate be limited to 40 years or equivalent of reckonable service overall.

Monitoring

15 In order to assist in the monitoring of these arrangements the names and PPS numbers of all availing of this Scheme will be held on a central database, and when public service employers are recruiting staff, the employers will be required to check the names and PPS numbers of potential recruits against this database. Public service employers must ensure that when recruiting any individual who has availed of this or a similar incentivised early retirement scheme, the provisions of the scheme are adhered to especially in relation to abatement of pension and the maximum aggregate period of pensionable service.

Application for the Incentivised Scheme of Early Retirement

Applicants are advised to read this form and the associated circular 12/09 [referred to below as "the Circular"] carefully before signing. Applicants who are uncertain as to the meaning of any of the contents of the form should seek clarification from their Personnel Section. Officers are, of course, free to seek independent advice. The application must be submitted to the Personnel Section of the parent Agency.

1. NAME _____

2. MALE/FEMALE (delete as appropriate)

3. OFFICIAL ADDRESS

4. EMAIL _____

5. TELEPHONE NUMBER _____

6. GRADE _____

7. DATE OF BIRTH _____

8. PPS Number _____

9. LAST DATE OF SERVICE (Note: While applicants can specify a preferred last date of service, it is a matter for Agencies to determine the final date of service – paragraph 6 of Circular 12/09 refers. The preferred date must be at least five weeks from the date the application is made and no later than 30 November 2009.)

Preferred last date of service: _____

Signature: _____ Date: _____

Appendix B2

FORM OF ACCEPTANCE FOR THOSE GRANTED THE INCENTIVISED SCHEME OF EARLY RETIREMENT FROM *[Name of Agency]*.

I, _____ (name in block capitals) have read carefully and fully understand the terms and conditions applying to the offer of retirement under the terms of the Incentivised Scheme of Early Retirement as outlined in Circular 12/09. I fully accept the terms and agree to be bound by them. I accept that my last date of service will be _____

I fully understand that in line with the provisions of the Scheme I am not eligible for re-employment in *[Name of Agency]*. I also accept the condition of this Scheme that, if I am employed at any time in the future by any other public service body, I must inform that body that I am a beneficiary of this Scheme. I also undertake to inform my former employer of any such employment. I fully understand that payment of my pension will be abated with effect from the date of appointment to the other body and that abatement will continue for as long as I am employed in the public service or until maximum pension age under the scheme. I also understand that if I acquire further superannuation benefits in the public service, my total superannuation entitlements in the public service will be limited to 40 years or the equivalent.

I acknowledge also that *[Name of Agency]* reserves the right to recover, by civil proceedings or otherwise, any overpayments of pension to me arising from my failure to notify the former employer of my employment in a public service body.

I hereby consent to the storage of my PPS number as contained in my Personnel file in a Central Database.

I fully understand that the PPS number will be used for the purpose of ascertaining whether an individual between the ages of 50 and 65 who is being recruited to any part of the Public Service is in receipt of any payment under this Incentivised Scheme of Early Retirement.

I fully understand that in the event that an individual between the ages of 50 and 65 is recruited to the Public Service, the PPS number will automatically be forwarded to the Central Database to ascertain whether the person concerned is in receipt of a pension under this Scheme. In the event that they are, I fully understand that the rules in relation to abatement as contained within the Scheme will apply.

Signature of staff member
Date

Signature of witness
Date

Occupation of witness
Address of witness