

# **Explanatory Booklet on the Mary Immaculate College Pension Arrangements**

*for*

## **ACADEMIC AND ADMINISTRATIVE STAFF PAYING FULL (CLASS A) PRSI WHO ARE NOT NEW ENTRANTS [FOR THE PURPOSES OF THE PUBLIC SERVICE SUPERANNUATION (MISCELLANEOUS PROVISIONS) ACT 2004]**

*i.e. those paying Class A PRSI who joined the Public Sector before 1st  
April 2004 and have remained in public sector employment without  
a break in service since their start date*

- 1. What is the basis for the Mary Immaculate College pension arrangements?**  
The pension terms are set out in the Colleges of Education Pension Scheme and Spouses and Children's Pension Scheme which were approved by the Minister for Education and Science, with the concurrence of the Minister for Finance.
- 2. What types of Schemes are involved?**  
The schemes are defined benefit schemes for the purposes of the Pensions Act, 1990. In other words, benefits under the schemes are calculated by reference to a member's pensionable service and pensionable pay at retirement. The cost of the benefits is met on a "pay-as-you-go" basis, i.e. benefits are paid each year out of current revenue and the contributions payable by members are credited to current revenue each year.

## **I STAFF SCHEME**

- 3. What benefits does the Scheme provide?**  
The main benefits are
  - retirement pension and lump sum (question 10)
  - death gratuity (question 16)
  - spouses' and children's pensions (questions 27 - 43).
- 4. Who is eligible to join the Scheme?**  
If you are appointed to a pensionable post with the College and satisfy the College that you are in good health you must join the Scheme.
- 5. What factors will be taken into account in determining benefits?**  
The benefits will normally depend upon one or more of the following factors:
  - (a) your basic salary
  - (b) your pensionable allowances i.e. allowances in the nature of pay lawfully determined or lawfully approved by the Minister for Education and Science, which are designated as pensionable by the Minister, but excluding certain payments such as overtime,
  - (c) your service (questions 7,12, 21, 22 and 23).
- 6. Are contributions payable towards the benefits of the Scheme?**  
Contributions are payable towards your own retirement pension and lump sum benefits at the rate of 1.5% of your basic salary and pensionable allowances plus 3.5% of the amount by which your basic salary and pensionable allowances exceeds twice the current rate of Social Welfare State Pension (Contributory). Additional contributions are payable by all employees towards spouses' and children's pensions (question 37).
- 7. What service is reckonable for benefits?**
  - paid service as a pensionable employee;
  - certain part-time service prior to becoming a member of the Scheme;
  - certain other transferred service (question 22);
  - additional or added service allowed in certain circumstances (questions 12 and 21);
  - certain service in respect of which you may already have received a refund of contributions provided you make an appropriate repayment.

**8. On what rate of pay are benefits calculated?**

Your benefits are based on your pensionable pay which, in most cases, means your basic salary, plus any pensionable allowances, on the date of retirement or death. If, however, you change grade or receive a personal increase in salary within the last 3 years of service – other than a general or grade increase or normal increments - an average salary figure will be used. This averaged figure will reflect the time spent in each post during the last 3 years of service and the salary of each post.

Pensionable allowances are assessed on the basis of the best 3 consecutive years in the final 10 years of reckonable service. The pensionable allowances earned in whichever 3 year consecutive period is the best are averaged over that period. If the best 3 consecutive year period is other than the final 3 years of reckonable service, the amount of the averaged allowance(s) is uprated to the values appropriate to the last 3 years of reckonable service.

**9. When are benefits payable?**

Pension and lump sum are payable on retirement. Maximum retirement age is –

- 65 for non-academic staff <sup>1</sup> and
- the end of the college year in which the member has reached age 65 in the case of academic <sup>2</sup> and administrative staff <sup>3</sup>.

However, you may retire at any time after reaching age 60 (or before that age on grounds of ill-health – see question 12). A minimum of 2 years' reckonable service is required for pension and lump sum. You may retire or resign on grounds of ill-health before age 60 with immediate payment of retirement pension and lump sum provided you have at least 5 years' reckonable service. If you resign voluntarily before age 60 with at least 2 years' reckonable service and do not transfer to another organisation whose pension scheme allows for the reckoning of your service under the Colleges of Education Pension Scheme, you may qualify for a preserved pension and lump sum at age 60, on written application by you or you may, instead, opt for cost neutral early retirement (see question 19).

**10. What rate of retirement pension and lump sum is payable?**

The Scheme is designed to give you the maximum pension and lump sum after 40 years' service. Subject to a minimum requirement of 2 years' reckonable service (for all retirements at or over age 60) or 5 years' reckonable service (for ill-health retirements before age 60), pension and lump sum are payable for each year of reckonable service (with fractions of a year counting proportionately) at the following rates:

Pension:	1/200 <sup>th</sup> of pensionable pay up to 3 and 1/3 <sup>rd</sup> times the current rate of Social Welfare State Pension (Contributory) <u>plus</u> 1/80 <sup>th</sup> of pensionable pay in excess of this limit (if any).
Lump Sum:	3/80ths of pensionable pay.

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<sup>1</sup> "non-academic staff" is defined in the Scheme as any or all of the following:- Clerical/Secretarial Staff, Catering/Household Staff, Library Staff, Technical Staff, Security Staff, Maintenance Staff.

<sup>2</sup> "academic staff" is defined in the Scheme as any or all of the following:- Principal Lecturer, Senior Lecturer 9, Senior Lecturer 7, Lecturer, Assistant Lecturer, Research Director, Research Fellow, Research Associate, Statistician/Programmer, Research Assistant.

<sup>3</sup> "administrative staff" is defined in the Scheme as any or all of the following:- President, Secretary/Bursar, Bursar/Administrator, Registrar, Librarian, Assistant Librarian, Admissions Officer, Academic Secretary, Research Administrative Officer.

**Example:**

A person retires at age 61 with 34.36 years' reckonable service and pensionable pay of €50,000. The weekly rate of State Pension (Contributory) is €230.30<sup>4</sup>, i.e. €12,017.05 per annum. Therefore 3 and 1/3<sup>rd</sup> times this limit is €40,056.85 per annum. The entitlements are calculated as follows:

<b>Pension</b>	=	<b>€40,056.85</b>	x	<b>34.36</b>	x	<b>1/200</b>	=	<b>€6,881.77</b>
<i>plus</i>		<b>€9,943.15</b>	x	<b>34.36</b>	x	<b>1/80</b>	=	<b>€4,270.58</b>
						<b>Total College Pension</b>	=	<b>€11,152.35</b>

<b>Lump Sum</b>	=	<b>€50,000</b>	x	<b>34.36</b>	x	<b>3/80</b>	=	<b>€64,425.00</b>
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The above pension represents the College pension. However, total Pension will come from two sources - the College and the State – so that

<b>College Pension</b>	+	<b>State Social Welfare Pension</b>	=	<b>Total Pension</b>
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The State Pension (Contributory) is separate to your College pension and is paid by the Department of Social and Family Affairs. There may be circumstances where a person does not qualify for the maximum Social Welfare benefit or any at all. For example, a member might retire at age 60 (5 years before State Pension (Transition) becomes payable in the normal course) and, although unemployed, might cease to qualify for Jobseeker's Benefit. Alternatively, a member aged 65 might retire and, although eligible for State Pension (Transition), might not qualify for the maximum rate of that pension because of gaps in his/her PRSI contribution history. In a case such as this, where the retired member is unemployed but has some problems on the PRSI front, the Scheme provides in certain circumstances for the payment of a supplementary pension in addition to the normal retirement pension referred to earlier in this question.

Specifically, a supplementary pension is payable in any case where –

- (a) the retired member is not employed, and
- (b) the member's College pension, plus the amount of any PRSI benefit payable, is less than the pension which would have been paid under the Scheme if the entire pensionable pay had been subject to a 1/80th fraction calculation.

The amount of the supplementary pension, designed to make up the shortfall in such cases, may be expressed by the formula  $A - (B+C)$ , where

- A is the amount of the pension which would have been paid to the member by the College if the entire pensionable pay had been subject to a 1/80th fraction calculation, as opposed to part subject to a 1/200th fraction calculation and the balance subject to a 1/80th fraction calculation.

<sup>4</sup> Effective from 2 January 2009.

B is the amount of College pension payable in the normal course to the member concerned and

C is the reduced amount (if any) of PRSI benefit payable to that member.

Therefore, if the employee in the example in this question was not employed post retirement and did not qualify for any PRSI benefit, a supplementary pension of €10,322.65 would be payable, i.e.  $[(€50,000 \times 1/80 \times 34.36) - €11,152.35]$ .

If you resign before age 60 and qualify for a preserved pension and lump sum, they will be based on your pensionable pay on the date of your resignation uprated to take account of increases in pensions generally between that date and your 60th birthday.

**11. What is the position if I become too ill to continue in employment?**

Subject to certain conditions you may retire on ill-health grounds.

**12. What benefits are payable if I retire on ill-health grounds?**

A pension and lump sum, calculated in the same way as an age retirement pension and lump sum (see question 10) will be paid to you provided you have a minimum of 5 years' reckonable service (if under age 60) or 2 years' reckonable service (if age 60 or over). As well as your actual service you may be allowed an additional period of notional service provided you have at least 5 years' reckonable service. This added service, which is calculated by reference to the length of your actual service, is to compensate you for the fact that you have to retire prematurely. An addition of 6  $\frac{2}{3}$  years is common. The maximum addition is 10 years but very few, if any, employees will qualify for this. The actual addition allowable in any case will depend on the employee's age and service as follows:

- (a) a member with between 5 and 10 years actual service is credited with an equivalent amount of added service, provided this does not exceed the additional service which the member would have accrued if he/she had remained in employment up to age 65;
- (b) a member with between 10 and 20 years actual service is credited with the more favourable of –
  - (i) an amount of service equal to the difference between actual service and 20 years (provided this does not exceed the additional service which the member would have accrued if he/she had remained in employment up to age 65); or
  - (ii) 6 years and 243 days, provided this does not exceed the additional service which the member would have accrued if he/she had remained in employment up to age 60);
- (c) a member with more than 20 years actual service is credited with the same award of added service as at (b)(ii) above.

If you retire on ill-health grounds with at least 1 year and less than 2 years' reckonable service, you will not qualify for a pension and lump sum. However, a short service gratuity, related to your actual service, will be paid to you (see question 24).

If you retire on ill-health grounds before age 60 and have at least 2 years and less than 5 years' reckonable service, you will be given a once-off irrevocable option of accepting a short service gratuity (see question 24) in lieu of a preserved pension and lump sum (see question 19). To assist you in making your option, you will be given relevant information, including -

- an estimate of the benefits available under each option
- a statement that where you opt to receive the short service gratuity, contributions paid by you under the Spouses' and Children's Contributory Pension Scheme will be refunded and that the refund will discharge the College's liabilities under that Scheme
- the time-limit within which the option must be exercised.

All options must be given in writing. If you do not exercise an option in writing within the time-limit specified by the College, you will be deemed to have decided to avail of preserved lump sum and pension and will be notified accordingly.

There is no ill-health addition to service in either of these options.

**13. For how long is my pension paid?**

Your pension is paid for the period of your lifetime.

**14. Is there any provision for my pension to be increased after I retire?**

Yes. Your pension (or any spouse's and children's pension payable after your death) will generally be increased to take account of increases in the pay of your former grade.

**15. Are benefits affected if I become re-employed by the College after I retire or resign?**

Yes. Different rules apply depending on whether you become re-employed in a pensionable or non-pensionable capacity. You should contact the HR Department for more information.

**16. What benefits would apply if I died in service?**

Your legal personal representative would receive the greater of:

- one year's pensionable pay (at the rate applicable on the date of your death), or
- the lump sum that would have been paid to you had you retired on ill-health grounds on the date of your death (questions 10 and 12).

As a member of the Spouses' and Children's Contributory Pension Scheme a pension will be payable to your spouse and children (questions 27 - 43).

**17. What benefits would apply if I died after retirement?**

If at the time of your death the total pension received by you since your retirement, together with the amount of your retirement lump sum, amounts to less than the gratuity that would have been paid to you had you died in service on the date of your retirement, a sum equal to the deficiency will be paid to your legal personal representative.

**18. What happens if I leave the service of the College otherwise than by reason of age or ill-health retirement?**

If you resign voluntarily you may either transfer your pension rights to an approved organisation (question 22) or, if you have at least 2 years' reckonable service, qualify for a preserved pension and lump sum (question 19).

**19. How or when do I qualify for preserved benefits and what is cost neutral early retirement?**

If you resign before age 60 -

- other than on ill-health grounds with at least 2 years' reckonable service and you are not transferring your service to another organisation whose pension scheme allows

for the reckoning of your service under the Colleges of Education Pension Scheme, or

- (b) on ill-health grounds with at least 2 years' reckonable service and do not opt in writing to receive a short service gratuity (question 12),

your pension and lump sum entitlement is preserved to age 60. As explained in questions 9 and 10 you must apply in writing for these benefits on reaching age 60 and they will be based on your reckonable service and on your pensionable pay on the date of your resignation uprated by the appropriate increases between that date and your 60th birthday.

Preserved pension and lump sum under (a) above will become payable earlier than your 60th birthday if you fall permanently ill before that date. Should you die before reaching age 60 a preserved death gratuity (calculated in the same manner as a preserved lump sum) will be payable to your legal personal representative.

As an alternative to taking preserved benefits, you may, provided you are at least 50 years of age, decide to retire and take immediate payment of pension and lump sum in which case the benefits will be actuarially reduced to take account of the early payment of the lump sum and the longer period over which pension would be paid. This facility is known as cost neutral early retirement and the application to draw down these benefits must be made not later than the date of resignation. The amount of the actuarial reduction will depend on your age on resignation. Further information, including the actuarial reduction rates and other general conditions, is available from the HR Department.

**20. Can I obtain a refund of my contributions in any circumstances?**

Your contributions (less an appropriate deduction for income tax) will be refunded to you if you resign with less than 2 years' reckonable service and are not entitled to transfer your service (question 22).

**21. What are added years or additions to service?**

Notional service or added years may be awarded in certain circumstances

- on ill-health retirement (question 12), and
- where certain professional qualifications and/or experience are required for appointment.

**22. What does transferred service mean?**

Under approved arrangements you are able to transfer your service to or from a variety of public sector organisations such as the civil service, the local authority and health sectors, the Garda Síochána, the Defence Forces, the teaching sector and certain other state or semi-state bodies. The HR Department (see question 48) will be able to advise you of the full extent of these transfer of service arrangements.

If you are newly-appointed, you should notify the HR Department of any previous employment and if you are resigning you should give details of your prospective employer, if any, to the HR Department so that a transfer of your service can be arranged, if possible.

**23. What can I do if I have a shortfall of service?**

You may purchase additional notional service at full actuarial cost to yourself. Details of the cost of purchase and the limits on the amount of notional service you may purchase are available from the HR Department.

Alternatively, you may be able to contribute to an approved Additional Voluntary Contribution (AVC) Plan. However, this is outside of the Colleges of Education Pension Scheme. You should contact the HR Department for further information.

**24. What is a short service gratuity?**

A short service gratuity may be paid to you if you are forced to retire permanently on health grounds after at least 1 year's service before you have the required service to qualify for a lump sum and pension. It may also be paid in lieu of preserved benefits if you retire or resign on ill health grounds with between 2 and 5 years' service and opt for same (see question 12).

The gratuity amounts to  $1/12^{\text{th}}$  of pensionable remuneration for each year and fraction of service. In addition, if you have over 2 years' service, an extra sum amounting to  $3/80^{\text{ths}}$  of pensionable remuneration for each year and fraction of service is payable.

**25. What is the Spouses' and Childrens' Pension Scheme?**

A brief explanation of that Scheme is attached (see questions 27 – 43)

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

All lump sum payments (including gratuities) are exempt from income tax.

Pensions are subject to income tax in the ordinary way.

Contributions payable towards the staff scheme and spouses' and children's pension scheme would normally qualify for income tax relief (subject to certain limits).

## **II SPOUSES' AND CHILDREN'S PENSION SCHEME**

**27. What is the Spouses' and Children's Pension Scheme?**

It is a Scheme to provide pensions for the spouse and/or dependent children of a member who dies in service or after qualifying for a pension or preserved pension.

**28. Who does the Scheme apply to?**

In general, the Scheme applies to pensionable employees who are members of the Staff Scheme.

**29. Can I leave the Scheme?**

No - Once you join the Scheme you must remain in it.

**30. How are spouses' and children's pensions calculated?**

If you die in service or after retirement on ill-health grounds the spouse's and children's pensions will be calculated by reference to the pension you would have received had you continued in pensionable employment up to age 65 (this is known as your potential pension).

In all other cases the spouse's and children's pensions will be calculated by reference to your actual pension entitlement. It should be noted that any decision to opt for cost neutral early



retirement in lieu of preserved benefits (question 19) will not affect spouse's and children's pension benefit, i.e. the spouse's and children's pension benefit will be the same as if the option had been for preserved benefits.

Pensions are calculated according to the following table:

Details of Dependants	Fraction of your pension or potential pension payable to spouse	Fraction of your pension or potential pension payable to children	Total Fraction of your pension or potential pension payable
Spouse	$\frac{1}{2}$	-	$\frac{1}{2}$
Spouse and 1 child	$\frac{1}{2}$	$\frac{1}{6}$	$\frac{2}{3}$
Spouse and 2 children	$\frac{1}{2}$	$\frac{1}{3}$	$\frac{5}{6}$
Spouse and 3 or more children	$\frac{1}{2}$	$\frac{1}{2}$	Full Amount
1 child	-	$\frac{1}{3}$	$\frac{1}{3}$
2 or more children	-	$\frac{1}{2}$	$\frac{1}{2}$

An enhanced rate of pension may be payable for the first month after your death. This amounts to one month's net pensionable pay if you die in service and one month's pension (your pension rate on the date of death) if you die after retirement.

**31. Who is regarded as a “child” for the purposes of the Scheme?**

A person under 16 years of age or, if receiving full-time education or training, 22 years of age. Subject to certain conditions, no age-limit applies where a child is incapable of maintaining himself or herself because of mental or physical infirmity.

**32. To whom are children's pensions payable?**

Children's pensions are normally paid to the spouse.

**33. My spouse has already died - can I provide for my children under the Scheme?**

Yes - your children would be covered under the Scheme.

**34. I have four children - can I provide for all of them?**

The children's pension is for the joint benefit of all your children. If you leave a spouse and three or more children, the maximum children's pension will be payable. Similarly, if you leave no spouse the maximum children's pension will be payable so long as at least two children remain eligible. Children's pension is divided equally among all eligible children. In your case each child would receive one-quarter of the total children's pension payable.

**35. If my spouse dies what happens to the children's pension?**

It depends on the number of children. If there is one child under 16, or under 22 if receiving full-time education, or incapable of maintaining himself or herself because of mental or physical infirmity, the pension goes up from one-sixth of the amount of your pension to one-

third and, if there are two such children, from one-third to one-half. If there are three or more such children the total amount of their pension remains unchanged.

**36. If my spouse re-marries, what happens to the pension and the children's pension?**

The spouse's pension stops. The College may restore it if she/he again becomes a widow/widower or if compassionate grounds for so doing subsequently arise. The children's pension also stops unless the College directs otherwise.

**37. Do I have to contribute towards the benefits of the Scheme?**

Yes. The Scheme is contributory and all participating in it must pay contributions. These take the form of a periodic contribution of 1.5% of your net pay (i.e. your basic salary and pensionable allowances less twice the current rate of Social Welfare State Pension (Contributory)), plus a deduction of 1% of your net pensionable pay at retirement or death (i.e. your pensionable pay at retirement or death less twice the rate of Social Welfare State Pension (Contributory) at that time) in respect of each year of reckonable service for which contributions from pay have not been paid.

If you gave reckonable service prior to the date from which periodic contributions commenced a deduction from the lump sum or death gratuity would normally be due. However, you may opt instead to contribute for that service by extra contributions from pay provided certain conditions are fulfilled. Further information in relation to extra periodic contributions is available from the HR Department.

**38. For how long do I have to contribute?**

Your spouse gets a pension which is calculated on your actual pensionable service, plus, if you die in service or after retirement on ill-health grounds, potential service to age 65. The total is your "reckonable service" and you must therefore pay contributions to cover the whole of that service.

**39. Please tell me more about the system of contributions?**

Contributions, once started, will continue until you are pensioned or die, even if you do not marry or if your spouse should die. (See, however, the provisions described under questions 40, 41 and 42 below).

**40. Are my contributions refunded if I retire without a pension myself?**

Yes. Contributions (less an appropriate deduction for income tax) are returnable if your service terminates without entitlement to pension or preserved pension unless you transfer your service for superannuation purposes to another organisation (see question 22).

**41. Do I have to go on contributing if my spouse dies while I am serving?**

Yes. However, years after the death of your spouse during which you paid periodic contributions will, unless you have married again before retirement, be offset against any years for which you may be liable for contributions.

**42. Are my contributions refunded if I remain unmarried throughout the time that the Scheme applies to me?**

No. However, you will not have to pay any non-periodic contributions.

**43. Does being a member of the Scheme affect my own pension?**

No.

### **III COMPLAINTS/DISPUTES**

**44. Have I a right to make a complaint about any aspect of my pension entitlement?**

Yes. If you are unclear about your entitlements or are unhappy about any decision made by the College in relation to your pension position, you should contact the College and ask them to explain the position fully to you. If, following this contact, the matter has not been settled to your satisfaction, you may avail of a formal Internal Disputes Resolution Procedure (IDRP). Under this procedure, you may appeal to the Minister for Education and Science who will refer the complaint or dispute to the Minister for Finance for determination.

Should you still have a complaint or dispute following IDRP, you may, depending on the nature of the complaint or dispute, be entitled to refer the matter to the Pensions Ombudsman for determination. Information concerning IDRP and the role and functions of the Pensions Ombudsman is available from the Office of the Pensions Ombudsman, 36 Upper Mount Street, Dublin 2 – telephone 01 6471650 – or on the Pensions Ombudsman's website <http://www.pensionsombudsman.ie>

### **IV ADDITIONAL INFORMATION**

**45. Is the scheme registered with the Pensions Board?**

Yes.

**46. What is a Pension Adjustment Order?**

In the event of judicial separation or divorce under the Family Law Acts, a Court Order for a Pension Adjustment Order in respect of the retirement or contingent benefits (benefits arising from death in service) payable to or in respect of a married member may be sought and made. Further information about the operation and impact of Pension Adjustment Orders may be obtained from the Pensions Board.

**47. Can I allocate part of my pension?**

Yes - in order to provide a pension for your spouse or other dependent relative. An allocation does not affect any pension payable under the Spouses' and Children's Contributory Pension Scheme.

**48. Is there any other information available regarding my pension entitlements?**

You should contact Marguerite Hanly of the Finance Office if you require any other details.

**The purpose of this Booklet is to provide general information on superannuation entitlements for staff members in a format that is easy to understand. That said, the Booklet is not a definitive legal interpretation of the superannuation provisions covering staff of the College, nor does it purport to deal with every query that may arise concerning superannuation. Care has been taken to ensure that it is accurate but nothing can override the formal rules of the Colleges of Education Pension Scheme.**

**The superannuation provisions set out in this Booklet apply equally to men and women. The HR Department (see question 48) should be consulted should any staff member have a particular query which is not covered in the Booklet.**