Mary Immaculate College of Education, Limerick Superannuation Schemes

Brief Outline by

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MIC Superannuation Schemes

- Membership is compulsory for all those in approved College posts.
- Schemes are based on the Public Sector Model Schemes.

Main Scheme Benefits

On Retirement

- Provides a retirement gratuity and pension for members who reach retirement age or who retire early on ill health grounds before normal retirement age

On Death in Service

- Provides for the payment of a lump sum death benefit to the member’s estate/legal personal representative should the member die in service

Spouse's & Children's (S&C) Pension Scheme Benefits 1

The schemes provide payments to the member's spouse and/or children should the member die in service or in retirement.

- **Death in Service or after ill-Health Retirement**
    - ➢ The spouse's and children's pensions are based on the number of years the staff member would have served to age 65 (to a max. of 40 years).

S&C Pension Scheme Benefits 2

- **Death after Retirement on age grounds**

  - Spouse’s and children’s pensions are based on the member’s pension already in payment.

  A spouse’s pension is normally half that of the pension paid to the member. A child typically receives one third of the spouse’s pension where there are up to three children.

Table of S&C Pensions

Dependants	Fraction of DP to Spouse	Fraction of DP to Children	Total Fraction of DP
Spouse only	½ of deceased's pension	-	½ of deceased's pension
Spouse and 1 child	½ of deceased's pension	1/6 of deceased's pension	2/3 of deceased's pension
Spouse and 2 children	½ of deceased's pension	1/3 of deceased's pension	5/6 of deceased's pension
Spouse and 3 or 3+ children	½ of deceased's pension	½ of deceased's pension	Full amount
1 child no spouse	-	1/3 of deceased's pension	1/3 of deceased's pension
2 or 2+ children no spouse	-	½ of deceased's pension	½ of deceased's pension

Frequently Asked Questions 1

How much do I pay?

This is dependent on whether you pay Class A or Class D PRSI.

- Those who pay Class D PRSI pay 5% of full pay
- Those who pay Class A PRSI pay 1.5% of full pay and 3.5% of net pay (pay less twice annual SW pension).
- There is an additional contribution for the Spouse’s and Children’s Scheme which is 1.5% of full pay for staff paying Class D PRSI and 1.5% of net pay for staff paying Class A.

How many years do I have to work to qualify for a full pension and gratuity?

- Maximum benefits accrue after 40 years service.

FAQs 2

What counts as 'service'?

- Permanent service with Mary Immaculate or any other College of Education (COE)
- Pensionable service as a national, secondary or vocational school teacher
- Part-time service with a COE subject to certain conditions and for which contributions have been paid
- Service transferred from Public Sector/Local Authorities
- Purchased Service
- Notional Added Years (e.g. if a member is forced to retire on ill-health grounds or from a designated professional post)
- Service bought with a Transfer Value from another pension scheme (private)
- **N.B. Time spent on career break or periods of unpaid leave are not counted as service.**

Frequently Used Terms 2

Class A PRSI – Co-ordinated Pension

- Staff receive a pension from the College and are also entitled to receive the State contributory old age pension

Class D PRSI

- Staff are not entitled to the State pension, therefore receive their entire pension from one source, the College.

Pensions Act 2004

The Public Service Superannuation (Miscellaneous Provisions) Act 2004 came into effect on 1 April 2004.

- In summary, the Act
- **makes 65 the minimum age at which pensions may be paid to all new entrants to the public service;**
- **provides that all new entrants to the public service will not be required to retire on grounds of age;**
- **The Act does not change the terms and conditions of public servants who are serving on 31 March 2004.**

The full text of the Act is available on the Department of Finance website (see link below)

http://www.finance.gov.ie/viewdoc.asp?fn=/documents/Publications/legi/pubsersuperact04.pdf

Albert(a) has just turned 65 and is retiring after 40 years service. His/her retiring salary is €68,450. He/she joined the Superannuation and Spouse's & Children's Schemes on entry to the organisation.

BENEFIT CALCULATIONS		BENEFIT CALCULATIONS	
CLASS A PRSI		CLASS D PRSI	
Annual Pension		Annual Pension	
€40,057 x 40 /200 =	€ 8,011	€68,450 x 40 /80 =	€34,225
€28,393 x 40/80 =	€14,197		
Plus State Pension	€12,017		
	€34,225		
Gratuity		Gratuity	
€68,450 x 40 x 3/80 =	€102,675	€68,450 x 40 x 3/80 =	€102,675

Transferring Service 1

- The Public Service Transfer Network and Local Government Transfer Network allows service to be transferred between bodies. Members may operate under different transfer options but this does not normally affect the transfer of the individual's service.

- An example of organisations included in the transfer networks include:

  - Civil Service Departments
  - Education Sector
  - Hospitals (HSE/Voluntary Hospitals)
  - Semi State Bodies
  - State Agencies
  - Local Authorities

Transferring Service 2

- **What happens if you leave the College?**

- If you are taking up employment within the public sector you can transfer your College service to that body.

- If you are not taking up employment within the public sector and have more than 2 years service you must preserve your benefits which will become payable from age 60/65 or, if you are within 10 years of minimum retirement age, you may as an alternative avail of CNER

  - **CNER – actuarial reduction of benefits**

  - **Separate CNER Tables for Pension/Lump Sum and age 60/65.**

- If you leave with less than 2 years pensionable service you must take a refund of your contributions, less tax which is currently 20%.

Increasing Pension Benefits 1

- For members who will have less than 40 years service at retirement it is possible to increase service by one of the following methods:

  - **Purchase of Additional Years**

    OR

  - **Additional Voluntary Contributions**

- Tax relief if available on both methods subject to limits set by the Revenue Commissioners

Increasing Pension Benefits 2

- **Purchase of Added Years (Notional Service)**

- The cost of purchasing service is based on actuarial tables produced by the Department of Finance. Each additional year costs a percentage of salary, and the percentage increases with age.

- There are two sets of tables, one for those wishing to retire at 65 and another for those who intend to retire at 60 (age 60 not available to new entrants).

- Normally, added years are purchased by periodic contribution up to retirement age, however, it is possible to purchase added years by lump sum.

Increasing Pension Benefits 3

- **AVC Scheme**
- Additional voluntary contributions are deducted from salary each pay day or on a once off basis and invested by brokers on your behalf.
- Under the AVC Scheme your eventual benefits depend on the performance of your contributions.
- For further information you should contact the relevant broker. They have the expertise to explain in more detail how the scheme works and whether or not it will meet your needs

Purchase of Notional Service (PNS)

- New scheme (2006)
  - provides for purchase by reference to retirement at age 60 as well as age 65, provided that contract minimum retirement age is 60 (i.e. non new entrants)

- Must have less than 40 years potential service by
  - age 60 (limited to those with minimum retirement age of 60 i.e. those who joined before 1/4/2004)
  - age 65 (old and new joiners)

Maximum Service which may be bought under PNS

Actual service at 60/65	Maximum service which may be bought
• 20 years or more	40 years minus projected service at 60/65
• 19 years	17 years
• 18 years	15 years
• 17 years	13 years
• 16 years	11 years
• 15 years	9 years
• 14 years	7 years
• 13 years	5 years
• 12 years	4 years
• 11 years	3 years
• 10 years	2 years
9 years	1 year

Methods of PNS

- **Periodic deductions from salary commencing on next birthday**
  - Provided individual has not reached age of 58 (for those with minimum pension age of 60 who make an age 60 option)
  - Provided individual has not reached age of 63 (for those who make an age 65 option)
- **Single lump sum payment**
  - At any time during career subject to
    - Only one option per calendar year
    - Minimum amount is 10% of annual salary unless maximum contribution permitted is less
  - Within 6 months of return following period of special leave without pay
  - Where amount to be purchased is less than one year

Benefits arising from PNS

For each year purchased

- Additional pension of 1/80th or 1/200th of pensionable remuneration, as appropriate
- Additional lump sum of 3/80ths of pensionable remuneration
- Reckons for death in service gratuity
- Reckons for spouses' and children's benefits
- Addition to pension attracts pension increases as per pension on actual service

Tax Relief

- **Under Irish tax regulations, you can get full tax relief for superannuation purposes subject to the following limits:**

up to 30 years of age	15% of annual salary
30 - 39 years of age	20% of annual salary
40 - 49 years of age	25% of annual salary
50 - 54 years of age	30% of annual salary
55 - 59 years of age	35% of annual salary
Over 60	40% of annual salary

Pensions Levy Act 2009

The Financial Emergency Measures in the Public Interest Bill 2009 came into effect on 1 March 2009.

- in summary, the Act provides for the making of a pensions related deduction from the remuneration of public servants who are members of a public service pension scheme or who have an analogous arrangement
- commercial state bodies and bodies which were not established by statute or whose pension scheme does not require Ministerial approval are excluded
- those leaving service (and not transferring service) with less than 2 years service will have the levy refunded to them

Early Retirement Scheme Budget April 2009

- Applicable to civil service, health service, local authority service and certain other public sector bodies
- Retirement from age 50
- Benefits based on actual service (no actuarial reduction)
- Only 10% of lump sum payable immediately – balance at age 60/65 – taxation regime at time early retirement is approved will apply
- Commences May 2009 - review by end year

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