

Rannóg na bPinsean
An Roinn Oideachais agus Scileanna
Cor na Madadh
Baile Átha Luain
Co. na hIarmhí



Pensions Section
Department of Education and Skills
Cornamaddy
Athlone
Co. Westmeath

Ms. Sheila Nunan,
The General Secretary,
Irish National Teachers Organisation,
35 Parnell Square,
Dublin 1.

8th November 2010

TRANSFER OF PENSION ENTITLEMENTS NORTH/SOUTH.

Dear Ms Nunan,

It was agreed at the information seminar on 20 January 2010 that the Department of Education and the Department of Education and Skills would draw up some publicity material on the transfer of pensions between the two jurisdictions. I am now providing drafts (attached at Appendices A and B) for your comment. I would appreciate your views by the 19th November 2010.

The Departments now propose to publish the attached material on the Teachers' Pensions Sections of their websites and will subsequently place notes on teachers' payslips drawing attention to the publication.

It was also agreed at the seminar that the Teacher Unions would make information available on the transfer of pension entitlements and you may find the attached material useful when providing the relevant information to your members through your websites, magazines and any other publications.

The Departments will be glad to offer further assistance with specific individual cases if required.

Yours sincerely,

INFORMATION FOR TEACHERS WISHING TO TRANSFER PENSION BENEFITS FROM ONE JURISDICTION TO THE OTHER

Until recently the only option available if a teacher left one jurisdiction to take up a position in the other was to preserve their entitlement in the original pension scheme and start making contributions to the new pension scheme. The teacher would then receive two separate pensions at the point of retirement. Recent additions to the list of Qualifying Overseas Recognised Pension Schemes (QROPS) in the UK, and reciprocal developments in Ireland, now enable the transfer of the value of accrued pension entitlements from one jurisdiction to the other.

What is QROPS?

A QROPS is a pension scheme set up outside the UK that is regulated as a pension scheme in the country in which it was established and is recognised for tax purposes in that country. The effect of registering a pension scheme as a QROPS is that it permits UK public service pension schemes to pay a transfer value abroad to a recognised scheme and in some cases to accept a transfer payment from abroad. The new employer assigns a value in terms of service to that transfer value and the person is credited with that amount of service regardless of the actual period of time it took to accrue that value in the original employment.

TEACHER NOW TEACHING IN IRELAND WITH PREVIOUS TEACHING SERVICE IN THE UK

I taught for a number of years in the United Kingdom. What options do I have regarding my occupational pension?

1. If you have a preserved pension entitlement in your UK pension scheme you can leave it in place and draw down benefits once you reach preserved pension age.
2. It may also be possible for you to transfer the value of pension entitlements which you accrued in the United Kingdom to Ireland. This will depend on the transfer rules of the UK pension scheme and the requirements of HM Revenue and Customs.

How does a transfer of pension entitlements work?

The pension scheme in the UK will make a monetary value of the accrued pension entitlements up to the point of leaving (known as the "transfer value") available for transfer to the teachers' pension scheme administered by the Department of Education and Skills or employing Vocational Education Committee.

Does my teaching service in the UK transfer on a year-for-year basis?

No. By and large, transfer by transfer value does not amount to year-for-year credit of service. So, 10 ten years' service in one jurisdiction would not purchase 10 years' service in the other.

If I want to transfer my entitlements, does it matter whether I am a primary or post-primary teacher?

No. The pension schemes covering primary, secondary, community, comprehensive and vocational teachers have been registered with HM Revenue and Customs as Qualifying Recognised Overseas Pensions Schemes (QROPS).

Does transferring my occupational pension affect my UK State Pension?

No. The basic State Pension is a Government-administered pension. It is based on the number of qualifying years gained through National Insurance contributions (NICs) you've paid, are treated as having paid or have been credited with throughout your working life. Further information on it can be sought from www.thepensionsservice.gov.uk.

Examples of transfer values

The following age, service and salary criteria are used in the examples (the salaries are the corresponding points on the relevant scales expressed in €):

Age	Grade	Service	Salary in the State	Salary in NI
34	Basic (point 10)	10	€48,530	€44,393
44	Vice Principal	20	€61,159	€53,829
54	Principal	30	€74,077	€68,781

Exchange rate assumption: 1€ = £0.85

(i) Transfer from the North to the South:

Age	Service in NI	Transfer value (TV) paid from NI to the State	Service credit in State in respect of TV
34	10	€67,823	4.64
44	20	€138,477	7.94
54	30	€288,331	17.77

(ii) Transfer from the South to the North

Age	Service in the State	Transfer value (TV) paid from the State to NI	Service credit in NI in respect of TV
34	10	€50,050	3.82
44	20	€259,238	15.1
54	30	€576,689	23.87

If you decide not to transfer your service you will be entitled to deferred pension benefits from your previous scheme.

Before taking a decision to transfer your service you are advised to seek independent financial advice about which option would be most appropriate for you in your particular circumstances.

Where do I get more information?

If you wish to investigate the possibility of transferring your UK accrued pension entitlements to your pension scheme in Ireland you should contact your pension scheme administrator in the UK and HM Revenue and Customs (<http://www.hmrc.gov.uk/pensionschemes>).

TEACHER NOW TEACHING IN THE UK WITH PREVIOUS TEACHING SERVICE IN IRELAND

I taught for a number of years in Ireland. What options do I have regarding my occupational pension?

1. If you have a preserved pension entitlement in your Irish pension scheme you can leave it in place and draw down benefits once you reach preserved pension age.
2. It may also be possible for you to transfer the value of pension entitlements which you accrued in Ireland to the NITPS.

How does a transfer of pension entitlements from Ireland work?

The relevant teachers' pension scheme in Ireland will make a monetary value of the accrued pension entitlements up to the point of leaving (known as the "transfer value") available for transfer to the NITPS.

Does my teaching service in Ireland transfer on a year-for-year basis?

No. By and large, transfer by transfer value does not amount to year-for-year credit of service. So, 10 ten years' service in one jurisdiction would not purchase 10 years' service in the other.

Does it matter whether I am a primary or post-primary teacher?

No. The pension schemes covering primary, secondary, community, comprehensive and vocational teachers have been registered with HM Revenue and Customs as Qualifying Recognised Overseas Pensions Schemes (QROPS).