

## Pensions FAQs — Part 1

# Get to know your pension benefits

In this edition of *InTouch*, and the forthcoming November/December edition, details of the pension schemes available to teachers will be set out for easy reference in two separate supplements. This supplement focuses on the Single Public Service Pension Scheme which was introduced for all public servants, including teachers, from 1 Jan 2013.

### General

#### What does paying into a pension scheme provide for upon retirement?

It provides for a lump sum and pension upon retirement.

#### How many pension schemes are there?

There are three pension schemes in operation at present for teachers. Each pension scheme has associated terms and conditions relating to retirement age, calculation of pension and lump sum.

#### How do I know which pension scheme I am in?

The answer will depend on when you entered service and/or whether you had a break in service of 26 weeks or more at certain specific times during your career. The three schemes are:

1. **Pre-1 April 2004** – Primary School Teachers Pension Scheme (Old Entrants)
2. **Post-1 April 2004** – Primary School Teachers Pension Scheme (New Entrants I)
3. **Post-1 January 2013** – Single Public Service Pension Scheme (New Entrants II)

– where the teacher has returned to full-time teaching prior to 31 October 2003  
– should not affect their pension scheme allocation.

This matter, relative to New Entrants II, is covered below under the Single Public Service Pension Scheme.

#### What is a break in service?

A teacher who resigns from their post and has a gap of more than 26 weeks between two periods of employment will be deemed to have had a break in service for pension purposes.

These teachers typically leave or have left service for family reasons, other employment, travel etc. and are or were not attached to any school. When they re-enter service, they do so as per the terms of the pension scheme at the time of re-entry.

In the case of old-entrant to New Entrant I, a break in service of this nature

#### Is taking a career break deemed to be a break in service?

No. Taking a career break is not classed as a break in service, as it is an approved leave of absence.

#### Does taking maternity leave, paternity leave, parental leave or parent's leave constitute a break in service?

No, as these are statutory leaves of absence, they do not constitute a break in service. However, you must have a contract to take the leave.



### Am I making pension contributions/contributing towards my pension when I'm on a statutory leave of absence?

The answer depends on which statutory leave of absence you are taking. The grid below shows the relevant leave categories and whether pension contributions are made.

Leave of absence	Pension contributions
Maternity leave (paid)	Yes
Additional statutory unpaid maternity leave	No
Paternity leave (paid)	Yes
Parent's leave	No
Parental leave	No
Carer's leave	No

### Are job sharing and part-time work pensionable?

All job share and part-time work is pensionable under the Single Public Service Pension Scheme and there is no minimum number of hours required to qualify for this benefit, once the vesting period has been achieved.

The pension contributions are calculated on a pro-rata basis compared to whole-time service.

### What is the vesting period?

This is the minimum length of time that you must pay contributions into the scheme before you become eligible for the benefits of the scheme. The vesting

period for the Single Public Service Pension Scheme is 24 months. Working less than full-time hours does not affect the time required to meet the 24 months of the vesting period.

### What benefits are available from the scheme?

The scheme provides for pension and lump sum payments at retirement, death benefits which may include a pension if you are survived by an eligible spouse, civil partner or dependent children, an early retirement option and an option to retire early due to ill-health or disability.

## Single Public Service Pension Scheme

### How would I know if I am a member of the Single Public Service Pension Scheme?

This scheme was introduced across the public service on 1 January 2013. Any public servant employed for the first time in a pensionable post from that date is a member of this scheme.

Also, if you were an employee before 1 January 2013 and subsequently had a break in service of more than 26 consecutive weeks, you would have automatically moved into the Single Public Service Pension Scheme when you came back into employment.

If you are not sure if you are a member of the Single Public Service Pension Scheme, check for 'Single Pens Sch 1& 2' on your payslip.

### What deductions are being made for this pension scheme?

On your salary slip, you will notice there are three main deductions. These include:

- **Single Pens. Sch 1:** This deduction is calculated as 3.5% of net pensionable remuneration. Net pensionable remuneration is a teacher's gross salary minus twice the value of the state pension.
- **Single Pens. Sch 2:** This deduction is calculated as 3% of a teacher's gross salary.
- **Additional Superannuation Contribution (ASC)** was introduced on 1 January 2019 and is a permanent contribution in respect of pensionable remuneration. ASC is only chargeable on pensionable remuneration. ASC confers no additional pension benefits

but underpins the sustainability of public pensions, including parity with any pay increases for pensions in payment.

Pension contributions under Sch 1 and 2 are automatically paid free of tax. Teachers may also have additional voluntary pension deductions if they were paying for notional service or Additional Voluntary Contributions (AVC).

### Is a 'spouse's and children's' pension included?

Yes. Teachers on the Single Public Service Pension Scheme are automatically covered for spouses' and children's pension despite the heading not featuring on their payslips. This deduction is incorporated into the Single Pens. Sch 2. deduction.

### How will my pension be calculated?

The Single Public Service Pension Scheme is a defined benefit scheme. It is not based on investments in the stock market. However, it is based on your career average salary and not your final salary. You can access a Single Public Service Pension Scheme Estimator on the INTO website - [bit.ly/INTOPensionEstimator](https://bit.ly/INTOPensionEstimator).

### What benefits are available from the scheme?

To be eligible to receive a benefit under the scheme, you must have contributed





to the scheme for 24 months or more. This is the vesting period. If you complete the qualifying period, the benefits that may be payable under the scheme are:

- Annual pension and lump sum on retirement
- Death benefits which may include a pension if you are survived by an eligible spouse, civil partner or dependent children
- Access to apply for cost-neutral early retirement
- Access to apply for ill-health or disability retirement

## Will my benefits be revalued over time?

The scheme allows for earlier contributions to be revalued annually in line with inflation. The benefits will be adjusted to take into account positive inflation only. They will not be adjusted downward when there is a period of negative inflation. The rate of adjustment will be in line with the annual Consumer Price Index (CPI) rate measured by the Central Statistics Office (CSO).

## As a member of this scheme, what is the age of retirement?

The retirement age is linked to the state retirement age which is currently 66. The compulsory retirement age is 70.

## Can I retire early under this scheme?

If you are at least 55 years old, you may be eligible to avail of a cost-neutral early retirement pension and lump sum.

## What are the provisions for cost-neutral early retirement?

*Department of Public Expenditure and Reform Circular 0018/2017* is the circular covering cost-neutral early retirement for your pension scheme from age 55 and it outlines how both your pension and lump sum would be actuarially reduced.

## Can I retire early on grounds of ill health or disability?

You can apply to retire early at any age on the grounds of ill health. An enhanced pension and lump sum may be payable subject to the rules and regulations as set out in the *DPER Guidance Note 0001/2017*

on enhanced benefits for retirement on medical grounds. The application process involves a medical assessment by Medmark and must be approved by the Department of Education (DE).

## Why did I receive a pension statement earlier in the year?

The Single Public Service Pension Scheme legislation provides that an *Annual Benefit Statement* is to be issued to members of the scheme. There was quite a lengthy delay in the issuing of these statements by the DE. Therefore, the statement issued earlier this year is cumulative for the period 2013 to 2020, if applicable. Going forward, an *Annual Benefit Statement* should issue to members in line with the legislation. This requires the DE to issue statements annually for the financial year ending in December by June of the following year. Statements for 2021 should have issued by June 2022

## What information is contained within the statement?

The statement details:

- Personal information including the date you joined the scheme, your date of birth, PPS number and if there is a Pensions Adjustment Order granted by the courts.
- A summary and breakdown of all contributions made, and referable amounts earned towards your lump sum and pension.
- Benefits payable in the event of your death in service.

## Why are these statements important?

These statements illustrate how much you have paid into the scheme and the benefits you have accrued to date. With this in mind, you may also decide to make additional pension provisions.

## Can I top-up/make additional provisions for my pension in the single scheme?

Yes, there are currently two options should you wish to top up/add to your pension:

- **Purchase of Additional Retirement Benefit (PARB)** – When you are in the Single Public Service Pension Scheme

you can purchase additional retirement benefits with the department.

To request a quote for the cost of purchasing additional retirement benefits you must complete an *SPS 5 form* and forward it to the DE Pensions Unit. It is a one-off lump sum payment. Please refer to the *DPER Circular 0015/2019* for more detailed information.

- **Additional Voluntary Contributions (AVCs)** – We would advise members to contact Cornmarket or a financial adviser for more information on AVCs. AVCs can be arranged to come out of your salary on a fortnightly basis so it can be a more flexible way to top up your pension. The INTO in conjunction with our insurance broker Cornmarket has developed an online Single Public Service Pension Estimator to guide members in assessing their potential retirement benefits. The tool was designed by independent actuaries ([bit.ly/INTOPensionEstimator](http://bit.ly/INTOPensionEstimator)).

## Would I also be entitled to the Contributory State Pension?

You may be entitled to receive the Contributory State Pension. This would be payable separately to you from the Department of Social Protection (DSP) at the state retirement age. Entitlement to the Contributory State Pension is based on eligibility criteria set by the DSP. Further information on Contributory State Pension entitlements, including details on eligibility criteria, can only be obtained from the DSP by telephone at (01) 704 3000 or via their website [welfare.ie](http://welfare.ie).

## Where can I get further information on the Single Service Pension Scheme?

You can find more general information, including a copy of your *Scheme Information Booklet*, in the members' area of the Single Public Service Scheme website at [bit.ly/SPSMembersArea](http://bit.ly/SPSMembersArea). *DE Circular 0007/2013* outlines the details of the scheme. On the INTO website ([bit.ly/INTOPensionEstimator](http://bit.ly/INTOPensionEstimator)), you can also access a recording of a webinar which was held on the Single Public Service Pension Scheme. Members should please note that another webinar is scheduled to take place towards the end of October 2022 – this will be uploaded to [into.ie](http://into.ie) after the event.