



# Cumann na nIAR-Oifigeach Coimisiúnta

Association of Retired Commissioned Officers

43 Lansdowne Park,

Knocklyon,

Dublin 15 N2 F3.

31 October, 2019

Mr Paul Kehoe T.D.,

Minister with Responsibility for Defence

## APPLICATION OF MILITARY SERVICE ALLOWANCE

### DEFENCE FORCES PENSIONS

*Dear Minister,*

Representing retired commissioned officers of the Permanent Defence Force, the Association of Retired Commissioned Officers (ARCO) encourages and fosters the unique fellowship and comradeship established during military service, in Ireland and internationally on Peace Support Operations.

Within its competencies, ARCO promotes and safeguards the interests and needs of its members, and eligible spouses or civil partners.

Arising from the Independent Public Service Pay Commission's Report, ARCO understands that an increase in Military Service Allowance (MSA) will shortly be retrospectively applied to the core pay of serving commissioned officers, up to and including the rank of Colonel and Captain (NS).

Prescribed in paragraphs 45A and 67 of DFR S3, the payment of MSA is unique to the Defence Forces.

The Gleeson Commission's Report (1990) identified MSA as an integral part of basic salary, and regarded the combination of line pay and MSA as standard pay for personnel of the Permanent Defence Force.

The Commission concluded that MSA is a pensionable allowance, and is factored within military pensions as an element of basic pay.

All increases, and decreases in MSA are subsequently reflected in military pensions.

MSA is taxable, and is subject to PSRI, USC and Reductions in Public Servants Pensions.

In the context of indexing military pensions with service pay, ARCO maintains that the recent increase in MSA should immediately apply to military pensions, as appropriate.

The Public Service Pensions (Single Scheme and Other Provisions) Act 2012 contains an enabling provision (Section 47) for the use of Consumer Price Index (CPI) to determine future pension increases in relation to pre-existing pension schemes.

Nevertheless, ARCO draws attention to Section 6.3 of the Public Service Stability Agreement which commits the Government to apply indexation (pay parity), rather than CPI, to increases in the pre-existing pensions of public servants for the duration of the agreement 2018 - 2020.

Accordingly, as an allowance in the nature of pay, ARCO requests that 50% of the new rate of MSA be reflected in military pensions of retired officers who were serving since 01 August 1990, up to and including the rank of Colonel and Captain (NS), and in the pensions of eligible spouses or civil partners.

In addition, ARCO requests that the increase be retrospectively applied from 04 July 2019.

ARCO remains available, at your convenience, to discuss any matter relating to this submission.

*Bein Bua,*

*Ad S. Pakenham*

**Brigadier-General Paul Pakenham (Retd)**

**President**

**The Association of Retired Commissioned Officers**

