



**A BRIEF EXPLANATION OF THE
SUPERANNUATION BENEFITS
(PENSIONS & GRATUITIES) FOR
OFFICERS OF THE PDF IN MODIFIED
PRSI (CLASS C) COMMISSIONED
BEFORE 06 APRIL 1995 AND TO
OFFICERS COMMISSIONED AFTER
THAT DATE WHO WERE ALREADY
SERVING (AS CADETS OR ENLISTED
PERSONNEL) ON 05 APRIL 1995**



Irish Pensions & Finance

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ON 05 APRIL 1995.**

1. What is “Modified PRSI (Class C)”?

Modified PRSI (Class C) is a reduced rate of PRSI applicable to officers of the PDF commissioned before 06 April 1995 and to officers commissioned after that date who were already serving on 05 April 1995 (either as Cadets or in another enlisted rank). Class C contributors pay a lower rate of PRSI but are also only entitled to a very limited range of Social Insurance benefits. The State Pension Contributory (the “old age pension”) is NOT payable to PRSI Class C contributors.

2. What types of pension schemes apply to officers?

The Superannuation provisions applicable to officers of the PDF are “defined benefit schemes” for the purposes of the Pensions Act 1990 (as amended). They are unfunded pay-as-you-go schemes. The amount of pension benefit is defined in the scheme rules and is not affected by investment returns. Many of the retirement benefits for officers are NOT directly pay-related as such, but are calculated by reference to factors such as retiring rank, length of service in rank, the overall number of complete year’s qualifying service and pensionable pay.

3. Who do the schemes apply to?

The main schemes apply on a compulsory basis to all officers of the PDF. Membership of the accompanying Spouse’s and Children’s Pension Schemes is also compulsory except for those commissioned before the introduction of the Schemes (original scheme – 01 Jan 1971; revised scheme – 01 June 1985) who would have had an option to join.

4. What benefits are payable?

The main benefits payable are:

- An occupational (service) pension
- A retirement gratuity (“lump sum”) or death in service gratuity; and
- Spouse’s and children’s pensions

5. Are contributions payable by me?

As a “pre 06 Apr ‘95” officer your main scheme is non-contributory in that no deductions are made from your salary in respect of the occupational pension or the retirement or death in service gratuity.

However, contributions are payable towards spouses and children’s pensions at the rate of 1.5% of your pensionable pay.

6. Does every officer qualify for an occupational pension and gratuity on the same basis on retirement?

No. For the purpose of retirement benefits there are three broad categories of officers:

- Officers with 5 years or more but less than 12 year’s service are entitled to a retirement gratuity, but NO occupational pension
- Officers with 12 years or more but less than 20 year’s service qualify for an occupational pension and a retirement gratuity – both at flat rates.
- Officers with 20 or more years of service qualify for an occupational pension and a flat rate or pay related retirement gratuity.

7. What counts as my retiring rank for pension and gratuity purposes? How long do I have to have held it?

Retiring rank for pension and gratuity purposes means the (paid) rank actually held on the date of retirement provided it has been held for at least 1 year in the case of an officer with 20 or more years of pensionable service or held for at least 5 years in the case of an officer with less than 20 year’s pensionable service. Otherwise it means the lowest rank held during the year immediately preceding retirement or, if service is less than 20 years, the actual rank held 5 years before retirement.

8. Does time spent in acting rank count towards time in rank for retiring rank purposes?

Yes, for retiring rank purposes service in acting rank (paid) may be combined with subsequent service in the corresponding substantive rank.

9. What counts as “qualifying service” for the purpose of calculation of retirement benefits?

Qualifying service is full-time paid service in the PDF (including service as a Cadet or other enlisted rank). Service on full-time security duties as a member of the RDF before joining the PDF also qualifies, as does service transferred to the DF under the Public Sector Transfer Network. The Public Sector Transfer Network provides for the transfer of reckonable service for pension purposes between most State and Semi-State employments, including the DF and the HSE. Periods of Special Leave Without Pay, including career breaks, (other than special leave without pay of up to 3 years for service with the Rapid Response Corps) are NOT reckonable for pension purposes.

10. What counts as “pensionable pay”?

“Pensionable pay” may include your regimental (basic) pay, Long Service Increments (LSIs), Military Service Allowance (MSA), flying pay and/or additional pay payable to certain Special Service Officers (SSOs) and any pensionable allowances (e.g. full rate Health & Safety Allowance, PSS Allowance, Annual Diving Allowance).

11. How is my occupational (service) pension calculated?

In general, officers’ occupational pensions are comprised of up to 3 main elements, which are calculated separately and then added together to give the final pension amount. These are the (1) basic pension, (2) additions in respect of MSA and (3) additions in respect of LSIs, if applicable.

The rates of basic pension (and gratuity) are flat rates determined by the application of detailed formulae laid down in the Defence Forces Pensions Schemes (e.g. Defence Forces Pension Scheme 1937). Basic pension is, in general, limited to 50% of **maximum** Rate 1 regimental pay (*Note: this is the max of the pay scale – not necessarily the point you are on at the time of retirement. i.e. your basic pension can be more than 50% of your regimental pay at the time of retirement. Depending on service in rank and total service you may qualify for a basic pension of 50% of the max of the scale for your rank even though you have not yet reached the max for salary purposes when you retire*).

Where a Captain or Commandant qualifies by virtue of rank, service in rank and overall service, for the maximum flat rate pension and this amount is less than 50% of maximum Rate 1 pay the pension is increased to the 50%. In the case of Lt Cols and Cols the application of the formula can result in an amount greater than 50% of the maximum regimental pay rate. In such cases the pension is reduced to the 50%.

An addition is made to the basic pension in respect of MSA provided it was payable on the date of retirement and for not less than 5 years during service. The addition for MSA is calculated based on the percentage relativity between the relevant rate of MSA for officers on Rate 1 pay and the corresponding max point (excluding LSIs) of the Rate 1 scale for the rank concerned.

For example:

- Capt Rate 1 max point of pay scale (excl LSIs) = €50,368;
- MSA Capt Rate 1 = €4,495; $4,495/50,368 \times 100 = 8.92\%$.
- Therefore the addition for MSA for a Capt is 8.92% of the basic flat rate pension. This addition is subject to a maximum of 50% of actual MSA.

An addition is also made to the basic pension in respect of Long Service Increments, provided the LSI(s) have been held on the date of retirement. The addition is calculated in the same way as for MSA.

12. So, do I get the maximum 50% pension after 20 year’s service?

No. As we have seen, the pension is calculated based on a number of factors including rank on retirement, service in rank and overall service. So, for example, a Comdt would need a minimum of 23 year’s total service and 6 years in the rank to get the max pension (i.e. 50% of Rate 1 regimental pay **at the max of the scale, plus** 50% of Rate 1 MSA for the rank, **plus** 50% of the LSI(s)). The same pension would be payable to a Comdt with 24 year’s total and 5 in rank, or 25 total and 4 in rank, or 26 total and 3 in rank. (For details of combinations required for max pension in each rank see the Pensions Rate tables issued by DOD).

13. I am a Special Service Officer (SSO). Is my pension calculated in the same way as that described above?

Not quite. For Superannuation purposes officers in receipt of pay rates other than Rate 1 and/or in receipt of additional pay (e.g. Flying Pay) are classified as Special Service Officers (SSOs). These officers qualify for a fixed percentage addition to the **standard** rates of **basic** pension (i.e. the basic Rate 1 pension) – 20% in the case of Medical and Dental Officers and 10% in all other cases. They also qualify for the additions in respect of MSA and LSIs referred to above.

However, maximum pension may not exceed 50% of **actual** pensionable pay. For these purposes pensionable pay includes:

- Basic (regimental) pay at retirement date – i.e. Rate 1, 2, 3 etc.
- MSA
- Flying pay and/or additional pay (if held for at least 1 year continuously up to and including retirement date **and** for an aggregate of at least 5 years during the final 8 years of service – the “5 year rule”)
- LSI(s) if held at retirement date

As an alternative to the fixed percentage addition above, where an SSO has completed a minimum of 30 year’s total service pension will be calculated as 50% of **actual** pensionable pay at retirement date.

14. I am in receipt of a pensionable allowance. What addition will be made to my pension for that?

With effect from 01 Sept 2005 a number of allowances have been reckonable for pension purposes for qualified PRSI Class C officers (Line and SSO) serving on or after that date. These include Health & Safety Officer’s Allowance (full rate), Annual Diving Allowance,

PSS Officers Allowance – full rate, and Foreign Language Proficiency Allowance – Max Rate.

Provided you satisfy the 5 year rule (see above) you may qualify for a fixed 10% addition to the standard rates of basic pension in respect of this allowance. However, the maximum addition is limited to 50% of the actual amount of the allowance.

In addition, no officer can qualify for more than one percentage addition to basic pension. So, if you are an SSO (for pension purposes) who is also in receipt of a pensionable allowance you would NOT get a further addition to your pension in respect of the allowance. However, if your pension is being calculated as 50% of actual pensionable pay (on the basis of having 30 years service), the allowance would be included in the calculation of actual pensionable pay.

15. How is my Retirement Gratuity calculated?

If you have more than 5 year's service but less than 12 years you are entitled to a gratuity of 20 days pensionable pay at the date of retirement for each year of qualifying service.

If you have more than 12 year's service you qualify for a flat rate gratuity, in addition to pension. Like the pension, the gratuity consists of a basic element with additions for MSA and, if applicable, LSI(s). The basic rates are determined by the application of detailed formulae laid down in the Defence Forces Pension Schemes.

- If you have more than 12 year's service but less than 20 the basic flat rate gratuity and additions in respect of MSA and LSI's, if applicable, are determined by rank and service. Rates are published by the Department of Defence.
- If you have 20 or more year's service the basic flat rate element and additions for MSA and LSIs if applicable are fixed by rank up to 7 years from retirement age for the rank in question. From that point the gratuity increases each year to reach a maximum of 1.5 times **actual pensionable pay** payable to officers retiring voluntary within 4 years of retiring age for the rank.

The different basis for calculating pensions and gratuities should be noted. For example a Colonel retiring with 30 years total service and 1 year in the rank would qualify for a pension based on 50% of the max of the Col's scale (even though he/she had not reached that point), but a gratuity based on 1.5 times actual pay (i.e. point 1 of the Col's scale) – plus MSA additions in both cases.

16. Is the Retirement Gratuity taxed?

Currently (June 2014) the first €200,000 of retirement gratuities (“lump sums”) are exempt from income tax.

17. At what age will I be paid my occupational pension and gratuity and for how long will the pension be paid?

Your DF occupational pension and/or gratuity are paid immediately on retirement and regardless of age. Your pension will be paid up to the date of your death.

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

Yes. With the approval of the Minister for Finance DF pensions increase in line with general increases in the pay of serving personnel of the corresponding rank. However, this may change in the future to a system that would see pensions increased in line with increases in the Consumer Price Increase (CPI). Legislation enacted in 2012 provides that this system will apply to all new entrants after 01 Jan 2013. The legislation also includes a provision to enable the Government to apply this system to all serving and retired public servants.

19. If I am in receipt of a military (occupational) pension are there any circumstances in which it would be reduced?

Yes. Under the terms of legislation introduced in 2012 if you are in receipt of a public service pension (including a DF pension) and take up new employment in the public service (even in another area of the public service) after 01 Nov 2012 your pension can be ‘abated’ (reduced). If you are considering leaving the DF to take up employment elsewhere in the public service you should take detailed advise on this area.

20. What benefits are payable if I retire on medical grounds?

The benefits that may be paid if you are compulsorily retired on medical grounds depend on your overall service:

- If you have at least 1 year but less than 10 year's qualifying service you would qualify for an increased gratuity based on 30 day's pensionable pay per year of service, but NO pension.
- With at least 10 years but less than 20 years you would qualify for the normal flat rate gratuity but an increased pension. The amount of the increase in pension depends on rank (Lt – 50%; Capt – 25%; Comdt – 20%; Lt Co – 16.66%)
- With more than 20 year's service the normal pension and gratuity are paid, but the max gratuity of 1.5 times pensionable pay is payable within 5 years of normal retirement age for the rank.

If the disablement that leads to you being compulsorily retired on medical grounds is specifically related to your service in the DF you may also qualify for a Disability Pension or Disablement Gratuity.

21. What benefits would apply if I died in service?

If you die in service a gratuity of a minimum of 1 year’s pensionable pay would be paid to your spouse and/or children or legal representative. Depending on service this gratuity can be increased to the maximum 1.5 year’s pensionable pay.

If you are a member of the Spouse’s and Children’s Pension Scheme a pension will also be paid to your spouse (or civil partner) and children. The spouse’s pension would be 1/2 of the pension you would have received if you had served to normal retirement age for your rank (“potential pension”).

A child’s pension is 1/3 of the spouse’s pension for each of the first three eligible children. If there are more than 3 children an amount equal to the spouse’s pension is divided between them. So the combined max for spouse and children is equal to the pension you would have received if you had served to normal retirement age for your rank.

As a PRSI Class C contributor you are also fully insured for the Social Insurance Widow’s, Widower’s or Surviving Civil Partner’s Pension. This would be payable in addition to any pension under the DF Spouse’s and Children’s Pension Scheme.

22. Would the benefits be the same if I was killed on duty?

No. If you are killed in the course of duty, at home or overseas, the standard death gratuity as described above is payable. However, if you are killed in the course of overseas duty a further lump sum of €157,594 is payable under the Department of Defence’s special compensation scheme.

In addition, if you are killed in the course of duty either at home or overseas enhanced spouse’s and children’s pensions are payable. In these cases the combined Spouse’s and Children’s Pension can be up to 90% of reckonable pay (50% for the spouse and up to 40% for dependent children).

The Social Insurance Widow’s, Widower’s or Surviving Civil Partner’s Pension would also be payable as above.

23. What is the Spouse’s and Children’s Pension Scheme?

It is a Scheme to provide pensions for the spouses and/or dependent children of a member of the PDF who dies in service or after qualifying for a pension. It is essentially the same as those that apply elsewhere in the public service.

24. How are spouse’s and children’s pensions calculated?

If you die in service or after compulsory retirement on medical grounds the Spouse’s and Children’s Pensions will be calculated by reference to the pension you would have received if you had served to normal retirement age for your rank (“potential pension”).

In all other cases the Spouse’s and Children’s Pension will be calculated by reference to your actual pension.

Subject to the foregoing, pensions are calculated according to the following table:

Details of Dependents	Fraction of your pension or potential pension payable to your spouse	Fraction of your pension or potential pension payable to children	Total fraction of your pension or potential pension payable
Spouse	1/2	-	1/2
Spouse & 1 Child	1/2	1/6	2/3
Spouse & 2 children	1/2	1/3	5/6
Spouse & 3 or more children	1/2	1/2	Full Amount
1 child	1/2	1/3	1/3
2 or more children	-	1/2	1/2

25. 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. However, subject to certain conditions, there is no age limit where a dependent child is incapable of self-support due to permanent mental or physical disability.

For the purposes of the Scheme “children” includes step-children and adopted children.

26. 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 1/4 of the total children’s pension payable.

27. If my spouse dies what happens to the children’s pension?

It depends on the number of children. If there is one eligible child the pension goes up from 1/6th of the amount of your pension to 1/3rd and, if there are two eligible children, from 1/3rd to 1/2. If there are three or more eligible children the total amount of their pension remains unchanged.

28. I am not married, but I have a partner – does the Scheme apply to me?

Yes. The Civil Partnership and Certain Rights and Obligations of Cohabitants Act 2010 provides for registration of a civil partnership. If registered, civil partners will be treated in the same way as spouses under the Spouse’s and Children’s Pension Scheme.

The Act also establishes a redress scheme for couples who are not married or registered in civil partnership. This scheme gives protection to a financially dependent person at the end (including through the death of one of the couple) of a long-term cohabiting relationship. The redress scheme allows a financially dependent cohabitant to apply to court for certain remedies, including pension adjustment orders.

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

Yes. The Spouse’s and Children’s Pension Scheme is a contributory

scheme and all members must pay contributions. Contributions are made up of periodic contributions and non-periodic (lump sum) contributions. The maximum number of years’ contribution payable is 40.

Periodic contributions of 1.5% of your pensionable pay are deducted on a monthly basis. In addition, if at retirement or death in service you have not paid your full periodic contribution liability a lump sum contribution of 1% of pensionable pay is deducted from your gratuity in respect of each year or part of a year for which periodic contributions have not been paid.

30. Where can I get further details about my pension entitlements?

Further details of PDF officers’ retirement benefits are set out in the relevant pensions handbooks issues by the Department of Defence. These, together with current pension and gratuity rates, are posted on the DF Intranet under the “money” icon.

Further details can also be obtained by contacting the Department’s Pension Section at Renmore, Galway.

The purpose of this Booklet is to provide general information on Superannuation benefits for officers of the PDF in modified PRSI (Class C) commissioned before 06 April 1995 and to officers commissioned after that date who were already serving (in enlisted ranks - including Cadet) on 05 April 1995. It is not a legal interpretation. Ultimately, it is the rules of the Scheme that will determine an individual officer's entitlement and this Booklet cannot override the formal rules of the Pension Schemes.

You should consult the Department of Defence should you have a particular query that is not covered in the Booklet or should you require further information.

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For information on pension options involving the RACO Group AVC Plan please contact the official AVC Provider:

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