



**A BRIEF EXPLANATION OF THE
SUPERANNUATION BENEFITS
(PENSIONS & GRATUITIES) FOR
NEW ENTRANT OFFICERS OF THE
PDF IN FULL PRSI (CLASS A)
WHO JOINED ON OR AFTER
01 APRIL 2004 AND BEFORE
01 JANUARY 2013**



Irish Pensions & Finance

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(Pensions & Gratuities) for New Entrant Officers of
the PDF in Full PRSI (Class A) who joined on or after
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1. What is a “new entrant officer”

An officer who joined the PDF on or after 01 April 2004 and who was not previously a serving public servant (or in a body specified in the Public Service Superannuation (Miscellaneous Provisions) Act 2004).

2. What is “Full PRSI (Class A)”?

Prior to 06 April 1995 officers paid a reduced rate of PRSI (Class C), but as a result were entitled to only very limited Social Insurance benefits. Since then all new entrant public servants (including members of the PDF) have paid the full rate of PRSI (Class A) and are entitled to the full range of social Insurance benefits, including the State Pension Contributory (the “old age pension”).

3. What types of pension schemes apply to me?

The Superannuation provisions applicable to you are “final salary defined benefit schemes”. They are unfunded pay-as-you-go schemes - there is no pension fund. The amount of pension benefit is defined in the scheme rules and is not affected by investment returns. The benefits are based on your pensionable service and pensionable pay at retirement.

4. Can I opt out of the schemes?

No. Membership is compulsory.

5. 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

6. Are contributions payable by me?

Yes – your schemes are contributory. The contribution rates deducted from your salary on an ongoing basis are;

- 3.5% of **net** pensionable pay in respect of your personal pension;
- 1.5% of **gross** pensionable pay in respect of retirement gratuity; and
- 1.5% of **gross** pensionable pay in respect of spouse’s and Children’s pensions.

(*Gross pensionable pay* is current basic pay plus MSA plus LSI(s) (if applicable) plus flying pay, additional pay and any other

pensionable payments (if applicable))

(*Net pensionable pay* is gross pensionable pay (as above) less twice the maximum rate of State Pension Contributory (SPC) payable to a single person with no dependents (**€230.30 per week** or €12,017.05 p.a. at June 2014)

All contributions qualify for income tax relief, which is applied automatically.

7. When are my retirement benefits payable to me?

A minimum of 2 years service is required for pension and lump sum. However, your minimum pension age is 50 years. That means that your pension and retirement gratuity are only payable immediately if you serve to age 50. If you retire earlier than that (other than on medical grounds) your retirement benefits are “preserved” until age 60 and then paid on application by you.

Benefits are also payable immediately on compulsory retirement on medical grounds, provided you have at least 5 years’ actual pensionable service.

8. I have been told that my pension is “integrated” – what does this mean?

Integration means that your entitlement to Social Insurance benefits – such as the State Pension Contributory (the “old age” pension) - is taken into account in calculating the amount of your occupational pension payable.

This means that the occupational pension (or Spouse’s pension) you receive from the Department of Defence is reduced to take account of the State Pension or other benefits.

9. From what point is my DF pension integrated i.e. reduced?

Integration (i.e. the reduction in the amount of pension paid by DOD) begins as soon as your occupational (DF) pension becomes payable.

10. But the State Pension is not payable until age 66 and the age is going up– does that mean that I will have a reduced pension until then?

Not necessarily. The assumption in integration is that a Social Insurance benefit is payable. But this may not be the case and the reality is that you may not qualify for such a benefit until the State Pension at 66.

However, there is provision for the payment, on application, of a **Supplementary Pension** in addition to your occupational pension

during periods in which you are not employed and due to causes outside your control fail to qualify for Social Insurance benefits (or qualify at a rate less than the maximum personal rate of SPC).

The Supplementary Pension (payable by DOD) would bring you up to the total pension rate you would be on if you were being paid the State Pension and would continue to be paid until you receive the State Pension.

In accordance with an agreement between the Department of Defence and RACO applications for supplementary pensions from officers insured for full PRSI (Class A) who retire compulsorily at age 58 or higher and who decide not to take up employment will be given “special and sympathetic consideration”. It should also be noted that the compulsory retirement age for the rank of Comdt/Lt Cdr for PRSI (Class A) officers was increased to 58 (from 56) to facilitate this measure.

11. So is it the case that if I retire on pension and take up other employment my pension will be reduced immediately by integration and I will not be eligible for a Supplementary Pension.

Yes. Integration occurs as soon as your occupational (DF) pension is paid and a supplementary pension can only be claimed if the officer is not employed.

12. Does integration apply to my gratuity also?

No. Integration applies to your personal and spouse’s pensions, but not to gratuities.

13. What counts as pensionable service?

Pensionable service includes;

- All full-time paid service in the PDF (including service as a Cadet or other enlisted rank)
- Reckonable 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)
- Additional service (“added years”) awarded in exceptional cases (e.g. Compulsory retirement on medical grounds).
- Additional years purchased by the individual at his/her own expense.

14. On what rate of pay are my retirement benefits calculated?

Your benefits are based on your pensionable pay, which may include your regimental (basic) pay (including LSIs), Military Service

Allowance (MSA), flying pay and/or additional pay and any other pensionable allowances.

The basic pay element is based on your regimental (basic) salary at the date of retirement, provided you have held the same rank (acting and/or substantive) for the last 3 years of service. If you have not held the same rank for the last 3 years an average basic pay figure is used. This will reflect the time spent in each rank and the regimental salary applying to each.

Pensionable allowances (which include MSA, Flying Pay, Additional Pay and a range of other allowances – listed in **Appendix 1**) are assessed on the basis of the best 3 consecutive years in the final 10 years of reckonable service. The pensionable allowances earned in whichever 3 year consecutive period is the best are averaged over that period. If the best 3 year consecutive period is other than the final 3 years of reckonable service, the amount of the averaged allowance(s) is uprated to the value appropriate to the last 3 years of reckonable service. The allowance does not have to be held on the last day of service for it to be included in pensionable pay.

15. When is Substitution Allowance pensionable?

Substitution Allowance is reckonable for pension purpose if you held it for an aggregate of at least 1 year during the best 3 consecutive years in the final 10 years of service.

16. When are Duty Allowances like SDA pensionable?

Duty allowances such as SDA, EOD Allow, PDA and EOD allowance (See Appendix 1 for full list) are paid at a daily rate. In order for one of these to be reckonable for pension purposes you must have performed an aggregate of 156 of the relevant duty during the best 3 consecutive years in the final 10 years’ service.

17. What rate of retirement pension is payable?

The Scheme is designed to give you the maximum pension and lump sum after 30 year’s service. While the minimum age for payment of an immediate pension is 50 (except in cases of compulsory retirement on age grounds) it is **not** necessary to be age 50 **and** have completed 30 years to get an immediate pension. If you retire after age 50 with less than 30 year’s service you will get immediate benefits but they will not be at the maximum rates.

The norm in the public service is for it to take 40 years to reach maximum pension. However, in the case of the DF every year after 20 counts as double for these purposes – so the max benefits apply after 30 years.

Pension and gratuity (lump sum) are payable at the following rates;

- **Gratuity (lump sum):**
3/80^{ths} of pensionable pay for each of the first 20 years of service
plus 6/80^{ths} of pensionable pay for the next 10 years, subject to a maximum of 120/80ths of pensionable pay after 30 years.
- **Pension:**
1/200th of pensionable pay up to 3 ½ times the rate of State Pension Contributory (SPC), multiplied by the total number of years pensionable service
plus
1/80th of any pensionable pay in excess of 3 ½ times the rate of SPC, multiplied by the total number of years pensionable service.

18. Can you show me an example of these calculations?

Yes. Assume an officer retires at age 55 with the maximum pensionable service of 30 years and pensionable pay of €78,000. The annual rate of SPC is €12,017 (as at June 2014). Therefore 3 and 1/3rd times this limit is €40,057. Gratuity and pension would be calculated as follows:

- **Gratuity (lump sum):**
3/80^{ths} of pensionable pay for each of the first 20 years of service
plus
6/80^{ths} of pensionable pay for the next 10 years,

= €78,000 x ((3/80 x 20) + (6/80 x 10))
= €78,000 x 120/80 = **€117,000**
= standard max gratuity of 1 ½ pensionable pay
- **Pension:**
1/200th of pensionable pay up to 3 ½ times the rate of State Pension Contributory (SPC), multiplied by the total number of years pensionable service
= €40,057 x 1/200 x 40 (30 years mil service = 40 years for pension purposes) = €8,011.40
plus
1/80th of any pensionable pay in excess of 3 ½ times the rate of SPC, multiplied by the total number of years pensionable service.
= (€78,000-€40,057) x 1/80 x 40 = €18,971.50

Military Pension = €8,011.40 + €18,971.50 = €26,983 p.a.

This represents the occupational (military) pension. However, total

pension will come from two sources – the Department of Defence (Mil pension) and the State (State Pension Contributory). The current annual rate of SPC is €12,017. So, when added to the Military pension this would give a total of €39,000p.a. or ½ of pensionable pay.

Military Pension	+	State Social Welfare Pension	=	Total Pension
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19. Can you show me more examples?

Further worked examples are shown in **Appendix 2** to this booklet.

20. Does integration apply to the gratuity?

No, the gratuity is NOT integrated – i.e. there are no deductions to take account of Social Insurance benefits. This is because Social Insurance benefits are in pension form only.

21. Is the Retirement Gratuity taxed?

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

22. For how long will the pension be paid?

Your pension will be paid up to the date of your death.

23. 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.

24. 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 2 year’s actual pensionable service you would qualify for an immediate short-service gratuity.
- With at least 2 years but less than 5 years you would have the option of taking either a preserved pension and gratuity **or** an immediate enhanced short-service gratuity.
- With more than 5 year’s service an immediate pension and gratuity would be payable. The benefits are calculated in the same way as with standard benefits, but you may be awarded up to 10 additional “ill-health notional years” to add to actual service for the purpose of the calculations.

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.

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

If you die in service a gratuity would be paid to your spouse and/or children or legal representative. This gratuity would be the greater of one years pensionable pay or the amount that would have been payable if you had been compulsorily retired on medical grounds on the date of death. The maximum payable is 1.5 times 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. As Spouse's and Children's pensions are linked to your own occupational pension, they are also "integrated" with the Social Insurance system. The spouse's pension would be 1/2 of the occupational 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 integrated pension you would have received if you had served to normal retirement age for your rank.

As a PRSI Class A contributor you are also insured for the full range of Social Insurance benefits, including the 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.

26. 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.

27. Can I get a refund of my contributions in any circumstances?

Yes. Your contributions (less an appropriate deduction for income tax) will be refunded to you if you leave the PDF with less than 2 year's service (other than on medical grounds) and where you are not entitled to transfer your service to another public service organisation for Superannuation purposes.

28. What does transferred service mean?

Under approved arrangements you are able to transfer your service for Superannuation (pension etc.) purposes to or from a variety of public sector organisations such as the Defence Forces, the teaching sector, the Civil Service, the HSE and certain other state or semi-state bodies.

29. 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.

30. 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.

31. 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.

In assessing your pension or potential pension for the purposes of calculating the spouse's and Children's entitlement, your pensionable pay will be reduced by once the annual SPC and the pension will be calculated on the sum remaining.

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	-	1/3	1/3
2 or more children	-	1/2	1/2

32. 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.

33. 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.

34. 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.

35. 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.

36. 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 Gross pensionable pay are deducted from your salary 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.

37. 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 issued 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.

APPENDIX 1

PENSIONABLE ADDITIONS TO BASIC (REGIMENTAL) PAY

1. Military Service Allowance
2. Flying Pay
3. Additional Pay – ATC officers
4. Additional Pay – Army Medical Corps ("Specialist Pay", O/C Mil Hospital)
5. Health & Safety Officer's Allowance
6. Foreign Language Proficiency Allowance
7. Diving Allowance – Annual Rate
8. Instructor's Allowance
9. Personnel Support Service Allowance
10. Border Duty Allowance
11. Army Ranger Wing Allowance
12. Substitution Allowance (*Note 1*)
13. Security Duty Allowance (*Note 2*)
14. Security Duty Allowance – Portlaoise Prison (*Note 2*)
15. Explosive Ordnance Disposal Duty Allowance (*Note 2*)
16. Diving Allowance – Daily Rate (*Note 2*)
17. In-Charge Allowance (NS) (*Note 2*)
18. Patrol Duty Allowance (*Note 2*)
19. Brigade Duty Allowance (*Note 2*)
20. Emergency Medical Officer Allowance (*Note 2*)

Note 1: Special conditions apply – see Q 15

Note 2: These allowances are paid at daily rates so special conditions apply to pensionability – see Q 16

APPENDIX 2

WORKED EXAMPLES – GRATUITY & PENSION

Gratuity (lump sum):

3/80ths of pensionable pay for each of the first 20 years of service

plus

6/80ths of pensionable pay for the next 10 years,

Pension:

1/200th of pensionable pay up to 3 ½ times the rate of State Pension Contributory (SPC)(€12,017.05 x 3.333333), multiplied by the total number of years pensionable service

plus

1/80th of any pensionable pay in excess of 3 ½ times the rate of SPC, multiplied by the total number of years pensionable service.

EXAMPLE 1:

Officer with 10 years' pensionable service and pensionable pay of €50,000

Gratuity (Lump Sum):

= €50,000 x (3/80 x 10)

=€18,750

Pension:

= €40,057 x 1/200 x 10 = €2,002.85

Plus

= (€50,000-€40,057) x 1/80 x 10 = €1,242.88

Military Pension:

= €2,002.85 + €1,242.88 = **€3,245.73 p.a.**

EXAMPLE 2:

Officer with 22 years' pensionable service and pensionable pay of €70,000

Gratuity (lump sum):

= €70,000 x ((3/80 x 20) + (6/80 x 2))

= €70,000 x 72/80

= €63,000

Pension:

= €40,057 x 1/200 x 24 (each year over 20 is doubled) = €4,806.84

plus

(€70,000-€40,057) x 1/80 x 24 = €8,982.90

Military Pension:

= €4,806.84 + €8,982.90 = **€13,789.74 p.a.**

The purpose of this Booklet is to provide general information on Superannuation benefits for new entrant officers of the PDF in full PRSI (Class A) who joined the PDF on or after 01 April 2004 and before 01 January 2013. 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.

**This booklet was prepared by
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and was commissioned by
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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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