



Women & Pensions

A guide on Pension Provision for Women



An Bord Pinsean -
The Pensions Board

Authority for Pensions



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1. Introduction

The purpose of this booklet is to describe the ways in which women can provide financial security for themselves and their dependants in retirement. Although men and women are treated equally in relation to pension provision, there are a number of areas such as maternity leave, career breaks and re-entering the workforce which are of particular interest to women.

Women may receive pension income from a number of sources in retirement:

- (i) **State Pensions** provided under the Social Insurance and Social Assistance systems.
- (ii) **Private Pensions** designed for those who do not have access to an occupational pension. These may be either *Personal Pension Plans* or *Personal Retirement Savings Accounts (PRSAs)*.
- (iii) **Occupational Pensions** provided through employer sponsored pension schemes in both the public and private sector and in the public service.
- (iv) **Spouse's Provision** - your spouse may have income from any of the above three sources. In addition, your spouse's arrangement may provide an income for you in the event of his death.

This booklet covers these areas in turn, and then discusses briefly other pension related issues of relevance to women. Different sections may be of interest to you depending on your own circumstances. We hope that this booklet is clear and informative and laid out in a manner in which it is easy to access those areas of interest to you. To assist in this, a glossary of terms used is included at the end of this booklet.

The whole framework within which pensions are provided has undergone major change in recent years. For example, New Retirement Options have been introduced for certain types of arrangements. These have resulted in new approaches being taken to the provision of financial security in retirement. *PRSA*s are now available and there have been many changes in pension related legislation as well as in other areas of employment law.

It is often not appreciated that membership of a pension scheme can be an extremely valuable asset. For example, if you were to buy from a life office a pension at retirement of €10,000 per annum payable from age 60, you would need a pension fund of at least €167,000 at age 60. The value of this pension would be greater if it increases while in payment or if a pension would be payable to your spouse following your death. So if your employer sponsors a pension scheme, it may be very worthwhile to become a member.

If you do not have access to a company pension scheme, or if you wish to enhance your benefits from a company scheme, then the earlier you start to save for your retirement the better. You should note that if your employer does not provide access to an employer sponsored pension arrangement within six months of joining service, then you must be provided with access to a *PRSA* facility. That is, your employer must provide a payroll deduction facility to at least one *PRSA* provider of his own choosing.

It would be impossible to cover every aspect of pensions in detail in this booklet. Further information is available from The Pensions Board (contact details given at the end of this booklet).

2. Summary of Booklet

- The section on State Pension Provision details how you may become entitled to Social Welfare pensions such as Old Age Contributory Pension (State Pension (Contributory) from September 2006) or Widow's Contributory Pension and, where relevant, to non-contributory pensions. It also sets out how you may protect your entitlements during times when you are not in paid employment through, for example, the Homemakers Scheme.
- The next section is entitled Supplementary Retirement Income. This section describes pension schemes sponsored by your employer and personal pensions and how these may provide benefits in addition to State social welfare benefits.
- If your spouse has pension entitlements then you and/or your children may benefit from these entitlements. Further information on this is given in the section headed Spouses' Pension Provision.
- Your pension (and that of your spouse) is a very valuable asset. If you are getting divorced or judicially separated, your pension entitlements (and those of your spouse) must be taken into account in arriving at a financial settlement. For further details on the provisions of the Family Law Acts with regard to pensions, please see the section on Pensions on Separation or Divorce.
- The following section – Frequently Asked Questions – answers questions related to employer sponsored pension schemes and personal pensions, such as what happens to your benefits when you move jobs or what happens if you take a career break, for example.
- If you are a part-time or a fixed term worker you must be treated no less favourably than your full-time or permanent counterparts. How this affects your pension entitlements if your employer sponsors an *Occupational Pension Scheme* is set out in the section on Part-Time & Fixed-Term Work and Pensions.

- The section entitled Maternity, Adoptive, Parental and Carer's Leave details the effect on your pension entitlements of taking maternity, adoptive, parental or carer's leave.
- You may wish to return to the workforce in your later years after your family has been raised. Due to short service to retirement, your retirement benefits may be relatively low. If you were previously in *Pensionable Employment*, you may have entitlements from that service or may be able to have service reinstated for pension purposes. These issues are discussed in the section headed Re-entering The Workforce.
- People must be treated equally for the purposes of pension provision. The section entitled Equal Pension Treatment describes the effects of the principle of equal pension treatment in this regard.
- Included in the Appendices is a list of useful addresses of relevant institutions and bodies from which you may obtain further information. There is also a Glossary which explains some of the commonly used terms in pensions.

3. State Pension Provision

If you work in the public service, you may receive a pension from the State under the relevant *Occupational Pension Scheme* when you retire. More details on this are given later in the booklet in the next section – Supplementary Retirement Income – and later in Frequently Asked Questions.

The State also pays social welfare pensions to any individual who either (a) has paid certain classes of *PRSI* and satisfied certain conditions, or (b) satisfy means tests. Many women will receive a social welfare pension from the State on retirement. There are a variety of entitlements and benefits and this is a brief summary of the benefits which may be paid and the conditions which you must satisfy in order to receive them.

How do I become entitled to a Social Welfare Pension from the State?

You will be entitled to a contributory pension if you paid sufficient *PRSI* contributions at the appropriate rate while in paid employment. Credits received by you while in receipt of certain social welfare payments or allowances made under the Homemaker's Scheme can also help you to qualify for social welfare payments. If you do not qualify for a contributory pension and your income is below a certain level, you may be entitled to a non-contributory pension.

What PRSI contributions do I have to pay and what Social Welfare Benefits am I entitled to?

There is a variety of *PRSI* classes which determine the contribution payable by you and the benefits available to you. Most people pay class A *PRSI* contributions and may be entitled to all the main social welfare benefits, including pensions. If you commenced work in the public service after 6 April 1995 then you will also pay class A *PRSI*.

If you commenced work in the public service prior to 6 April 1995 and you are a permanent and pensionable employee (in an established capacity in the Civil Service or an equivalent position in the Public Service), then you will pay a modified rate of *PRSI* and may be entitled to only some of the main social insurance benefits.

If you are self-employed, then you may be liable to pay *PRSI* at Class S for the self-employed. This also qualifies for pensions. More information on *PRSI* for the self-employed is contained in the booklet SW 74 available from the Department of Social and Family Affairs.

What happens if I am not paying *PRSI* contributions?

During any period in which you are not in paid employment or in self-employment, you will not be paying *PRSI* contributions and so your benefit entitlements may be reduced. In certain circumstances, however, you may receive *PRSI* credits. These credits ensure that your social insurance record remains unbroken and may help you to qualify for social welfare pensions or benefits in the future. Credits are automatically given when you are entitled to:

- Unemployment Benefit (Jobseeker's Benefit from October 2006).
- Disability Benefit (Illness Benefit from October 2006).
- Maternity Benefit (employees only).
- Adoptive Benefit (employees only).
- Health & Safety Benefit.
- Invalidity Pension.
- Retirement Pension (State Pension (Transition) from September 2006).

You may be eligible for credits if you are getting Unemployment Assistance (Jobseeker's Allowance from October 2006), Pre-Retirement Allowance, Injury Benefit, Carer's Allowance, Carer's Benefit or while participating in certain courses.

Credits are usually awarded at the same rate as you last paid *PRSI* contributions.

You may be eligible for Pre-Retirement Credits if you are retired from the workforce, are no longer actively looking for work and are aged 55 or over. Full details of credited contributions are given in leaflet SW12 available from the Department of Social and Family Affairs.

If you are an employee and are in receipt of Maternity Benefit from the State, then you will be automatically awarded credits during that period. Please note that credits are only awarded for the period of statutory maternity leave, i.e., 22 weeks. If you avail of unpaid maternity leave immediately following your paid leave, you will be entitled to receive a "*PRSI* credit" in respect of each week taken, up to a maximum of 12 weeks. Full details are given in leaflet SW11 available from the Department of Social and Family Affairs.

If you take Parental Leave, then you may be entitled to 14 weeks of *PRSI* credits.

Can I pay voluntary *PRSI* contributions?

If you cease to be covered by compulsory *PRSI* either as an employee or as a self-employed person, and are under age 66, you may opt to become insured on a voluntary basis. To become a voluntary contributor, you must:

- Have at least 260 weeks *PRSI* paid under compulsory insurance in either employment or self-employment, and
- Apply within 12 months after the end of the contribution year in which you last paid compulsory contributions or during which you were last awarded a credit.

- Agree to pay voluntary contributions from the start of the contribution week after the week in which you cease compulsory insurance.

The rate of voluntary contribution payable is determined by the rate of the last *PRSI* contribution paid or credited by you.

A high rate of voluntary contribution is applicable if you last paid *PRSI* at Class A, E or H. The charge applying to high rate voluntary contributors is calculated at 6.6% of their reckonable income in the previous tax year, subject to a minimum charge of €317.00 and a maximum charge of €3,075.60 (at 2006 rates).

A low rate voluntary contribution applies if you last paid *PRSI* at Class B, C or D. The charge applying to low rate voluntary contributors is calculated at 2.6% of their reckonable income in the previous tax year, subject to a minimum charge of €126.00 and a maximum charge of €1,211.60 (at 2006 rates).

A special rate voluntary contribution applies to those who last paid *PRSI* at Class S for the self-employed. This special rate is charged at a flat rate of €253.00 (at 2006 rates).

Voluntary contributions can provide cover for pension benefits as follows:

Voluntary Contributions Paid at	Higher Rate	Lower Rate	Special Rate
Retirement Pension (State Pension (Transition) from Sept 2006)	Yes	No	No
Old Age Contributory Pension (State Pension (Con) from Sept 2006)	Yes	No	Yes
Widow/Widowers Contributory Pension	Yes	Yes	Yes

More information on voluntary contributions is contained in the booklet SW8 available from the Department of Social and Family Affairs.

What Social Welfare Benefits are payable on my retirement?

Retirement Pension (State Pension (Transition) from September 2006)

You may qualify for Retirement Pension if:

- (i) you are age 65, and
- (ii) you are retired from full-time employment (part-time work may be permitted if you earn less than €38 per week or, earn less than €3,174 per annum if you are self-employed). The retirement condition no longer applies when you reach age 66, and
- (iii) you have paid either Class A,E,F,G,H, or N social insurance contributions and satisfy the following contribution conditions, i.e. you must have:
 - (a) started paying social insurance before you reached age 55, and
 - (b) If you will reach age 65 between 6 April 2002 and 5 April 2012, you will need 260 Paid contributions. If you reach age 65 on or after 6 April 2012, you will need 520 Paid contributions, and
 - (c) a yearly average of at least 48 weeks *PRSI* paid or credited from 1979 to the end of the tax year before you reach age 65,or
 - a yearly average of at least 24 weeks *PRSI* paid or credited from 1953 (or the time you started insurable employment, if later) to the end of the tax year before you reach age 65. A yearly average of 24 will entitle you to the minimum rate of Retirement Pension. For the maximum pension, an average of 48 is required.

Claims should be made 3 months before reaching age 65 or the date of retirement, if retiring between age 65 and 66.

**Retirement Pension (State Pension (Transition) from September 2006)
- Additional Benefits and Allowances**

You may receive an increase in your rate of Retirement Pension in respect of your spouse/partner subject to certain conditions and/or if you have dependent child(ren) under age 18 (or under age 22 if in full-time education). In addition, you may also be entitled to the Household Benefits Package (Electricity/Natural Gas/Bottled Gas Refill Allowance, Telephone Allowance and Free Television Licence) from age 66. These benefits may be payable from age 60 if your late spouse previously held these entitlements. If you are aged 66 or over and living in the State you are entitled to Free Travel. You may also qualify for a means tested Fuel Allowance which is payable during the annual heating season (from end-September to mid-April). As well as most of the benefits outlined above, you may qualify for a Living Alone Increase from age 66 if you reside entirely alone. In addition, Over 80 Allowance is awarded automatically. Full details are given in leaflet SW18 available from the Department of Social and Family Affairs. Under arrangements introduced from 1 October 2002 payment of an increase in respect of a qualified adult may be paid under certain circumstances directly to the spouse or partner.

Old Age (Contributory) Pension (OACP) (State Pension (Contributory) from September 2006)

You may qualify for Old Age Contributory Pension if:

- you are age 66 or over,
- you have paid either Class A, E, F, G, H, N or S *PRSI* contributions and satisfy the following contribution conditions, i.e. you must have:

- (a) started paying social insurance before you reached age 56, and
- (b) If you will reach age 66 between 6 April 2002 and 5 April 2012, you will need 260 Paid contributions. If you will reach age 66 on or after 6 April 2012, you will need 520 Paid contributions, and
- (c) a yearly average of at least 48 weeks full rate *PRSI* paid or credited from 1979 to the end of the tax year before you reach age 66,

or

a yearly average of at least 10 full rate contributions paid or credited from 1953 (or the time you started insurable employment, if later) to the end of the tax year before you reach age 66. A yearly average of 10 full rate contributions paid or credited will entitle you to the minimum rate of Old Age Contributory Pension. A yearly average of 48 full rate contributions is required for a pension at the maximum rate.

What if I am Self-Employed?

Class S *PRSI* is payable by self-employed people and provides cover for Old Age Contributory Pension (State Pension (Contributory) from September 2006). If you were self-employed and started paying *PRSI* on 6 April 1988 (the date of introduction of *PRSI* for self-employed people), entitlement to Old Age Contributory Pension may be based on your record from that date.

People liable to pay Class S must have any outstanding *PRSI* liability paid before a pension can be awarded.

Class S contributions in their own right are not reckonable for Retirement Pension (State Pension (Transition) from September 2006).

Special half-rate self-employed OACP

You may qualify for a special half-rate Old Age Contributory Pension (State Pension (Contributory) from September 2006) at age 66 if you do not qualify for a standard rate pension provided you satisfy the following conditions:

- you were born between 6 April 1927 and 6 April 1932 inclusive and
- you entered into insurable employment as a self-employed person on or after 6 April 1988, and
- you have at least 260 Class S contributions paid since becoming a self-employed person.

Special half-rate pension for people with pre-1953 contributions

You may qualify for this special half-rate Old Age Contributory Pension (State Pension (Contributory) from September 2006) if you paid contributions under the National Health Insurance Acts prior to 1953 and have a minimum of 260 full-rate insurance contributions paid, at least one of which must have been paid prior to 6 July 1953 in the case of women contributors.

Claims for Old Age Contributory Pension should be made 3 months before reaching age 66.

OACP - Additional Benefits and Allowances

You may receive an increase in your rate of pension in respect of your spouse/partner subject to certain conditions and/or if you have dependent child(ren) under age 18 (or under age 22 if in full-time education). In addition, you may also be entitled to the Household Benefits Package (Electricity/Natural Gas/Bottled Gas Refill Allowance, Telephone Allowance and Free Television Licence) from age 66. These benefits may be payable from age 60 if your late spouse previously held these entitlements. If you are aged 66 or over and living in the State you are entitled to Free Travel. You may also qualify for a

means tested Fuel Allowance which is payable during the annual heating season (from end-September to mid-April).

As well as most of the benefits outlined above, you may qualify for a Living Alone Increase from age 66 if you reside entirely alone. In addition, over 80 Allowance is awarded automatically. Full details are given in leaflet SW18 available from the Department of Social and Family Affairs.

Under arrangements introduced from 1 October 2002 payment of an increase in respect of a qualified adult may be paid under certain circumstances directly to the spouse or partner.

What if I am a Civil Servant recruited before 6 April 1995?

PRSI contributions (Classes B, C, and D) paid by Public Service employees are not reckonable for either Retirement Pension (State Pension (Transition) from September 2006) or Old Age (Contributory) Pension (State Pension (Contributory) from September 2006). However, in certain circumstances, they may be combined with full-rate contributions to give entitlement to a mixed insurance pro-rata pension.

What if I have paid social insurance in other countries?

If you do not qualify for full rate pension, then contributions paid in a country covered by EC Regulations or social insurance/residence in a country with which Ireland has a Bilateral Social Security Agreement may be combined with Irish contributions to give entitlement to a pro-rata pension. Full details of pro-rata pensions are given in leaflet SW18 available from the Department of Social and Family Affairs.

What happens if I take time off work to look after my Family?

As previously mentioned, you must meet certain contribution conditions in order to be entitled to the Old Age (Contributory) Pension (State Pension (Contributory) from September 2006). Taking

time away from the paid workforce would reduce the number of *PRSI* contributions paid by you and could adversely affect your entitlements.

From 6 April 1994, contribution years spent out of the workforce caring for children under age 6 (increased to 12 years from 1995), or an incapacitated person age 12 or over may be disregarded when calculating a person's yearly average contributions for Old Age (Contributory) Pension purposes, provided the person satisfies certain qualifying conditions. This scheme is called the Homemaker's Scheme and only applies to people who leave (or who had previously left) paid employment since April 1994.

The aim of the scheme is to reduce the effect of taking time out of the paid workforce, to look after children or an incapacitated person. This is done by disregarding the years, counted as 'Homemaker Years', in the calculation of the yearly average contribution test for the Old Age (Contributory) Pension.

Under the Homemaker's Scheme a maximum of 20 years may be disregarded in this way. A "Homemaking Year" is regarded as a complete tax year out of the paid workforce. In addition, you may get *PRSI* credits for partial tax years out of the paid workforce.

To qualify for this scheme you must:

- be permanently resident in the State;
- be over age 16 and under age 66;
- have been in insurable employment/self employment and paying class A, E, H or S *PRSI* contributions;
- not be engaged in full-time paid employment (part-time work is permitted provided earnings do not exceed certain limits (currently €38 per week)) and;

- live with and care for an incapacitated person on a full-time basis or a child (under age 6 from 6 April 1994 to 5 April 1995 or under age 12 from 6 April 1995).

For full details of how to register for the scheme please consult leaflet SW1 available from the Department of Social and Family Affairs.

What if I am not entitled to Old Age (Contributory) Pension? (State Pension (Contributory) from September 2006)

You may be entitled to Old Age Non-Contributory Pension (State Non-Contributory Pension from September 2006) as described below.

Old Age (Non Contributory) Pension (State Non-Contributory Pension from September 2006)

You may qualify for the Old Age (Non-Contributory) Pension (State Pension (Non-Contributory) from September 2006) if:

- you are aged 66 or over;
- you are living in the State and;
- you satisfy a means test.

The means of your spouse or partner will also be taken into account if you are living with him/her. Full details are given in leaflet SW16 available from the Department of Social and Family Affairs.

The means test is similar to that described above in relation to the Widow's (Non-Contributory) Pension. The means of your spouse or partner will also be taken into account if you are living with him/her. Full details are given in leaflet SW16 available from the Department of Social and Family Affairs.

What Benefits are payable on my Spouse's Death?

You may be entitled to one of the following payments:

- a Widows (Contributory) Pension, or

- a means-tested Widow's (Non-Contributory) Pension, (State Pension (Non-Contributory) from September 2006 if aged 66 or over), or
- a means-tested One-Parent Family Payment. (You may be eligible for this payment if you have one or more dependent children).

The qualifying conditions for the Widow's (Contributory) Pension are set out below.

Widow's (Contributory) Pension

You may qualify for this payment if:

- you are widowed or you were divorced from your late spouse and have not remarried, and
- you are not cohabiting, that is, living with someone as husband and wife and
- you satisfy the *PRSI* contribution conditions, (either on your own or your late spouse's contribution record). *PRSI* Classes A, B, C, D, E, H, and S provide cover for this benefit. You may also qualify if your late spouse was getting either a Retirement Pension (State Pension (Transition) from September 2006) or an Old Age Contributory Pension (State Pension (Contributory) from September 2006) which included an increase for you as a qualified adult or would have included such an increase but for the fact that you were getting an Old Age Non-Contributory Pension, Blind Pension or Carer's Allowance in your own right.

The contribution conditions which apply are:

- 156 weeks *PRSI* paid to the date pension age was reached or to the date your spouse died, if earlier, and

- an average of 39 weeks *PRSI* must be paid or credited over the 3 (or 5, if more beneficial) tax years before reaching age 66 or before your spouse died, if earlier,

or

- for a minimum pension, a yearly average of 24 weeks *PRSI* must be paid or credited since starting work up to the end of the tax year before reaching pension age (66) or the date your spouse died, if earlier. A yearly average of 48 weeks *PRSI* is required for the maximum pension.

If your late spouse was getting a contributory social welfare pension, you may be entitled to payment of his pension for the six week period immediately following his death. Also, from the seventh week, you may qualify for a Widow's (Contributory) Pension. From age 65, this payment may be replaced by the higher rate Retirement Pension if you are entitled to it.

Widow's (Contributory) Pension – Additional benefits and Allowances

You will receive an increase in your rate of Widow's (Contributory or Non-Contributory) Pension or One-Parent Family Payment if you have dependent child(ren) under age 18 (or under age 22 if in full-time education). You may also be entitled to a Bereavement Grant of €635 and a Widowed Parent's Grant of €2,700 if there are dependent children. In addition, you may also be entitled to the Household Benefits Package (Electricity/Natural Gas/Bottled Gas Refill Allowance, Telephone Allowance and Free Television Licence) from age 66. These Benefits may be payable from age 60 if your late spouse previously held these entitlements. You are also entitled to a Free Travel Pass from age 66. Finally, you may qualify for a means tested Fuel Allowance which is payable during the annual heating season (from late-September to mid-April). If you reside entirely alone, you may qualify for a Living Alone Increase from age 66. An additional weekly

allowance is payable if you are aged 80 years or over. Full details are given in leaflet SW25 available from the Department of Social and Family Affairs.

What if I am not entitled to Widows (Contributory) Pension?

If you do not satisfy the conditions for a Widow's (Contributory) Pension, you may be entitled to a Widow's (Non-Contributory) Pension (State Pension (Non-Contributory)) from September 2006 if you are aged 66 or over). As an alternative to Widow's (Non-Contributory) Pension (known as State Non-Contributory Pension from September 2006) you may qualify for a means tested One-Parent Family Payment if you have dependent child(ren). Full details are given in leaflet SW82 available from the Department of Social and Family Affairs.

Widow's (Non-Contributory) Pension (State Pension (Non-Contributory) from September 2006 if you are aged 66 or over)

You may qualify for this payment if:

- you are widowed;
- you are divorced from your late spouse and have not remarried,
- you are not cohabiting, that is, living with someone as husband and wife,
- you satisfy a means test, and
- you are living in the State.

To satisfy the means test, your income, as assessed in accordance with certain rules, must be below a certain level. It is not possible in this booklet to set out in detail the way in which your means would be calculated, but in broad terms any cash income you receive (excluding Social Welfare payments), income from employment or self-employment and income arising from investments or savings, or

from property (excluding your own home) or a farm, would be taken into account. Full details are given in leaflet SW26 available from the Department of Social and Family Affairs.

What Benefits are payable if I die before my Spouse?

Your spouse may be entitled to all of the benefits outlined above.

What are the current rates of these Benefits?

Appendix B sets out rates of Social Welfare payments for the year 2006. Full details are given in booklet SW19 available from the Department of Social and Family Affairs.

4. Supplementary Retirement Income

OCCUPATIONAL, PERSONAL PENSIONS AND PRSAs – INTRODUCTION

The State provides a certain level of income in retirement, but it may be necessary to supplement this with additional pension provision in order to have a reasonable level of retirement income. If your employer operates an *Occupational Pension Scheme* which you are eligible to join, this will provide additional retirement income. If your employer does not offer an *Occupational Pension Scheme* or if you are self-employed, then you may take out a *Personal Pension Plan* with a life assurance company or a *PRSA*. As mentioned earlier in this booklet, if you are employed and you are not eligible to join an employer sponsored arrangement within 6 months of joining service, then you must be provided with access to a Standard *PRSA*.

This section deals firstly with Occupational Provision. Then, details of Personal Pensions and *PRSAs* are given. The last part of the section deals with *Approved Retirement Funds (ARFs)*. *ARFs* are an option available at retirement to individuals from all types of pension arrangements, subject to certain criteria being met.

General overview of Occupational Pension Schemes

The basic principle of most pension arrangements is that money is set aside or invested during the individual's working lifetime to provide benefits on retirement or death. To encourage pension provision, favourable tax treatment applies to schemes which satisfy conditions laid down by the Revenue Commissioners. For example, one such condition is that cash cannot be taken from your pension arrangement unless in the form of a lump sum payable at retirement or to your dependants in the event of your death, except in certain limited circumstances. Within certain limits, the following beneficial tax treatment applies:

- Employee contributions receive income tax and *PRSI* relief.

- Employer contributions are not taxed as benefit in kind in the hands of the employee (unless paid to a *PRSA*).
- Pension schemes do not pay income or capital gains tax on investment return.
- Part of your retirement benefit may be paid as a tax-free cash sum.

A pension scheme may provide some or all of the following benefits:

- A pension payable on retirement for your lifetime. A pension is usually paid monthly and is taxed under the PAYE system.
- A once-off tax-free cash sum on your retirement. This may be in addition to your pension, or may be provided by exchanging part of your pension in return for cash.
- A pension may be payable to your spouse/dependants/children if you die, either before or after the pension commences.
- A lump sum may be payable in the event of your death before or after retirement.
- A pension and/or lump sum may be payable if you retire in circumstances of ill health.

Types of Occupational Pension Schemes

Your employer may provide an *Occupational Pension Scheme*. In the private sector, this would normally be a funded arrangement, where contributions are paid into a trust so that the funds are held separately from the assets of the company. This provides greater security for the pension scheme members, as the scheme's assets will still be available to provide benefits even if the company fails. In the public service, arrangements are often unfunded, which means that the employer pays pensions as they fall due on a "pay as you go basis" rather than establishing a fund in advance. In this case, here is

no concern that the employer, which is the State, would be unable to meet its commitments.

Occupational Pension Schemes generally fall into one of two categories: *Defined Benefit* or *Defined Contribution* although some schemes may combine features of both. The operation of such schemes is regulated by the Pensions Act, 1990, as amended (the "Pensions Act") and is monitored by the Pensions Board. These schemes must be set up under trust and trustees must be appointed. The Pensions Act imposes duties on the trustees of schemes including:

- to register the scheme with the Board,
- to ensure that contributions are paid,
- to invest the funds appropriately,
- to ensure that benefits are paid,
- to provide information to members,
- to operate equal pensions treatment, and
- to ensure that, if the scheme is wound-up, the assets are dealt with correctly.

Defined Benefit Schemes

In the private sector, the document which governs the scheme is a *Trust Deed and Rules*. This sets out exactly how your benefits will be calculated, when they will be paid and what contributions, if any, you will be required to pay. Usually, a pension will be payable on retirement calculated according to a formula set out in the *Trust Deed and Rules*. For example, the pension might be determined according to the length of your service and your pay in the period prior to retirement. In addition, these schemes often provide pensions and/or lump sums to your dependants in the event of your death. The

company contributes to the scheme in accordance with the provisions of the *Trust Deed and Rules*.

Schemes in the public service and some schemes in the public sector do not have a *Trust Deed and Rules* but rather have been established under statute. Statutory Instruments set out how your benefits are calculated and when and to whom they may be paid. In general, such schemes provide similar benefits to those offered by schemes established under trust.

Defined Contribution Schemes

The majority of *Occupational Pension Schemes* established in the last few years have been *Defined Contribution Schemes*. These are also established under trust and the assets are kept separately from those of the employer. The level of employer and employee contributions (if any) to these schemes is fixed in advance. Each member has her own account in the scheme into which contributions are paid. Your benefits at retirement depend on the amount of contributions paid into the scheme and on investment returns earned on these contributions. These schemes would also often provide pensions and/or lump sums to your dependants in the event of your death.

General overview of Personal Pension Provision

If you are not a member of an *Occupational Pension Scheme*, you may provide additional income in your retirement by saving via a *PRSA* or a *Personal Pension Plan* (often known as Retirement Annuity Contracts in the case of self-employed persons). A *PRSA* is a standardised and regulated product. In the case of a Standard *PRSA*, there are limits on the charges that may be levied by the provider. A *PRSA* is a stand alone product intended to provide for retirement only, whereas a personal pension may have additional features, such as life cover, for example.

Personal Retirement Savings Accounts (PRSAs)

A *PRSA* is a long term savings account designed to assist people to save for retirement. A *PRSA* is a contract between an individual and

an authorised *PRSA* provider. This is a flexible contract which allows people to continue to save for their retirement as their employment circumstances change over time. Except for employees already in an *Occupational Pension Scheme*, anybody can contribute to a *PRSA*. This would include, among others, self-employed, unemployed, home makers and carers. Employers are obliged to facilitate access to at least one Standard *PRSA* product for employees who are “excluded employees”. In summary excluded employees are:

- employees of an employer who do not offer an Occupational Pension Scheme, or
- employees who are included in an *Occupational Pension Scheme* for death in service benefits only, or
- employees who are ineligible to join the scheme and who will not, under the rules, become eligible to join the scheme for pension benefits within six months from the date they commenced employment, or
- employees who do not have access to AVCs through their *Occupational Pension Scheme*.

Your benefits at retirement depend on the amount of money paid in, the investment return earned over the period to retirement and on the cost of providing benefits at retirement.

A list of approved *PRSA* providers and their products may be obtained from the Pensions Board. A *PRSA* product may be either a Standard *PRSA* product or a non Standard *PRSA* product. There are certain investment restrictions on Standard *PRSA* products and also restrictions on the amounts that a *PRSA* provider can charge in respect of a Standard *PRSA*. The Pensions Board has responsibility for the approval of *PRSA* products and for monitoring the activities of *PRSA* providers in respect of their approved products.

Contributions to a PRSA

You pay contributions to a *PRSA* provider either directly or indirectly via your employer. Tax relief is granted on contributions to a *PRSA*. The maximum contributions that may be paid in any year are as follows:

Age	% of net relevant earnings
under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 and over	40%

The maximum net relevant earnings that may be taken into account for this purpose are currently €254,000.

Your employer may also contribute to your *PRSA*. These contributions will be aggregated with your own contributions for the purpose of calculating the maximum tax relieved contribution. They are treated for relief purposes as contributions made by yourself. If you are not in *Pensionable Employment* you are entitled to tax relief on contributions up to €1,525 per annum regardless of the rules set out above provided you have a source of relevant earnings which are taxable.

Retirement Benefits from a PRSA

The fund that is built up from the accumulation of your contributions together with the investment return earned is available to provide you with benefits at retirement. In general you may take benefits at any time between age 60 and age 75. If you are an employee, you can draw your benefits in certain circumstances at any age from 50 onwards. You may retire at any stage in circumstances of permanent

ill-health. You can take up to 25% of your fund as a tax free lump sum at retirement. You then have a number of options as to how to use the remainder of the fund to provide for you in retirement. Options on retirement

- (a) You may use the balance of the fund to purchase an annuity with an insurance company. An annuity is an income payable during the life of the policyholder, and you may specify that a pension would be payable to your dependants following your death.
- (b) You may transfer the value of the assets in the *PRSA* to an *Approved Retirement Fund (ARF)*, provided you meet the qualifying conditions. You could then withdraw funds as required (any such withdrawals would be taxed as PAYE income in the normal way).
- (c) You may retain your funds in the *PRSA* and opt to draw income as required (such income being taxed as PAYE income in the normal way). In order to avail of this option, a minimum of €63,500 must be used to purchase an annuity or kept in the *PRSA* until age 75, unless you have retirement income for life of at least €12,700 per annum.

Further information on *PRSAs* is outlined in the Pensions Board booklets “*PRSAs – A Consumer Guide*” and “*PRSAs – Employer’s Obligations*”. The Revenue Commissioners have also produced a useful guide called “*A Guide to Personal Retirement Savings Accounts*”.

Personal Pensions and Retirement Annuity Contracts (RACS)

If you are self-employed or your employer does not provide a pension plan, you may take out a *Personal Pension Plan* (also known as a Retirement Annuity Contract) with an insurance company. This is an individual contract between you and the insurance company, and there are no trustees. You could also effect a life assurance policy

to provide protection for your dependants. These plans are not covered by the Pensions Act and do not come within the remit of the Pensions Board, but are regulated by the Insurance Acts.

Contributions to Personal Pensions and RACs

You pay contributions direct to the insurance company and no employer contributions are paid. Tax relief is granted on your contributions to a personal pension. The maximum contribution (inclusive of premiums for life cover) that may be paid depends on age as follows:

Age	% of net relevant earnings
under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 and over	40%

The maximum net relevant earnings that may be taken into account for this purpose are currently €254,000.

Retirement Benefits from Personal Pensions/RACs

The benefits on retirement and options are mainly the same as described under *PRsAs*. You may not normally however draw your benefits prior to age 60. You may retire at any stage in circumstances of permanent ill health.

Approved Retirement Funds (ARFs)

It is possible to transfer funds to an ARF at retirement in the following circumstances and subject to you satisfying the conditions described later in this section:

- Funds in respect of AVCs paid to an *Occupational Pension Scheme* (unless you are a public sector employee).

- *PRSA* funds.
- Funds from personal pensions.
- Funds from Retirement Annuity Contracts.

An ARF is a fund managed for an individual by a qualifying fund manager such as a bank, building society, credit union or insurance company. ARFs taken out since 6 April 2000 can earn investment return free of income and capital gains tax. Income tax would then be payable on withdrawals of capital and interest from the account.

An *Approved Minimum Retirement Fund* (AMRF) is similar to an ARF except that capital cannot be withdrawn prior to age 75, although interest may be paid out of the account.

On death, funds held in an ARF, AMRF or *PRSA* form part of the individual's estate and are passed on to the individual's dependants. The conditions that you must meet in order to transfer funds to an ARF at retirement are currently:

- you must have a guaranteed income for life of at least €12,700 per annum (Social Welfare Pensions may be counted, but excluding any amounts payable in respect of a dependant), or
- you hold a minimum of €63,500, until age 75, in an AMRF, or
- at least €63,500 has been used to purchase an annuity on your life, or
- you are over 75.

Expert advice should be sought at retirement when deciding in what form the retirement benefits should be taken.

The legislation governing ARFs is set out in the Finance Acts, 1999 and 2000. A booklet entitled "New Pension Options" setting out further details with regard to ARFs is available from the Revenue Commissioners.

SSIA Incentive Scheme

The SSIA (Special Savings Investment Scheme) was introduced in the 2006 Finance Act to encourage those on lower incomes to roll over some or all of their SSIA proceeds into an approved pension product and to continue the savings habit with regular savings into a pension. The new incentive will involve a Tax Credit of €1 for every €3 invested, up to a maximum of €2,500 (for €7,5000 invested), along with a proportion of the tax deducted from the SSIA at maturity. The investment in the pension product must be made within three months of the SSIA maturing.

In order to qualify for the incentive, the following criteria will apply:

- Your income must not exceed €50,000 in the year prior to the year in which the SSIA matures.
- You cannot claim tax relief for SSIA amounts up to and including €7,500 reinvested in an approved pension product.
- You cannot use this incentive to replace any amounts you are already committed to contribute to a pension product.

Further information on SSIA incentives is available from the Revenue Commissioners website – www.revenue.ie (enter search for “SSIA pension incentive”)

Enquiries on the SSIA incentive scheme should be directed to your SSIA provider in the first instance.

If following contacting your SSIA provider you have additional enquiries these can be directed to the Revenue’s Collector General – 1890-463-626 or ssiaadmin@revenue.ie

Please note that regardless of the SSIA Pension Incentive it is possible to transfer SSIA funds to a pension, for further information on transferring SSIA funds to an AVC, PRSA or an RAC, contact the trustees of your scheme, your Superannuation Section or pension

provider. If you have any questions on tax implications contact the Financial Services (Pensions) Business of the Revenue Commissioners (see contact details under Appendix D – Useful Addresses) and/or the Revenue Collector Generals number above.

Before making a commitment to make a contribution to a pension product, you should consider the following points and you may wish to seek independent advice where appropriate:

- Should I contribute using the existing tax rules or avail of the new Pensions Incentive?
- Which pension arrangement is suited to my personal circumstances?
- What fees, charges and commissions are involved?
- How much should I contribute?
- What benefits will I get when I retire?

5. Spouse's Pension Provision

Your spouse may also have pension provision through membership of an *Occupational Pension Scheme* or from a personal pension. If this provides a pension on retirement this will be an additional source of retirement income for the family unit whilst he is alive. This pension will cease on his death although benefits may then be paid to you as set out below.

Occupational Pension Scheme Information

If your spouse is a member of an *Occupational Pension Scheme* that would provide a pension to you in the event of his death, then you are entitled to the following information about the scheme:

- Basic information about the Scheme (i.e. an explanatory booklet).
- Annual reports.
- Details of benefits payable to you when entitlement to these benefits arises.

You are not entitled to receive information which is personal to your spouse, e.g. details of the amount of pension or other benefits which he would receive. The explanatory booklet should give the name and address of the person from whom information can be obtained.

Benefits may be payable to you from your spouse's *Occupational Pension Scheme* in some or all of the circumstances described below. (You should also note that if you are a member of an *Occupational Pension Scheme*, then the benefits outlined below may be available from your own scheme for your dependants in the event of your death.)

Benefits on Death in Service

Occupational Pension Schemes will usually provide for benefits to be paid to the survivors of scheme members in the event of their death while in service. These death in service benefits take the following forms:

Lump Sum Benefits: These are payable income-tax free and are often expressed as a multiple of salary. The benefit may be taken into account in determining Capital Acquisitions Tax liability. The maximum lump sum benefit which the Revenue Commissioners will allow is four times your spouse's final pay. A refund of your spouse's own contributions to the scheme, with or without interest, may also be paid to you tax free.

Pensions for Dependants: Many schemes provide pensions for dependants in addition to lump sum benefits. These pensions can take the form of spouses' benefits, spouses' and children's benefits, or benefits payable to dependants generally. The amount of these pensions is regulated by the Revenue Commissioners and the total cannot exceed the maximum pension which your spouse could have had based on his final pay and the service he would have completed had he lived to *Normal Retirement Age*.

Preserved Benefits: If your spouse had left employment and is entitled to *Preserved Benefits* under the Pensions Act, the value of these benefits must be paid to his estate in the event of his death if there is no provision for the payment of a spouse's pension. The notification of his benefits on leaving service will specify what is payable in the event of his death, and in what manner it may be paid.

Benefits on Death after Retirement

The benefits payable after the death of a pensioner in retirement varies considerably from scheme to scheme. Death in retirement benefits can be any one or more of the following:

Guarantee Period: In some cases, the pension may be guaranteed to be paid in any event for a certain number of years following retirement (most commonly 5 years). If death occurs within this period, the pension may continue in full for the balance of the guarantee period. If the guarantee period is less than 5 years, the balance of pension payments due may be paid as a lump sum.

Dependants' Pensions: The most common provision in this area is a spouse's pension payable on the death of the member but the rules may provide for an alternative of a pension payable to dependants.

To whom will the Death Benefits be paid?

Lump Sum Benefits

The trustees of an *Occupational Pension Scheme*, or sometimes the employer, have discretion to decide who is to receive payment of lump sum death benefits. The rules of the majority of pension schemes specify that the lump sum death in service benefits are payable to a broad category of "dependants". These will normally include a member's wife (or husband) and children under 18. Often in addition, the category of dependants will include those over 18 who are still receiving education or who are mentally or physically handicapped, and any person who is ordinarily dependent on the member for the ordinary necessities of life.

Your spouse may have completed a form of nomination of dependents in relation to the lump sum benefits. This form is often known as a "Wishes Letter" or "Expression of Wishes". Such a letter cannot bind the trustees but they would normally try to give effect to the deceased member's wishes.

In the public service, regulations set out exactly who is to receive payment of lump sum death benefits. (For example, in the civil service scheme for established civil servants, the death benefit is payable to the Personal Representative). Your spouse's scheme booklet will explain what is applicable in the case of his scheme.

Pension Benefits

Generally, if a spouse's pension is payable, it will be paid to the legal spouse. However, depending on the rules of the particular scheme, the trustees may have discretion to pay a spouse's pension to a dependant who is not the legal spouse of the member. In this case the trustees would have to be satisfied that the person in question was financially dependent upon the deceased member. Again, your spouse's scheme booklet will indicate what happens in these circumstances.

Children's Pensions

In some schemes, the Rules may provide for the payment of a pension in respect of dependent children following the death of a member. Such pensions often cease at age 18, but may continue beyond this age, for example, while the child is in full-time education. Children's pensions may continue throughout the lifetime of the child if the child is handicapped. The scheme booklet will set out how such pensions are calculated and the circumstances in which they become payable.

Is there any Tax payable on the Death Benefits?

Lump sum death benefits are not subject to income tax, but are taken into account in the calculation of any Capital Acquisitions Tax liability on death. There would be no liability if the payment were made to the spouse of the deceased. Pensions are taxed as income in the normal way, if payable to the legal or spouse.

PRSAs and Personal Pension Plans

If your spouse is contributing to a *PRSA* or a *Personal Pension Plan* benefits may be payable as follows:

Death Before Retirement

If your spouse dies before retirement age, the value of the fund which he has built up to provide for his pension will be available as a death benefit. This may be paid as a lump sum or a pension to his spouse or dependant or a combination of both. The lump sum will be paid to the legal personal representatives of your spouse and will be dealt with as part of his estate. In addition, the sum assured under any associated life policy would be payable.

Death After Retirement

The benefits payable will depend on the options chosen at the time the annuity was purchased, if an annuity was purchased at retirement.

If your spouse was drawing benefits from an ARF (see the section on Supplementary Pension Provision), any balance in this fund will be available for transfer on his death. If the fund transfers to you as his spouse, no tax liability would arise and the ARF then becomes your property from which you can draw down income and capital, subject to deduction of tax, as explained earlier. There are also special tax provisions for the transfer of an ARF to your children either on your spouse's death or on yours.

6. Pensions on Separation or Divorce

The pension entitlements of you and your spouse arising from occupational or personal pension arrangements may be affected by separation or divorce.

The Family Law Act, 1995, sets out the treatment of pensions in cases of judicial separation, and the Family Law (Divorce) Act, 1996 makes similar provisions in relation to divorce proceedings. The Pensions Board has produced a booklet “A Brief Guide to the Pension Provisions of the Family Law Acts” and for more detailed information you should refer to this guide.

Set out below are some questions and answers regarding pension entitlements following separation or divorce.

You should bear in mind that you and your dependants may have benefit entitlements from both (a) your own arrangement, and (b) your spouse’s arrangement.

What Entitlements can the Family Law Acts confer on me?

The Family Law Acts require pension benefits to be taken into account in arriving at a financial settlement in the case of a judicial separation or divorce. Allowance can be made in one of two ways:

- (i) by a Pensions Adjustment Order, or
- (ii) by making orders in relation to some other assets e.g. family home, savings, which the court considers provides a fair distribution of the total assets overall.

Do the Family Law Acts have any effect on the Social Welfare Pensions of either party?

No.

How do I get information on my Husband's Pension Scheme?

As a contingent beneficiary under your husband's pension scheme, you are entitled to certain information under the provisions of the Pensions Act, and this may be obtained from the Trustees or administrator of the scheme. In particular, you can obtain a copy of the scheme booklet, and the *Trust Deed and Rules*, which will specify in detail the provisions of the scheme. You are not entitled to receive personal information on your husband's pension benefits, although this will be provided to you if he consents. If consent is not forthcoming, you may apply to the court for a court Order directing that the information be provided to you. Your solicitor will be able to advise you further on this.

Your husband has similar rights in relation to information regarding your own pension entitlements.

What is a Pensions Adjustment Order?

A Pensions Adjustment Order is served on the Trustees of the Scheme and is binding on the Trustees. It overrides any provisions in the *Trust Deed and Rules* of the Scheme. A Pensions Adjustment Order can be made with regard to either (a) Retirement Benefits, and/or (b) Contingent Benefits.

A Pensions Adjustment Order "designates" part of the benefits which will be paid from the scheme to a non-member spouse or person representing a dependent child. The part of the pension that is so designated is determined by the court. For example, if the court decided that 50% of the pension which had been earned by the husband at the date of the decree should be designated to the wife, the Trustees of the scheme would be required to pay this pension direct to her when his pension commences. Retirement Benefits refers to all benefits payable to the member of the pension scheme and includes retirement pensions, retirement lump sums or gratuities, benefits payable following the member's death in retirement and periodic increases on pensions in payment.

Contingent Benefits refers to benefits that are payable under the Rules of the pension scheme in the event of the death of the member during the period of employment to which the scheme relates. Benefits include lump sum benefits and pensions payable to dependents. A Pensions Adjustment Order with regard to Contingent Benefits would cease once the member spouse leaves the employment to which the scheme on which the Order has been made relates. An application for an order in relation to Contingent Benefits must be made within 12 months of the granting of the decree of judicial separation or divorce.

Can I transfer my Benefits from my Spouse's Scheme?

Yes - you are entitled to request that a transfer payment equal to the value of the designated benefit be made to a separate approved pension arrangement in your own name.

What happens if I Remarry?

If you remarry before a Pensions Adjustment Order is granted, then a Pensions Adjustment Order cannot be granted. In other words, you would have no entitlements to benefits from your ex-spouse's pension scheme and vice-versa. Remarriage does not affect a Pensions Adjustment Order granted in respect of Retirement Benefits. However, a Pensions Adjustment Order granted in respect of Contingent Benefits ceases on the remarriage of the spouse in whose favour it was granted.

What Happens if either my Spouse or I have a Personal Pension or PRSA and we Legally Separate or Divorce?

In this case the court may make a Pension Adjustment Order with regard to the *Personal Pension Plan* or *PRSA* held by either spouse. The Order will be served on the insurance company which administers the personal pension or the *PRSA* provider as the case may be.

In what Cases would the Family Law Acts not apply?

There are a number of cases where the provisions of the Family Law Acts do not apply as follows:

- (i) for judicial separations granted before 1 August 1996,
- (ii) for foreign divorces granted before 1 August 1996,
- (iii) for Irish divorces granted before 27 February 1997,
- (vi) for separations which are not judicial, i.e. separation by agreement.

What are my Rights if the Family Law Acts do not apply?

In situations where you are separated or divorced and the provisions of the Family Law Acts do not apply to you as set out in the previous question, then your benefit entitlements are as described below.

- (a) My own Retirement Pension and my spouse's Retirement Pension

Entitlement to benefit would depend on the Rules of the particular scheme of which you are a member. Your spouse would not be entitled to any portion of your personal retirement benefit (and vice versa) unless an order of attachment applies in either case.

- (b) Entitlement to Spouses'/Children's Pensions from my pension scheme in the event of my death

With regard to payment of spouses' pensions on the death of the member, this depends very much on the Rules of the particular scheme. For example, the Trustees may be required to pay a pension to the legal spouse of the member on their death, or the Trustees might have discretion to pay the spouses' pension to someone other than the legal spouse. In situations of separation, you should contact the Trustees of your scheme to see precisely who is entitled to what benefit.

- (c) Entitlement to Spouses'/Children's' Pensions from my spouses' pension scheme in the event of my spouses' death

The same comments as were made under (b) above apply here. If you are a contingent beneficiary, you are entitled to information regarding your spouse's pension scheme and you may request details of your entitlements from the Trustees of that scheme. If you are already divorced, then it is unlikely that you are a contingent beneficiary and therefore would have no rights to information regarding your ex-spouse's scheme.

7. Frequently Asked Questions

A number of questions, which are frequently asked, are answered below. The answers often depend on the type of pension you may have, and in some cases on the terms and conditions of the particular scheme. In the first instance, you should raise any queries which you may have with the person whose details are given in the scheme booklet provided to you. See Appendix E for an explanation of the more technical terms used here. Please note that this section relates principally to *Occupational Pension Scheme* provision.

What Income Tax and PRSI relief is available on my Personal Contributions to my pension scheme?

Income tax and *PRSI* relief is available on contributions to *Occupational Pension Schemes* of up to certain limits depending on your age. Pension contributions are paid out of gross income before the deduction of income tax and *PRSI*. In other words, contributions up to the limits described above are fully relievable against income tax and *PRSI*. The limit includes the aggregate of your ordinary contribution (if any) to your employer's scheme together with any AVCs you pay. The age related limits are as described below:

Age	% of net relevant earnings
under 30	15%
30-39	20%
40-49	25%
50-54	30%
55-59	35%
60 and over	40%

Earnings includes all taxable income from your employer in the relevant tax year, and is subject to a limit of €254,000 (currently).

For example, suppose your salary is €37,500 per annum, your marginal rate of income tax is 42% and you pay full rate *PRSI* of 4% (plus the Health Levy of 2%). If you pay a contribution to your pension scheme of 4%, then the gross amount of your contribution amounts to €1,500. However, after allowing for income tax and *PRSI* relief, the net cost to you would be €780.

If you pay contributions regularly to your pension scheme and if these are deducted from your pay by your employer, then the tax and *PRSI* relief is granted automatically. If you pay a pension contribution directly to your pension scheme, then you must apply at the end of the tax year for tax relief and *PRSI* relief on that contribution.

How do I know what contributions have been paid to my pension scheme?

Any contributions deducted by your employer directly from your pay must be notified to you with your pay advice. If your employer is contributing to a defined contribution *Occupational Pension Scheme* on your behalf, you must also be notified of the amount paid. Contributions deducted by an employer must be paid to the Trustees of the pension scheme or the *PRSA* provider, whichever is relevant, within 21 days of the end of the month in which the deduction is made from your pay.

Can I be a member of an Occupational Pension Scheme and contribute to a PRSA at the same time?

Where you have more than one source of income you may take out a *PRSA* in respect of a source of income arising from self-employment or non-*Pensionable Employment*, while being a member of a company pension scheme.

If you have only one source of income and are a member of a company pension scheme, you may pay AVCs either within the company pension scheme or to a *PRSA*. This is discussed later under the heading “What are AVCs”?

Can I be a member of an Occupational Pension Scheme and contribute to a Personal Pension at the same time?

No. If you are a member of a company pension scheme, you may not pay contributions to a *Personal Pension Plan*.

The exception to this rule is where you have more than one source of income. You may take out a personal pension in respect of a source of income arising from self-employment or non-pensionable employment, while being a member of a company pension scheme.

If you have previously held a *Personal Pension Plan* and then join a company pension scheme, you may continue your contributions to the *Personal Pension Plan*. However, you would not get tax relief on any such contributions.

How do I get information about the Company Pension Scheme?

The Pensions Act sets out in detail the information that Trustees of *Occupational Pension Schemes* are required to provide to members, prospective members and any prospective beneficiaries (for example, the spouse of a member of a scheme in which pensions are payable to the spouse after the death of the member). As a member, you are entitled to receive (either automatically or on request):

- Basic information about the scheme (i.e. an explanatory booklet).
- Regular personal benefit statements.
- Annual reports.
- Details of your options on retirement or leaving the scheme.

The explanatory booklet should give the name and address of the person from whom information can be obtained.

Details of the information which you should receive are set out in the booklet - "What Do You Know About Your Pension Scheme?" available from the Pensions Board.

What happens if I change jobs?

If you are a member of an *Occupational Pension Scheme* and leave your job, you cease to be an active member of the scheme but you may be entitled to a benefit from the scheme. Whether you are entitled to a benefit depends on whether you have completed the *Vesting Period*.

The statutory maximum *Vesting Period* is currently 2 years. For those who left service prior to 1 June 2003 and after 1 January 1991 the maximum statutory *Vesting Period* is 5 years. Some schemes may have a shorter *Vesting Period* than this.

Provided you have completed the statutory *Vesting Period*, then the minimum benefit to which you are entitled is the *Preserved Benefit*. Some schemes may provide benefits greater than the Preserved Benefit on leaving service. If you have not completed the *Vesting Period*, then you will be entitled to a refund of your personal contributions if any (but not the employer's portion), less tax. It is important that if you are entitled to *Deferred Benefits*, you advise the Trustees of any change in contact details, so that you may be contacted when your benefits fall due to be paid.

Leaving a Defined Benefit Scheme

In a *Defined Benefit Scheme*, the *Preserved Benefit* will be a deferred pension payable from *Normal Retirement Age* equal to a proportion of the pension which would have been payable had you remained in service up to *Normal Retirement Age*. Your *Preserved Benefit* must be increased each year prior to coming into payment in line with the Statutory Revaluation Percentage declared by the Minister. The Statutory Revaluation Percentage is the lower of 4% or the increase in the Consumer Price Index over the previous year. (In the public service, preserved pensions are normally increased in deferment in line with increases in pay). Your *Preserved Benefit*, including these increases, will be payable at *Normal Retirement Age* and you will

usually have the option to take part of the benefit as a tax-free lump sum at that date. It may be possible to draw your *Preserved Benefit* before *Normal Retirement Age*, usually at a reduced level.

Leaving a Defined Contribution Scheme

In a *Defined Contribution Scheme*, the *Preserved Benefit* will be the value of your retirement account, inclusive of the accumulated value of both your personal and the employer's contributions. Your retirement account would continue to earn investment return and would be available to provide benefits to you on your retirement.

Information to be provided to you when you leave

When you leave service, the Trustees must advise you of your benefit entitlements. If this is not supplied automatically, you should request details. Under the Pensions Act, you are entitled to opt at any time within two years of leaving the scheme to transfer the value of your benefits to a new employer's pension scheme or to a *PRSA* (permitted only if your service is less than 15 years) or to a *Personal Retirement Bond* with an insurance company, or to an unfunded (i.e. public sector) scheme of which you are becoming a member if the scheme is willing to accept the transfer, and many schemes will permit a transfer to be made at any time before you reach retirement age. Before deciding to transfer your benefits to a new employer's scheme, you should compare the benefits which you are giving up in your old scheme with those which you will receive in your new scheme to see which is likely to be better.

Further details on the benefit entitlements on leaving service are set out in the booklet - "What Happens to My Pension if I Leave?" available from the Pensions Board.

What happens if I transfer my benefits to a new employer's scheme?

If you transfer your benefits into the new scheme, then you will be entitled to additional benefits in the receiving scheme in respect

of your *Transfer Value*. Different schemes provide different types of benefit for *Transfer Values* received.

If you transfer your benefits to a *Defined Contribution Scheme*, your *Transfer Value* will be invested in your name and will earn an investment return over the period to retirement. It will then be available together with the accumulated value of your own and your new employer's contributions to provide benefits at retirement.

If you transfer your benefits to a *Defined Benefit Scheme*, there are 3 principal ways in which benefits may be offered:

- (i) on a money purchase basis - which is the same as transferring to a *Defined Contribution Scheme*,
- (ii) a fixed deferred pension - your *Transfer Value* would be used to provide a fixed amount of deferred pension from *Normal Retirement Age*, or
- (iii) added years of pensionable service - your *Transfer Value* would be used to purchase additional pensionable service that would count in the calculation of your retirement benefits. On subsequently leaving service and requesting a *Transfer Value*, special calculations are carried out to ensure that you receive fair value for money.

The period of scheme membership in the previous scheme is taken into account in determining whether or not you are entitled to *Preserved Benefits* on subsequently leaving your new employer, if you have brought a *Transfer Value* into the scheme.

How are transfers to and from the Public Service treated?

If you transfer within the public service, then you will generally receive credit for service completed with a previous employer within the public service.

If you move from the public service to the private sector, then you will not be able to transfer benefits to an *Occupational Pension Scheme* in the private sector. However, if you have completed at least 2 years' service in the public sector, you will be entitled to *Deferred Benefits* from the public sector scheme, usually payable from age 60.

If you move from the private sector to the public service and are entitled to a *Transfer Value* from your *Occupational Pension Scheme*, then you may be able to use your *Transfer Value* to purchase pensionable service under the Civil Service Purchase Scheme.

Can I transfer my benefits from a PRSA to an Occupational Pension Scheme or vice-versa?

Subject to the rules of the scheme and legislative requirements, you may transfer your entitlements under an *Occupational Pension Scheme* to a *PRSA* where you have been a member of the scheme for less than 15 years and either:

- the scheme is being wound up, or
- you are changing employment.

A *PRSA* provider may not accept a transfer unless the transferring member has been given the following details:

- (a) a certificate setting out a comparison of the benefits which may accrue from the scheme and the *PRSA* (Certificate of Benefit Comparison – “CBC” – a charge may be requested for the preparation of a CBC), and
- (b) a written statement as to why a transfer is or is not in the interest of the member making the transfer.

A person preparing (a) and (b) above is legally obliged to have professional indemnity insurance of €1,000,000 for each claim.

The CBC is a requirement prescribed under the Pensions Act. There is no discretion in the legislation to waive this requirement, however, it is exempted in the following cases:

- Where the *transfer value* is under €10,000, or
- Where the scheme is in wind up.

The value of your *PRSA* account may be transferred to an *Occupational Pension Scheme* subject to the rules of the scheme.

Can I transfer to and from other PRSAs?

Yes.

Can I transfer my benefits from a Personal Pension Plan to an Occupational Pension Scheme or vice-versa?

No. *Personal Pension Plans* and occupational schemes are subject to different rules and the benefits cannot be transferred directly from one to the other. However, if you have had a *Personal Pension Plan* and been a member of an *Occupational Pension Scheme* during your working life, then you will be able to receive retirement benefits from both sources.

Can I draw my benefits early?

The earliest age from which the Revenue Commissioners permit retirement benefits to be drawn from an *Occupational Pension Scheme* is age 50. Pensions may be paid earlier than this in cases of retirement due to ill health.

Pensions paid before *Normal Retirement Age* can often appear quite low. In the case of a *Defined Benefit Scheme*, the pension would normally only be based on service completed up to the date of actual retirement. In addition the pension may be actuarially reduced due to the longer expected period of payment. Whether either or both of these factors applies to you depends on the Rules of the particular scheme of which you are a member.

If you are a member of a *Defined Contribution Scheme*, the pension will be lower because fewer contributions have been paid into the scheme than if you had remained in service up to *Normal Retirement Age*. In addition, there will be less time for investment return to be earned. Finally, annuities are more expensive to purchase the younger you retire.

If you intend to retire early, you should consider paying AVCs if you are a member of an *Occupational Pension Scheme* or consider maximising your annual contributions if you have a *Personal Pension Plan*.

If you have a personal pension, retirement annuity contract or a *PRSA*, you cannot normally draw your benefits before age 60.

What are AVCs?

Under the terms of your employer's arrangement you may be required to pay a certain level of contributions to meet part of the cost of your benefits. If you wish to provide benefits in excess of those provided by your employer's plan, you may be able to pay *Additional Voluntary Contributions* (AVCs) to the scheme, or to a *PRSA*. Provided your total contributions do not exceed the limits described at the start of this section, you will receive tax relief at your marginal rate and relief from *PRSI* contributions on the regular contributions that you pay.

The benefits available in respect of the AVCs you have made under your employer's pension plan, either to the employer's own AVC scheme or to a *PRSA*, will depend on the terms of the scheme. The most common approach is for AVCs to be treated like a *Defined Contribution Scheme*. The benefits you ultimately receive will depend on the investment return achieved and the amount of AVCs you have paid. In some cases, defined benefits may be offered in return for a certain level of contributions, for example, added years of pensionable service.

Following the Finance Act, 2000, the facility to transfer your funds at retirement to an ARF (see section on Supplementary Retirement Income) may now apply also to AVCs if the scheme rules provide for this. This option is not available to public sector employees. It is common in the public sector to be able to pay additional contributions on the basis of a fixed percentage of salary in order to purchase added years of pensionable service. The rate of contributions is determined depending on the age at which you commence paying additional contributions.

Purchasing an Annuity

If you have a *PRSA* or personal pension or have accumulated a fund built up by your personal AVCs, you may wish to purchase an annuity with part or all of your retirement fund. If you are a member of a *Defined Contribution Scheme*, then part of your retirement fund must be used to purchase an annuity. In return for the premium, the insurance company will pay you an income for the duration of your life. This income will be taxed under the PAYE system like any other supplementary pension income.

Where an annuity is purchased using funds accumulated through an approved pension scheme, the annuity is known as a “Compulsory Purchase Annuity”.

There are many options available to you when purchasing an annuity.

For example, you may specify that:

- (i) the pension should increase annually in payment in line with inflation or by a fixed percentage each year or should remain level,
- (ii) a pension should be payable to your spouse and/or dependent children following your death,
- (iii) a lump sum should be payable in the event of your death.

There may be limits on the exact conditions attaching to your annuity, depending on the source of the funds.

Further details on annuities are set out in the booklet “A Brief Guide to Annuities” available from the Pensions Board.

What is “Integration”?

If you are a member of an *Occupational Pension Scheme*, your benefits may be “Integrated”. This refers to the way in which *Occupational Pension Schemes* take account of the fact that you may also receive benefits from the State when you retire.

If a scheme is “Integrated”, this usually means that *Pensionable Pay* is reduced by some proportion of the State Retirement Pension. If you are in a public service scheme and pay full-rate *PRSI*, then your benefits will also be integrated.

If you are entitled to a social welfare pension, this will be paid regardless of whether your *Occupational Pension Scheme* is integrated or not.

The Pensions Board has published a booklet that explains integration in detail “A Brief Guide to Integration”.

What happens if I take a Career Break?

If you are a member of an *Occupational Pension Scheme*, you should seek clarification from your employer as to how your membership of the pension scheme will be treated. You may also wish to clarify whether you will be treated as having left service, or whether your period of service before and after the career break are treated as continuous. The reasons for this distinction will be explained below. Please note also that it is unlikely that you would be covered for death benefits while on a career break, although this is not always the case (i.e., it is unlikely that your dependants would receive pension or lump sum in the event of your death while on a career

break). However, public sector schemes generally provide for payment of death benefit while on career break.

Normally, you would not continue to accrue retirement benefits while on a career break. In these cases, you could continue to save for your retirement by making contributions to a *PRSA*.

Career Break - Defined Benefit Scheme

In a *Defined Benefit Scheme*, you would not normally continue to accrue retirement benefit while on a career break. Depending on the Rules of your particular scheme, you may either be treated as having left service, or your period of service before and after the career break may be treated as continuous. The effect on your benefits of this distinction is set out below.

- (a) Going on a career break having completed pension scheme *Vesting Period*:
- (i) if you are treated as having left service, then you will be entitled to a *Deferred Benefit*. Any part of your *Deferred Benefit* that is preserved must be increased each year prior to coming into payment, in line with inflation up to a maximum of 4%.
 - (ii) if your service before and after the career break is treated as continuous, then your service completed prior to going on the career break will count in the calculation of your retirement benefits. Your benefits on retirement will be based on all service completed and earnings prior to retirement. So rather than receiving just inflationary increases on that portion of your benefits relating to service completed prior to the career break, you will receive salary increases on these benefits.

- (b) Going on a career break before having completed pension scheme *Vesting Period*:
 - (i) if you are treated as having left service, you will not be entitled to any benefit in respect of your service completed, other than a refund of your personal contributions (if any), less tax.
 - (ii) if your service before and after the career break is treated as continuous, your service completed prior to going on the career break will count in the calculation of your retirement benefits.

Career Break - Defined Contribution Scheme

In a *Defined Contribution Scheme*, it is unlikely that contributions would continue to be paid while you are on a career break. If you were treated as having left service and leave before completing the *Vesting Period*, you would only be entitled to a refund of your personal contributions (if any), less tax. If you were not treated as having left service in this case, then both your personal and the employer contributions would continue to accumulate with interest to provide you with benefits on your retirement.

If you go on a career break after completing the *Vesting Period*, then the distinction becomes irrelevant.

What Happens to my Entitlements while I am on Maternity Leave?

Please see the section on Maternity Leave.

What Happens if I am a Part-Time Worker or a Fixed-Term Worker?

Please see the section on Part-Time & Fixed-Term Work and Pensions.

What Happens if I am a Job-Sharer?

If you are a job-sharer, then you are effectively a part-time worker. Therefore, please see the section on Part-Time Work and Pensions.

In the public service, there is a distinction between being a job-sharer and a part-time worker. If you are a job-sharer, then you effectively share pension accrual during your period of job-sharing. This is not the case for part-time workers in the public service. Appendix C sets out an example of how retirement benefits might be calculated for a part-time worker in the public service who pays full rate *PRSI*.

8. Part-time and Fixed Term Workers and Pensions

This section covers *Occupational Pension Schemes* only.

PART-TIME WORK

In the past, it was often the case that part-time workers were denied access to company pension schemes. The Protection of Employees (Part-Time Work) Act 2001 now requires that part-time employees be treated no less favourably than their comparable full-time counterparts. This will mean that if an employer provides a pension scheme for its full-time workers, then access to the scheme must also be possible for comparable part-time workers, unless exclusion can be justified on objective grounds. An exception to this occurs if a part-time employee works less than 20% of the normal hours of the comparable employee. However, your employer's pension scheme may override this exception and treat all part-time employees in the same way as permanent employees regardless of the hours worked.

What is a comparable employee?

A comparable employee is a full-time employee (of the same or opposite sex) to whom a part-time employee compares himself/herself where the following conditions are met:

- (a) where the comparable employee and part-time employee are employed by the same or associated employer (and one of the conditions set out in the following question is met),
- (b) where (a) above does not apply (including a case where the part-time employee is the sole employee of the employer), the full-time employee is specified in a collective agreement to be a comparable employee in relation to the part-time employee, or
- (c) where neither (a) or (b) above applies, the full-time employee is employed in the same industry or sector of employment as the part-time employee (and one of the conditions set out in the following question is met).

When can a part-time employee be compared to a comparable fulltime employee?

A part-time employee can be compared to a comparable full-time employee:

- (i) where both employees perform the same work under the same or similar conditions or each is interchangeable with the other in relation to the work,
- (ii) where the work performed by one of the employees is of the same or a similar nature to that performed by the other and any differences between the work performed or the conditions under which it is performed by each, either are of small importance in relation to the work as a whole or occur with such irregularity as not to be significant, and
- (iii) the work performed by the part-time employee is equal or greater in value to the work performed by the other employee concerned, having regard to such matters as skill, physical or mental requirements, responsibility and working conditions.

What happens if I switch from full-time work to part-time work?

Your membership of the pension scheme must continue as long as your work is still comparable to that of a full-time employee. The effect on your benefit will depend on whether you are a member of a *Defined Benefit* or a *Defined Contribution Scheme*. The maximum benefits permitted by the Revenue Commissioners will take into account your periods of full-time and part-time service.

If you are a member of a *Defined Benefit Scheme*, the benefits in respect of your full-time service are protected. What this means is that your retirement benefits accrued up to the date of decreasing your working hours will not be reduced. Your benefits from that date onwards are likely to be reduced in proportion to the number of hours you work.

If you are a member of a *Defined Contribution Scheme*, you will retain entitlement to your fund accumulated to date. Future contributions will probably be based on your salary which is likely to be reduced according to the number of hours you work.

What if I am a part-time worker who was not allowed to join my employer's pension scheme, *prior to the enactment of the Protection of Employees (Part-Time Work) Act?*

You can only claim a statutory right to membership of the pension scheme from the date of implementation of the Act (i.e. 20 December 2001); if the reason for excluding you was that you worked part-time rather than full-time. However, if you can show that the reason you were excluded from the pension scheme in the past was on grounds of sex (e.g. if all the part-time workers in your company are female and full-time male members were in the company pension scheme), then you may be able to claim backdated membership of your pension scheme – under the employment equality law that forbids sex discrimination and which predates the Part-Time Work Act. If the scheme is a contributory pension scheme – a pension scheme to which employees are required to contribute – then you would probably have to pay arrears of employee contributions if your claim was successful. There are time limits in the equality legislation on the amount of backdating which may be claimed and on the period during which you may make a claim if you have already left that employment. If you feel that you may be able to make a claim for backdated scheme membership, you should consult a solicitor or your trade union for advice.

What if I am a part-time worker who was not allowed to join my employer's pension scheme, *since the enactment of the Protection of Employees (Part-Time Work) Act?*

The Act provides that you, or your trade union, with your consent, may present a complaint to a Rights Commissioner that your employer has contravened the relevant provisions of the Act. The

Rights Commissioner will give a decision in writing which shall do one or more of the following:

- (a) declare that the complaint was, or was not, well founded,
- (b) require your employer to comply with the relevant provision,
- (c) require your employer to pay you compensation of such amount (if any) as is just and equitable having regard to all the circumstances, but not exceeding 2 years remuneration in respect of your employment.

“Remuneration” includes:

- (a) any consideration, whether in cash or in kind, which the employee receives, directly or indirectly, from the employer in respect of the employment, and
- (b) any amounts the employee will be entitled to receive on foot of any pension scheme or arrangement.

Can a part-time employee claim exactly the same conditions of employment as a comparable full-time employee?

The Act provides that a part-time employee has a *pro rata entitlement* to the conditions of employment (whether of a monetary nature or otherwise) of a comparable full-time employee, i.e. the entitlement shall be related to the proportion which the normal hours of work of that employee bears to the normal hours of work of the full-time comparable employee concerned.

Can a part-time employee with two or more different jobs be a member of two separate Occupational Pension Schemes?

Yes – on condition that maximum benefits as permitted by Revenue are not exceeded, when the benefits from both schemes are added together.

FIXED-TERM WORK

The protection of Employees (Fixed-Term Work) Act 2003 came into operation on 14 July 2003 as a requirement under European Law. The purpose of this Act is to ensure that there is no discrimination between fixed-term workers and comparable permanent employees in respect of their conditions of employment. Conditions of employment include any pension benefits. A fixed-term worker must be granted the same access to an *Occupational Pension Scheme* as a comparable permanent employee.

What is a Fixed-Term Worker?

A fixed-term employee is any person who has entered into a contract of employment with an employer where the end of the contract is determined by an objective condition such as arriving at a specific date, completing a specific task or the occurrence of a specific event. The Act does not apply to those in vocational training or in apprenticeship schemes, or employed as part of a publicly-supported training, integration or vocational retraining programme.

What is a comparable Permanent Employee?

An employee is a comparable permanent employee if he or she is:

- (a) employed by the same or an associated employer, and one of (i), (ii) or (iii) below is satisfied; or
- (b) specified in a collective agreement to be regarded as such; or
- (c) employed in the same industry or sector of employment as the fixed-term employee and one of (i), (ii) or (iii) below is satisfied.

The conditions referred to at (a) and (c) above that:

- (i) both employees (i.e. the fixed-term employee and the comparable permanent employee) perform the same work or each is interchangeable with the other;

- (ii) the work done by both employees is of the same or a similar nature and any differences between the work or the conditions under which it is performed are of small importance or occur with insignificant irregularity; and
- (iii) the work performed by the fixed-term employee is equal or greater in value to the work performed by the other employee, having regard to such matters as skill, physical or mental requirements, responsibility and working conditions.

As with part-time workers an exception to the right of fixed-term workers to be treated in the same way as comparable permanent employees in respect of their pension entitlements occurs where the fixed-term worker works less than 20% of the normal hours of the comparable employee. However, your employer's pension scheme may override this exception and treat all fixed term employees in the same way as permanent employees regardless of the hours worked.

The *pro rata temporis* principle described for part-time workers also applies to fixed term workers.

9. Maternity, Adoptive, Parental and Carer's Leave

Maternity Leave

Under the Maternity Protection Acts 1994 and 2004, you may be entitled to statutory minimum maternity leave of 22 weeks. This section details your minimum entitlements with regard to pension benefits if you are a member of an *Occupational Pension Scheme*. Some schemes may provide more than the statutory minimum (in cases of maternity, adoptive and parental leave) and you should be able to obtain details from the Trustees or administrator of your pension scheme.

Your membership of the pension scheme must continue while on statutory maternity leave. In other words, if you are a member of a *Defined Benefit Scheme*, you will continue to accrue pensionable service during the period of statutory maternity leave. If you are paid by your employer during maternity leave, you may be required to continue paying employee contributions to the scheme, if any. If you take additional maternity leave above the statutory minimum and are paid by your employer during this period, your membership of the pension scheme will also continue. If you take additional unpaid maternity leave, then whether or not you continue to accrue retirement benefit depends on the Rules of your scheme.

If you have a *Personal Pension Plan*, you may be able to continue contributions provided your total contributions for the tax year are within the limits permitted by the Revenue Commissioners.

As mentioned earlier in the booklet, you will receive *PRSI* credits while in receipt of the State Maternity Benefit, so that your entitlement to retirement benefits from the State will not be reduced in respect of your period of statutory maternity leave.

If you avail of unpaid maternity leave immediately following your paid leave, you will be entitled to receive a *PRSI* credit in respect of each week taken, up to a maximum of 8 weeks.

For further details of the Maternity Benefit Scheme, see information booklet SW11 which is available from the Department of Social and Family Affairs.

Adoptive Leave

Under the Adoptive Leave Acts 1995 and 2005, you may be entitled to 20 weeks' paid or 12 weeks' unpaid adoptive leave if you are adopting a child. The entitlements with regard to pensions while on adoptive leave are similar to those while on maternity leave.

You may receive *PRSI* credits while in receipt of the State Adoptive Benefit. As in the case of maternity leave, if you avail of unpaid adoptive leave immediately following your paid leave, you will be entitled to receive a *PRSI* credit in respect of each week taken, up to a maximum of 12 weeks.

For further details of the Adoptive Benefit Scheme, see information booklet SW37 which is available from the Department of Social and Family Affairs.

Parental Leave

The Parental Leave Act, 1998 may entitle an employee to 14 weeks unpaid leave to care for a child under the age of 5 years. You are not entitled to continue to accrue retirement benefit during a period of parental leave. However, your service before and after parental leave must be treated as continuous, i.e. you cannot be treated as having left the pension scheme (please see the section on career breaks).

There is no social welfare entitlement while on parental leave. However, you may receive *PRSI* credits after returning to work. Further information is available from Update Section, Client Data Services in the Department of Social and Family Affairs.

Carer's Leave

The Carer's Leave Act, 2001, entitles an employee to avail of unpaid leave to provide full-time care and attention for a person who is in need of such care. Such leave may extend from a statutory minimum of 13 weeks to a maximum of 104 weeks. You must have completed at least 12 months continuous service with your employer before commencing on carer's leave. The entitlements with regard to pensions while on carer's leave are similar to those while on parental leave.

You may be entitled to receive carer's benefit while on Carer's Leave. If you do you will be awarded *PRSI* credits automatically. Credits are awarded at the same rate as your last paid contribution. For further details of the Carer's Benefit Scheme, see information booklet SW49 which is available from the Department of Social and Family Affairs. If you are not entitled to carer's benefit you will be entitled to receive carer's leave credits, up to a maximum of 104 weeks, after you return to work. This will ensure that your existing cover for social welfare benefits is fully maintained.

10. Re-entering the Workforce

Many women who have given up work to raise a family re-enter the workforce in later years and join a pension scheme at that stage. Questions that arise in such cases are considered below.

There are two main considerations with regard to rejoining the workforce in later years. Firstly, your period of service up to retirement age will be relatively short. This shorter period during which you earn retirement benefits may result in benefits at retirement which are fairly low in relation to your earnings in the period prior to your retirement. Secondly, you may have been in *Pensionable Employment* earlier in your working life. If this is the case, you may have benefit entitlements from that period of service or you may be able to have a prior period of pensionable service reinstated.

With the introduction of *PRsAs* in 2003, you may now continue to save for your retirement while out of the paid workforce.

Can I join my Employer's Pension Scheme if I recommence Work after raising a Family?

This will depend on the eligibility provisions of the employer's pension scheme. Some schemes have upper age limits for entry which may prevent you from joining the scheme. In this event, you should consider taking out a *Personal Pension Plan* in order to make provision for your retirement. The position of part-time workers is discussed earlier.

What do I do with Pension Entitlements earned before I left Work to raise a Family?

If you have deferred pension entitlements in a previous employer's scheme, it may be possible to transfer these to your new employer's scheme, and this is discussed in the section on supplementary pension provision earlier. If you are rejoining the same pension

scheme, it may be possible for your previous service to count in calculation of your benefits on retirement, but this will depend on the Rules of the particular scheme.

What if I took a Refund of my Contributions when I previously left Service?

Taking a refund of contributions extinguishes your right to pension benefits from your previous period of service. If the refund was from the scheme which you have now rejoined, it may be possible for you to repay the refund of contributions and be credited with the previous service in the scheme, but this will depend on the Rules of the scheme and will require the consent of your employer. You may also be required to repay interest on the refund of contributions.

How can I Increase my Benefits from the Pension Scheme?

If you are rejoining the workforce at an older age, and do not have any benefits from previous service, your pension on retirement may be well below the maximum permitted by the Revenue Commissioners, and you will therefore be able to make *Additional Voluntary Contributions (AVCs)* to the scheme to provide increased benefits. These are discussed in the section on supplementary pension provision earlier.

What is the position if I work in the Public Service?

If you worked previously in the public service, then you may be able to have that period of service reinstated for pension purposes. If you received either a refund of contributions or a marriage gratuity on leaving service, you will be required to repay these amounts together with interest if you wish to have your previous service reinstated.

11. Equal Pension Treatment

Originally the Pensions Act applied only to equal treatment for men and women and prohibited discrimination in *occupational pension schemes* only on the grounds of gender. However, the Act has been amended to expand the grounds on which discrimination in an *occupational pension scheme* is prohibited in accordance with the principle of equal pension treatment.

Discriminatory Grounds

There are nine discriminatory grounds. These are:

- Gender.
- Marital status.
- Sexual orientation.
- Religious belief.
- Age.
- Disability.
- Race.
- Membership of the traveller community.

An allegation of breach of the principle of equal pension treatment must be based on one of the nine discriminatory grounds.

Equal Pension Treatment requirements

The principle of equal pension treatment is that there should be no discrimination on any of the discriminatory grounds in respect of any rule of a scheme. It applies in relation to rules governing such matters as:

- access to the scheme,
- contribution arrangements,
- entitlements to and calculation of benefits,
- retirement ages, and
- survivors benefits.

However, it does not constitute a breach of equal pension treatment on the ground of age to fix where schemes ages for admission to the scheme or for entitlement to benefits under the scheme, including fixing different ages for employees or groups of categories of employees, provided that this does not result in discrimination on the gender ground.

Maternity Leave

It is permitted under the Pensions Act to make special provision for women in connection with pregnancy or childbirth. This is covered in the section on Maternity Leave.

Complaints

A person who claims not to be receiving equal pension treatment may seek redress by referring their complaint to the Director of the Equality Tribunal.

Further details are set out in the booklet – “A Brief Guide to Equal Pension Treatment” available from the Pensions Board.

12. The Pensions Board

The Pensions Board was established by the Minister for Social Welfare under the terms of the Pensions Act, 1990. Its main functions as set out in that Act and amending legislation, most recently the Pensions (Amendment) Act, 2002, are:

- to monitor and supervise the operation of the Pensions Act and pension developments generally, including the activities of *PRSA* (*Personal Retirement Savings Account*) providers, the provision of *PRSA* products and the operation of *PRSAs*;
- to issue guidelines or Guidance Notes on the duties and responsibilities of trustees of schemes and Codes of Practice on specific aspects of their responsibilities;
- to issue guidelines or Guidance Notes on the duties and responsibilities of *PRSA* providers in relation to *PRSA* products;
- to encourage the provision of appropriate training for trustees of schemes, and to advise the Minister on standards for trustees;
- to advise the Minister on all matters in relation to the Pensions Act and on pension matters generally.

Occupational Pension Schemes must register with the Board, and most schemes must pay an annual fee to meet the Board's administrative costs. The Board can act on behalf of pension scheme members who are concerned about their scheme; it can investigate the operation of pension schemes; it has the power to prosecute for breaches of the Pensions Act and to take court action against trustees for the protection of members and their rights.

In relation to *PRSAs*, the Board and the Revenue Commissioners are jointly responsible for the approval of *PRSA* products in order to provide for the protection of *PRSA* contributors and the need for effective supervision of the production, marketing and sale of such

products. The Board can collect fees on an annual basis from *PRSA* providers to defray the costs of the supervision of this function; it can act on behalf of *PRSA* contributors who have concerns about their *PRSAs*; it can investigate the state of a *PRSA* product, the *PRSA* provider in respect of its *PRSA* activities and employers in relation to statutory requirements of the Pensions Act; it has the power to initiate prosecutions for breaches of the Pensions Act.

The Pensions Board includes representatives of trade unions, employers, Government, pension scheme trustees, the pensions industry, consumer interests, pensioner interests and various professional groups involved with *Occupational Pension Schemes* and *PRSAs*.

Appendix A – Further Information

The following booklets are available free of charge from The Pensions Board:

The Pensions Board - an introduction to the Board and its functions*

This booklet outlines the main roles of the Board including the supervision of the Pensions Acts and compliance by occupational pension schemes and *PRSAs*.

Women & Pensions

This booklet describes the ways in which women can provide financial security for themselves and their dependants in retirement. It addresses issues of particular interest to women such as maternity leave, career breaks and re-entering the workforce.

What are my Pension Options?

This booklet provides information on the types of pension plans you can use to save for retirement, i.e. company pensions, personal pensions, *PRSAs* and state retirement pensions.

What Happens to My Pension if I Leave?

This booklet provides a guide to preservation and transfer of benefits and is intended for people who are thinking of changing jobs or have already done so.

Pensions Checklist**

This checklist provides information and a questionnaire to help you inform yourself about how to provide for your retirement. An electronic version of this document is available on our website in the following languages: Arabic, Chinese, French, Polish, Russian and Spanish.

PRSAs – Employers' Obligations

This booklet describes employers' legal obligations with regard to *Personal Retirement Savings Accounts (PRSAs)*.

PRSAs – A Consumer Guide

This booklet shows you how to approach, search, apply for, and monitor your PRSA. It contains Frequently Asked Questions on *PRSAs* and is jointly produced by the Consumer Association of Ireland and the Pensions Board.

What Do You Know About Your Pension Scheme?*

This booklet provides an overview of the information which trustees and employers must provide in relation to occupational pension schemes.

A Guide to Your Scheme's Annual Report

This booklet is intended to help you understand what is required of scheme trustees in relation to annual reports and audited accounts (where applicable), your rights to see and receive copies of these documents, what these should contain and to briefly explain the significance of the information you will find there.

So You're a Pension Scheme Trustee?*

This booklet provides concise guidance on trustees' duties and responsibilities and includes helpful definitions.

Selecting Member Trustees

This booklet provides a brief guide to how and why occupational pension schemes are set up as trusts, the role of Trustees, eligibility to participate in their selection, the options for members and employers and the procedures involved.

Codes of Practice for Trustees*

The Codes of Practice deal with the various aspects of Trustees responsibilities and are designed for trustees looking for specific guidance in relation to the discharge of their duties and responsibilities.

Annuities – A Brief Guide*

This booklet includes information on what annuities are, how they work and what annuity options are available.

Integration – A Brief Guide*

This booklet provides guidance on the integration of occupational pension scheme benefits with the benefits payable under the social welfare system.

A Brief Guide to the Pension Provisions of the Family Law Acts

This booklet provides information to a person who is seeking, or has obtained, a pension adjustment order following a divorce or judicial separation.

A Brief Guide to Equal Pension Treatment

This booklet provides guidance on the principle of equal pension treatment, discrimination and victimisation in relation to occupational pension schemes.

*Also available in Irish

**Also available online in Arabic, Chinese, French, Irish, Polish, Russian and Spanish.

Appendix B - Rates of Social Welfare Payments from January 2006

RETIREMENT PENSION OLD AGE (CONTRIBUTORY) PENSION:

State Pension (Transition) and State Pension (Contributory) from September 2006

Maximum Personal Rate €193.30 p.w.

Plus

Maximum Increase for a Qualified

Adult Under Age 66 €128.80 p.w.

Maximum Increase for a Qualified

Adult Age 66 and over €149.30 p.w.

Each Qualified Child Full rate €19.30 p.w.
Half rate €9.65 p.w.

Living Alone Increase for people age 66 and over €7.70 p.w.

Extra increase for people age 80 or over €10.00 p.w.

An “Islander” increase of €12.70 per week is payable to people aged 66 or over living on certain offshore islands.

Please note that your personal rate may be reduced if you do not fully satisfy the *PRSI* contribution requirement.

OLD AGE (NON-CONTRIBUTORY) PENSION:

(State Pension (Non-Contributory) from September 2006)

Maximum Personal Rate €182.00 p.w.

Plus

Maximum Increase for a Qualified Adult €120.30 p.w.

Each Qualified Child Full rate €16.80 p.w.
Half rate €8.40 p.w.

Living Alone Increase for people age 66 and over €7.70 p.w.

Extra increase for people age 80 or over €10.00 p.w.

An “Islander” increase of €12.70 per week is payable to people aged 66 or over living on certain offshore islands.

Please note that Personal rates and increases for a qualified adult will be reduced if your weekly means exceed €7.60 (€20 from September 2006) as assessed by the Department of Social and Family Affairs.

WIDOW’S/WIDOWER’S (CONTRIBUTORY) PENSION

Maximum Personal Rate (under age 66) €171.30 p.w.
(over age 66) €193.30 p.w.

Plus

Each Qualified Child €21.60 p.w.

Living Alone Increase for people age 66 and over €7.70 p.w.

Extra increase for people age 80 or over €10.00 p.w.

An “Islander” increase of €12.70 per week is payable to people aged 66 or over living on certain offshore islands.

Please note that the maximum personal rate may be reduced if you do not fully satisfy the *PRSI* contribution requirement.

WIDOW'S/WIDOWER'S (NON CONTRIBUTORY) PENSION (State Pension (Non-Contributory) from September 2006 for those aged 66 or over)

Maximum Personal Rate (under age 66)	€165.80 p.w.
(age 66 or over)	€182.00 p.w.
Living Alone Allowance for people age 66 and over	€7.70 p.w.
Extra increase for people age 80 or over	€6.40 p.w.

An "Islander" increase of €12.70 per week is payable to people aged 66 or over living on certain offshore islands.

Please note that this amount may be reduced depending on your weekly means as assessed by the Department of Social and Family Affairs.

Appendix C - Effect of Part-Time Work on Retirement Benefits in a *Defined Benefit Scheme*

The following examples show how the retirement pension might be calculated in a typical *Defined Benefit Scheme* where:

- (a) the individual always worked full-time and has 30 years service,
- (b) the individual always worked part-time and worked 50% of fulltime hours for 30 years, and
- (c) the individual has both full-time and part-time service and worked full-time for 10 years followed by 20 years working 50% of fulltime hours.

The method used to calculate benefits for part-time workers in your scheme will depend on the Rules of the Scheme, which may provide for a different approach to those set out below.

In all that follows, it is assumed that the full-time basic salary is €50,000 per annum. If working 50% hours, then basic salary becomes €25,000 per annum.

Scheme 1 Private Sector Occupational Pension Scheme

Pension is calculated as:

$$\frac{\text{Pensionable Service} \times \text{Pensionable Pay}}{60}$$

Pensionable Pay is basic salary. For part-time workers, *Pensionable Pay* is converted to its full-time equivalent value.

Retirement Pension is calculated in each case as follows:

$$(a) \frac{30 \times 50,000}{60} = \text{€}25,000 \text{ p.a.}$$

$$(b) \frac{30 \times 0.5 \times 50,000}{60} = \text{€}12,500 \text{ p.a.}$$

$$(c) \frac{(10 + 20 \times 0.5)}{60} \times 50,000 = \text{€}16,667 \text{ p.a.}$$

Scheme 2 Private Sector Integrated Occupational Pension Scheme

Pension is calculated as:

$$\frac{\text{Pensionable Service} \times \text{Pensionable Pay}}{60}$$

Pensionable Pay is basic salary less 1.5 times the State Retirement Pension (the deduction in this case is €15,077.40). For part-timers, *Pensionable Pay* is basic salary converted to full-time equivalent less 1.5 times the State Retirement Pension.

Retirement Pension is calculated in each case as follows:

$$(a) \frac{30 \times (50,000 - 15,077.40)}{60} = \text{€}17,461.30 \text{ p.a.}$$

$$(b) \frac{30 \times 0.5 \times (50,000 - 15,077.40)}{60} = \text{€}8,730.65 \text{ p.a.}$$

$$(c) \frac{(10 + 20 \times 0.5) \times (50,000 - 15,077.40)}{60} = \text{€}11,640.87 \text{ p.a.}$$

Scheme 3 Private Sector Integrated Occupational Pension Scheme

Pension is calculated as:

$$\frac{\text{Pensionable Service} \times \text{Pensionable Pay}}{60}$$

Pensionable Pay is basic salary less 1.5 times the State Retirement Pension (the deduction in this case is €15,077.40). For part-timers, *Pensionable Pay* is basic part-time salary less 1.5 times the State Retirement Pension.

Retirement Pension is calculated in each case as follows:

$$(a) \frac{30 \times (50,000 - 15,077.40)}{60} = \text{€}17,461.30 \text{ p.a.}$$

$$(b) \frac{30 \times (25,000 - 15,077.40)}{60} = \text{€}4,961.30 \text{ p.a.}$$

$$(c) \frac{10 \times (50,000 - 15,077.40)}{60} \text{ plus } \frac{20 \times (25,000 - 15,077.40)}{60} = 5,820.43 \text{ plus } 3,307.53 = \text{€}9,127.96 \text{ p.a.}$$

Scheme 4 Public Sector full rate PRSI contributors

The public sector has a wide variety of arrangements and set out below is an example of how benefits might be calculated.

Pension is calculated as:

$$\frac{\text{Pensionable Service} \times \text{Pensionable Pay}}{80}$$

Pensionable Pay is basic salary less 2.0 times the State Retirement Pension (the deduction in this case is €20,172.79). For part-timers, *Pensionable Pay* is basic part-time salary less 2.0 times the State Retirement Pension.

Retirement Pension is calculated in each case as follows:

$$(a) \frac{30 \times (50,000 - 20,172.79)}{60} = \text{€}11,185.20 \text{ p.a.}$$

Apply new integration formula

$$(b) \frac{30 \times 25,000}{60} = \text{€}3,750.$$

If you have a mixture of full-time and part-time service, your benefits will depend on your individual circumstances.

By way of example, suppose you work full-time for 10 years and 50% hours for 20 years and that the full-time equivalent salary is €50,000 per annum. Your average proportion of full-time hours worked over your period of service would be 2/3rds (i.e. $(10 + 2 \times 0.5) \div 30$).

$$\frac{20 \times (50,000 - 20,172.79)}{60} = \text{€}7,456.80 \text{ p.a.}$$

A tax-free lump sum would normally be payable in addition to the pension.

In the case of job-sharers in the public service, half the period worked as a job-sharer will be included as pensionable service. Your pension at retirement will be based on equivalent full-time earnings.

For example, if during your working life you worked full-time for 10 years and were a job sharer for 20 years, your total pensionable service would be 10 plus half of 20 years, i.e. a total of 20 years pensionable service and your pension will be calculated as follows:

(i) if you pay modified rate *PRSI*

$$\frac{20 \times 50,000}{80} = \text{€}12,500 \text{ p.a.}$$

(ii) if you pay full rate *PRSI*

$$\frac{20 \times (50,000 - 20,172.79)}{80} = \text{€}7,456.80 \text{ p.a.}$$

If you always worked as a job-sharer, then your pension at retirement would be calculated as half the pension payable had you worked fulltime throughout your career. If earning less than 3 1/3rd times the State Pension (Contributory) the calculation method is different, for further information you should contact your employer in the first instance.

If you work in the public sector and pay full rate *PRSI*, State social welfare pensions are payable in addition to the occupational pensions as calculated above. Supplementary pensions may be payable in certain circumstances if you do not qualify for the full rate State Retirement Pension.

Note: The State Retirement Pension refers to the Old Age (Contributory) Pension payable to a single person under age 80.

Appendix D – Useful Addresses

Department of Social and Family Affairs

Oisín House
Pearse Street
Dublin 2
LoCall: 1890 202 325
Tel: (01) 704 3000
Web: www.welfare.ie
For Information Service and information on *PRSI*.

Department of Social and Family Affairs – Head Office

Áras Mhic Dhiarmada
Store Street
Dublin 1
Tel: (01) 874 8444
Web: www.welfare.ie

Department of Social and Family Affairs

Pension Services Office
College Road
Sligo
LoCall: 1890 500 000
Tel: (071) 916 9800
Web: www.welfare.ie
For information on entitlements to state pension benefits

Department of Social and Family Affairs

Government Offices
Cork Road
Waterford
Tel: (051) 356000 or (01) 704 3000.
Web: www.welfare.ie
For the Self-Employment and Voluntary Contributions Section

The Equality Authority

2 Clonmel Street
Dublin 2.
Locall: 1890 245 545
Tel: (01) 417 3333
Web: www.equality.ie
E-mail: info@equality.ie

The Equality Tribunal

3 Clonmel Street
Dublin 2
Locall: 1890 34 44 24
Tel: (01) 477 4100
Web: www.equalitytribunal.ie
E-mail: info@equalitytribunal.ie

Legal Aid Board – Head Office

Quay Street
Cahirciveen
Co. Kerry
Tel: (066) 947-100
Web: www.legalaidboard.ie

Family Law Office (District Court)

Dolphin House
East Essex Street
Dublin 2.
Tel: (01) 888 6348

Family Law Office (Dublin Circuit Court)

Phoenix House
15/24 Phoenix Street North
Smithfield
Dublin 7
Tel: (01) 888 6806/6810/6811/6812

Financial Services (Pensions) Business

Office of the Revenue Commissioners

Grattan House, 4th Floor
Lower Mount Street
Dublin 2
Tel: (01) 647 4022
Web: www.revenue.ie
E-Mail:
www.lcdretirebens@revenue.ie
For information on taxation as it relates to pensions.

Office of the Ombudsman

18 Lower Leeson Street
Dublin 2
LoCall: 1890 223 030
Tel: (01) 678 5222
Web: www.ombudsman.gov.ie
E-mail: ombudsman@ombudsman.gov.ie

Office of the Pensions Ombudsman

36 Upper Mount Street
Dublin 2
Tel: (01) 647 1650
Web: www.pensionsombudsman.ie
E-mail: info@pensionsombudsman.ie

Financial Regulator

PO Box 9138
College Green
Dublin 2
LoCall: 1890 777 777
Web: www.financialregulator.ie
E-mail: consumerinfo@FinancialRegulator.ie

Financial Services Ombudsman

3rd Floor, Lincoln House
Lincoln Place
Dublin 2
LoCall: 1890 88 20 90
Web: www.financialombudsman.ie
Email:
enquiries@financialombudsman.ie

The Pensions Board

Verschoyle House
28/30 Lower Mount Street
Dublin 2.
Tel: (01) 613 1900
Web: www.pensionsboard.ie
E-mail: info@pensionsboard.ie

Consumers' Association of Ireland

45 Upper Mount Street
Dublin 2
Tel: (01) 661-2466
Web: www.consumerassociation.ie
E-mail: cai@consumerassociation.ie

Appendix E – Glossary of Terms Used

Actuarial Value

The Actuarial Value of a future payment is the present cash value of the payment, as calculated by an actuary, making allowance for the probability of survival to the date on which the benefit falls due, and for the investment return which may be earned during that period.

Additional Voluntary Contributions (AVCs)

Additional contributions paid by a member of an Occupational Pension Scheme in order to secure benefits over and above those set out in the Rules of the Scheme. Where there is no provision in an occupational pension scheme for AVCs, a standard *PRSA* must be offered for this purpose.

Approved Retirement Fund (ARF)

An ARF is an investment contract for the proceeds of any AVCs, or in the case of a 5% Director, RAC or *PRSA* holder other retirement benefits that are not taken in the form of a lump sum or pension on retirement. Certain qualifying conditions must be met to be eligible to take out an ARF. Money is invested with a “Qualifying Fund Manager” and may be invested in any manner you wish and will accumulate tax-free. Income tax is payable on any withdrawals from the fund.

Approved Minimum Retirement Fund (AMRF)

An AMRF is like an ARF except that you cannot withdraw your original investment until you are aged 75. You can only withdraw the investment income in the meantime.

Contributory Occupational Pension Scheme

An Occupational Pension Scheme to which employees are required to contribute (usually a fixed percentage of their *Pensionable Pay*) in order to meet part of the cost of the benefits.

Deferred Benefit

If you leave an Occupational Pension Scheme before Normal Retirement Age having completed the Vesting Period but do not have entitlement to an immediate pension, then you are entitled to a Deferred Benefit. This is the benefit to which you are entitled from Normal Retirement Age based on service completed to date of exit in a *Defined Benefit Scheme*, or on the accumulation of employee and employer contributions in a *Defined Contribution Scheme*.

Defined Benefit Scheme

An Occupational Pension Scheme in which the benefits are calculated according to a set formula. The benefits may be related to service completed and/or earnings prior to retirement.

Defined Contribution Scheme

An Occupational Pension Scheme in which the retirement benefits paid to each member depend on the amount of contributions which have been paid in for that member and the investment returns earned on those contributions.

Funded Schemes

A Pension Scheme in which money is set aside in order to meet benefits falling due in the future. In an Occupational Pension Scheme, the assets are held under Trust separately from those of the employer. In a *Personal Pension Plan*, the insurance company holds the contributions and accumulated investment return.

Normal Retirement Age

This is the age at which retirement benefits become payable. This will be set out in the Trust Deed and Rules of an Occupational Pension Scheme or may be set out in the policy document of the Personal Pension Plan. Normal Retirement Age is usually in the range 60 to 65 years.

Occupational Pension Scheme

A pension scheme set up by an employer to provide retirement benefits for employees. This term is used interchangeably with “Company Pension Scheme.”

Paid up Personal Pension Plan

This is a Personal Pension Plan to which you no longer pay contributions and from which you have yet to draw a benefit.

Pensionable Employment

Employment is referred to as pensionable in this booklet if the individual is a member of an Occupational Pension Scheme as a consequence of that employment.

Pensionable Pay

These are the earnings on which contributions and/or benefits are based in an Occupational Pension Scheme. It would be common to exclude variable earnings such as overtime or commission, although this is not always the case.

Personal Pension Plan

A policy taken out with insurance company in order to provide benefits in retirement. These may be taken out by those who are self-employed or who are in non-Pensionable Employment.

Personal Retirement Bond

A Personal Retirement Bond is a special type of *Personal Pension Plan*, to which the only premium payment is a *Transfer Value* from a previous scheme. The benefits available from a Personal Retirement Bond at retirement age depend on the investment return achieved during the period between the payment of the contribution and retirement.

Personal Retirement Savings Account (PRSA)

A *PRSA* is a contract between an individual and an authorised *PRSA* provider in the form of an investment account. The *PRSA* benefits will be determined by the contributions paid by and on behalf of the contributor and the investment return on those contributions. There are two types of *PRSA* contract:

- A Standard *PRSA* is a contract that has a maximum charge of 5% on the contributions paid and 1% per annum on the assets under management. Investments are only allowed in pooled funds which include unit trusts and life company unit funds
- A Non-Standard *PRSA* is a contract that does not have maximum limits on charges and/or allows investments in funds other than pooled funds.

A register of *PRSA* providers and their products is available from the Pensions Board.

Preserved Benefit

Prior to the Pensions Act, 1990, Occupational Pension Schemes were not obliged to preserve benefits on leaving service, i.e. the only benefit paid was a refund of member's contributions. The Pensions Act, 1990, requires schemes to provide a minimum Preserved Benefit for those leaving service between 1 January 1993 and 1 June 2002 provided 5 years' scheme membership have been completed, of which at least 2 must be completed after 1 January 1991. The Pensions 'Amendment' Act, 2002, requires schemes to provide a minimum Preserved Benefit to those who leave after 1 June 2002 with 2 or more years scheme service. In the case of a Defined Benefit Scheme, the Preserved Benefit means a deferred pension, deferred retirement gratuity and benefits in the event of death before pension commences. In the case of a *Defined Contribution Scheme*, Preserved Benefit refers to the accumulation of employer and employee contributions.

PRSI

A shortened name for Pay Related Social Insurance, under which individuals who earn an income pay related contributions to the Social Insurance Fund and in return are covered for certain scheme insurance benefits, e.g. State Pension (Contributory).

Retained Benefits

If you leave an occupational scheme and are entitled to some benefit from Normal Retirement Age or have a Paid up Personal Pension Plan or Personal Retirement Bond, then such benefits are known as Retained Benefits. These may be taken into account by the Trustees of your current scheme in deciding whether your benefits are within Revenue Limits.

Revenue Limits

The Revenue Commissioners restrict either the amount of benefits ultimately payable to an individual and/or the contributions payable by or in respect of an individual. These are known as Revenue Limits.

Transfer Value

If you leave an *Occupational Pension Scheme* with entitlement to *Deferred Benefit*, then you may elect to transfer your benefits to either a new employer's pension scheme, to a Personal Retirement Bond or to a *PRSA* (only possible if less than 15 years service completed). In the case of a *Defined Benefit Scheme*, the Transfer Value represents the *Actuarial Value* at the date of transfer of your *Deferred Benefits* in the scheme, including the value of any pensions payable to your dependents in the event of your death. In the case of a *Defined Contribution Scheme*, the Transfer Value represents the accumulated value at the date of transfer of the employer and employee contributions.

Trust Deed and Rules

Occupational Pension Schemes are set up under Trust. A Trust Deed and Rules governs how the scheme is managed and sets out how the benefits are determined and to whom they are payable.

Unfunded Schemes

Schemes in the non-commercial sector, such as the Civil Service, Local Government, Education and Health Services, are financed on a Pay As You Go Basis. This means that the cost of pensions is met from current exchequer expenditure in much the same way as the salaries and wages of employees. These schemes can operate in this way as the State is always in a position to obtain the money it needs to pay pensions.

Vesting Period

This is the period of membership of an *Occupational Pension Scheme* which you must complete in order to be entitled to *Deferred Benefits* on leaving service.





An Bord Pinsean -
The Pensions Board

Authority for Pensions