An Roinn Caiteachais Phoiblí Bonneagair
Athchóiriúcháin Seirbhíse Poiblí agus Digitiúcháin
Department of Public Expenditure Infrastructure
Public Service Reform and Digitalisation

To: All HR Managers/Pension Administrators

12 August 2026

Ref No: P018-011-2022

RE: Revised actuarial reduction factors for cost neutral early retirement

This letter applies to all civil servants and public service employees who are members of a pre-existing public service pension scheme (non-Single Scheme[1]) and whose cost neutral early retirements are processed under, or adopt the provisions of, Department of Finance Circular 10/2005[2].

Dear HR Manager/Pensions Administrator,

Background

1. I am directed by the Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation to refer to cost neutral early retirements for members of pre-existing public service pension schemes which are processed in accordance with the provisions of *Department of Finance Circular 10/2005: Public Service Pension Reform: Introduction of cost neutral early retirement.*

Revised Actuarial Reduction Factors

2. *Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation Circular 26/2026: Purchase of Notional Service Scheme (Revised Rates and Scope) – "The Purchase Circular,"* sets out revised actuarial reduction factors applicable to the purchase of notional service, effective from **01 January 2027**.

3. Accordingly, the actuarial reduction factors for cost neutral early retirements processed under, or adopting the provisions of, *Department of Finance Circular 10/2005,* as contained in paragraph 10 of Circular 10/2005, are revoked as of the effective date of the Purchase Circular : **01 January 2027**, which also serves as the effective date of this letter.

[1] The Single Public Service Pension Scheme generally applies to public service employees who are first time entrants to the public service, recruited on or after 1 January 2013 as provided under the Public Service Pensions (Single Scheme and Other Provisions) Act, 2012.

[2] Circular 10/2005: Public Service Pension Reform: Introduction of cost neutral early retirement https://circulars.gov.ie/pdf/circular/finance/2005/10.pdf

4. The revised actuarial reduction factors for cost neutral early retirements, which apply from the effective date of this letter, are set out in table 1 below. All other provisions of Department of Finance Circular 10/2005 and the Letter to Personnel Officers dated 13 July 2005[3] remain in effect.

Table 1: Factors to be applied to preserved benefits to derive actuarially reduced benefits					
Persons with a preserved pension age of 60			Persons with a preserved pension age of 65		
Age last birthday	Pension	Lump sum	Age last birthday	Pension	Lump sum
50	68.2%	84.0%	55	65.7%	84.0%
51	70.6%	85.5%	56	68.3%	85.5%
52	73.2%	87.0%	57	71.0%	87.0%
53	76.0%	88.5%	58	73.9%	88.5%
54	78.8%	90.1%	59	77.0%	90.1%
55	81.9%	91.7%	60	80.2%	91.7%
56	85.1%	93.3%	61	83.7%	93.3%
57	88.5%	94.9%	62	87.4%	94.9%
58	92.1%	96.6%	63	91.3%	96.6%
59	95.9%	98.3%	64	95.5%	98.3%
60	100.0%	100.0%	65	100.0%	100.0%

Commencement

5. Where a member retires under the cost neutral early retirement facility before the effective date of this letter, their retirement should continue to be processed using the actuarial reduction factors contained in paragraph 10 of Department of Finance Circular 10/2005.

6. Members who have applied to their Local HR unit to avail of the cost neutral early retirement facility before the effective date, but whose date of retirement falls on or after the effective date, will be subject to the revised actuarial reduction factors in Table 1.

[3] Letter to Personnel Officer: supplementary note to Department of Finance Circular 10/2025

Other relevant guidance

7. This letter should be read in conjunction with:
    - Department of Finance Circular 10/2005: Public Service Pension Reform: Introduction of cost neutral early retirement,
    - Letter to Personnel Officers 13 July 2005: Supplementary note to Department of Finance Circular 10/2005, and
    - Section 17 of Department of Public Expenditure, NDP Delivery and Reform Circular 12/2024: Arrangements for Occupational Supplementary Pensions (OSP).

    The above circulars and letter can be found on the Public Service Pensions website at:
    - https://www.publicservicepensions.gov.ie/en/topic/cost-neutral-early-retirement-cner/, and
    - https://www.publicservicepensions.gov.ie/en/topic/supplementary-pensions/.

Circulation

8. HR Managers/Pensions Administrators are instructed to ensure that the contents of this letter are communicated to all staff, particularly those seeking to avail of the cost neutral early retirement facility.

9. HR Managers/Pension Administrators are also asked to bring the contents of this letter to the attention of all civil and public service bodies under the aegis of their department.

Queries

10. Queries from pre-existing pension scheme members regarding this letter or cost neutral early retirements should be directed to their Local HR unit in the first instance.

11. Queries from Local HR units or public service bodies should be directed to their parent department.

12. Queries from parent departments can be directed to this department via pensions@per.gov.ie.

Yours sincerely

Máiréad McCarthy
Principal Officer
Work and Pensions Division