

# **THE PENSION SCHEME**

**NUI, GALWAY**

## **NATIONAL UNIVERSITY OF IRELAND, GALWAY**

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## INTRODUCTION

The pension scheme covers all University permanent and pensionable staff. The effective date for this comprehensive Scheme is the 30<sup>th</sup> of April 1982. After this date all new members of the University staff, irrespective of grade, are included in the scheme. Members of staff who had been appointed prior to the 30<sup>th</sup> of April 1982 and who were already included in a University scheme had the right to opt for the New Scheme on condition that they gave up all rights to their former pension scheme.

The Pension Scheme is composed of:-

(A)

<b>Staff who joined before the 6<sup>th</sup> of April 1995</b>
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- (i) A non-contributory pension
- (ii) A contributory spouse's and children's scheme (Death Benefit)

(B)

<b>Staff who joined after the 6<sup>th</sup> April 1995</b>
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- (i) A contribution of 5% of salary to the pension scheme will be paid by a new entrant (joining after the 6<sup>th</sup> of April 1995). In order to compensate for the additional pension contribution, new entrants (joining after the 6<sup>th</sup> of April 1995) will receive an increase of 1/19 of Salary, over the Salary of a current member.
- (ii) Full PRSI contributions will be paid by new entrants (joining on or after the 6<sup>th</sup> of April 1995).
- (iii) A contributory spouse's and children's scheme (Death Benefits)

The University of Galway, National University of Ireland, Galway (Closed) Pension Scheme 2010 ([S.I. No. 98 of 2010](#)) was initially established on 30 April 1982 under Statute CLXI and revised by subsequent statutes ( [Statutes of the University](#)). These notes are intended to help you to understand the Scheme, but do not supersede [S.I. No. 98 of 2010](#) / [Statutes of the University](#).

The scheme is an exempt approved scheme under Part 30, Chapter 1 of the Taxes Consolidation Act 1997

## **ELIGIBLE STAFF**

Eligible staff are all persons holding permanent full-time posts in the University, or permanent part-time posts which are pensionable by University Statute. The holders must have joined the University after the 30<sup>th</sup> of April 1982 or alternatively have opted for the Joint Pension Scheme, by surrendering their previous pension entitlements.

Evidence of health is required.

## CONTRIBUTIONS

1.

Staff who joined the public sector before the 6<sup>th</sup> of April 1995 (codes 9 & 12, for office use only)

- a) The basic pension is non-contributory.
- b) Each member of the Pension Scheme must contribute to the Spouse's and Children's Pension Scheme. He/She is obliged to pay
  - (i) 1.5% of "Pensionable Salary minus twice O.A.C.P." (called net pensionable salary) if (s)he pays full PRSI (code 12) and
  - (ii) 1.5% of Pensionable Salary if they pay the modified PRSI (code 9).
- c) On retirement or death a further contribution\* of 1% per annum will be deducted from the Lump Sum. This contribution will be in respect of every year in which a participant did not make a contribution under (b) above. (This deduction is called the "Claw Back"). If the member opts not to take the lump sum the deduction is 1/9 of the claw back and is deducted from the pension.

\* Contributions as follows:

- (i) 1% of 'Pensionable Salary minus twice OACP' (called Net Pensionable Salary, if he/she pays a full PRSI (Code 12)
- (ii) 1% of Pensionable Salary if he/she pays the modified PRSI (Code 9)

2.

Staff who joined the public sector after the 6<sup>th</sup> of April 1995 (Code 14 or 18 for office use only).

- a) The basic pension is contributory. Each member pays a 5% contribution to the pension scheme. This contribution is composed of 1½% of salary plus 3½% of “Salary minus twice the O.A.C.P.”.
- b) Each member of the pension scheme must contribute to the spouse’s and children’s pension scheme. He/she is obliged to pay 1.5% of pensionable salary.
- c) On retirement or death a further contribution of 1% per annum of final salary will be deducted from the Lump Sum payable. This contribution will be in respect of every year in which a participant did not make a contribution under (b) above. (This deduction is called the “Claw Back”). If the member opts not to take the lump sum the deduction is 1/9 of the claw back and is deducted from the pension.

**Note**

- (i) The University is allowed by the Revenue Commissioner to automatically give tax relief on the above mentioned contributions. Therefore, there is no need to make a tax claim for these payments.
- (ii) O.A.C.P. = old age social welfare retirement contributory pension payable to a single person.
- (iii) Staff who joined University after the 6<sup>th</sup> of April 1995, but joined the public sector before the 6<sup>th</sup> of April 1995 will be treated as a pre the 6<sup>th</sup> of April 1995 member.

The University contributes a percentage to staff pension(s) in line with funding received. Please note, the employer’s contribution does not impact the calculation of pension benefits.

## **REFUND OF CONTRIBUTIONS**

(1½% contribution to the Spouse's and Children's Pension Scheme)

- (a) If contributions are made for a period in excess of 40 years, you will be entitled to a refund in respect of the excess years.
- (b) If you leave the University without an entitlement to a Deferred Pension (see page 17) nor an entitlement to a Contributory Pension (see page 18) a refund of contributions will be made.

## RETIREMENT AGE

- a) The normal retirement age is 65 years.
- b) A member of staff has an option to retire voluntarily **from 60 years onwards**.
- c) There is a provision to allow an extension of employment beyond **65 years of age** in some cases. The University have the option in this and the appointment will be on a year-to-year basis.



## PENSIONABLE SERVICE

- a) All full-time permanent service is pensionable as is service in permanent part-time posts which are pensionable by University Statute.
- b) Full-time service in a temporary or probationary capacity is included. Such service must be immediately prior to the permanent appointment and must not be of a trainee or apprenticeship nature.
- c) Periods of leave of absence with pay (i.e. sabbatical) may be counted at the discretion of the Governing Body.
- d) Periods of leave of absence without pay are not included. However, in an exceptional case the Governing Body may count such service as pensionable.
- e) All service is pensionable, whether there is a break in service or not (the period of “break” is excluded).
- f) Part-time service is counted on a *pro rata* basis in the case of a full-time member of staff on retirement or death.
- g) Service in most Public Sector employments will be counted. This is so whether such service is broken or continuous.
- h) No credit for previous service is given where a Pension, Gratuity or Refund has already been given. In some circumstances credit may be given if such Pension or Gratuity had been refunded.
- i) Years of pensionable service are counted **as actual completed years plus any fraction of a year.**
- j) Pensions on retirement are payable only after five full years of service.

## **PENSIONABLE SALARY**

- (i) Pensionable salary for the purpose of pension calculation is the **annual basic remuneration** payable at retirement or death.
- (ii) In the case of persons who pay the full PRSI Contributions there is a “**Net Final Salary**” which is used in the calculation of the Pension (see page 11 – “**Full PRSI Contributions**”). This net pensionable salary is (salary minus twice the old age contributory retirement social welfare pension) in respect of a pension calculated in 1/80ths (one-eightieths).

**PENSION AT RETIREMENT FOR STAFF WHO JOIN BEFORE THE 6<sup>TH</sup>  
OF APRIL 1995 AND WHO PAY THE MODIFIED PRSI**

- a) The amount of annual pension will be:-

$\frac{1}{60} \times \text{pensionable salary} \times \text{pensionable service}$   
(maximum 40/60th of pensionable salary)

- b) Alternatively, you may opt to take a tax-free Lump Sum. In this case you will have a lower pension calculated in 1/80ths plus the lump sum instead of 1/60ths.

**Example:**

Lump Sum:  $\frac{3}{80} \times \text{pensionable salary} \times \text{pensionable service}$   
(maximum 40 years pensionable service)

*plus*

Pension:  $\frac{1}{80} \times \text{pensionable salary} \times \text{pensionable service}$   
(maximum 40/80th of pensionable service).

**PENSION AT RETIREMENT FOR STAFF WHO PAY FULL PRSI  
CONTRIBUTION AND WHO JOINED AFTER THE 5<sup>TH</sup> APRIL 1995**

**(a) 1/80<sup>th</sup> Option (Pension plus Lump Sum)**

The amount of annual pension will be:-

$\frac{1}{80} \times \text{pensionable salary minus twice (O.A.C.P.)} \times \text{pensionable service}$   
(maximum of 40 years service).

The amounts of the lump sum will be 3 times the pension, subject to a maximum of 1½ times salary.

Example:

**LUMP SUM:**

$\frac{3}{80} \times \text{pensionable salary} \times \text{pensionable service}$   
(maximum 40 years pensionable service)

plus

**\*PENSION**

$\frac{1}{80} \times \text{pensionable "salary minus twice (O.A.C.P.)"} \times$   
pensionable service

**(b) 1/60<sup>th</sup> Option (No Lump Sum)**

**PENSION**

$\frac{1}{60} \times \text{pensionable salary} - 1.5 \text{ (O.A.C.P.)} \times \text{pensionable service}$

**Note**

\*O.A.C.P. = Old age social welfare contributory retirement pension paid to

a singly person.

**PAYMENT OF PENSIONS**

The Pension is payable in equal monthly instalments in arrears.

## **ADDED YEARS TO PENSIONABLE SERVICE FOR SOME GRADES**

### **“Added years for members who qualify”**

Because of the nature of the Scheme an award of added years can only be formally made at the time of retirement. However, it is normally possible, at a time prior to retirement and on the basis of information then available, to give a fairly accurate indication of the likely final award.

### **Retirement at 65 years of age**

To allow for the special circumstances which may pertain, statutory staff, teaching grades and grades not lower than administrative officer or equivalent may be granted “added years” on retirement. At its own discretion the Governing Body may grant added years in order to bring pensionable service up to 40 years at 65 provided that 10 added years is not exceeded.

### **Retirement at 60 onwards**

At its own discretion the Governing Body may grant added years to a person retiring at 60 years of age onwards. This rule refers only to persons whose post qualifies for added years (i.e. Statutory staff, Teaching staff and grades not lower than Administrative Officer).

The University has been requested by the HEA, on behalf of the Department of Finance and Department of Education & Skills, to insert the following into all benefit statements and benefit quotations:

***“The Financial Measures (Miscellaneous Provisions) Act 2009 has not altered the rights and obligations of members under Scheme rules. Where the Scheme rules provide for discretion in relation to members' rights and benefits, that discretionary power now vests in the Minister for Education & Skills and the Minister for Finance. Please note that an Added Years award is one of the benefits subject to the discretion of the Minister for Education & Skills and the Minister for Finance and any decision on the granting of added years will only be made at retirement.*”**

***Every effort has been made to ensure the accuracy of this Statement. However, as this is not a contractual document, it bears no right to benefit. All benefits from the pension scheme are governed by the scheme rules as set out in S.I. No. 98 of 2010 which is referenced in the Transfer Order (S.I. No. 125 of 2010) and by legislation in place at the date of the award.***

***It should also be noted that this statement is not suitable for use in Family Law cases”.***

As required by the Ministers since March 2010 Added Years are calculated as follows:

The greater of:

1. 1/3 of service (NUI Galway). This is further reduced by transferred / transferable service and
2. Gross Potential Years using the following formulae:  $Q + E$ , but only if  $Q+E+18$  is greater than 25. This is further reduced by an adjustment for retirement prior to age 65 and by transferred / transferable service and previous reckonable service in NUIG

The values of Q & E will only be included at retirement, when the Ministers have exercised the discretion in relation to added years.

Any award at 1. or 2. is subject to:

- reduction for retained benefits from other employments and, if on modified PRSI, any Social Welfare entitlements.
- A maximum of 10 added years being awarded and
- Overall pensionable Service from all employments not being greater than 40 years.  
(Members are advised to inform the Pensions Office of such retained benefits in a previous employment - otherwise your estimated additional years will be incorrect)

Note:

Q = the minimum number of years in which the required qualifications can be obtained;

E = the minimum number of years of essential experience required.

## DEATH-IN-SERVICE

The following are payable (a) Spouse's Pension (b) Lump Sum (c) Children's Pension.

- a) The Spouse's Pension is based on:-

$$\frac{1}{160} \text{th of pensionable salary} \times \text{pensionable service}$$
  
(subject to a maximum of 40 years of pensionable salary).

**Pensionable Salary** is as defined in page 8. However, pensionable salary is reduced in the calculation for the following members of staff and by the following means:-

Staff who pay Full PRSI and who were appointed before the 6 <sup>th</sup> of April 1995
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Pensionable Salary = Salary minus twice the O.A.C.P.

Staff who pay full PRSI and who were appointed after the 6 <sup>th</sup> of April 1995
--

Pensionable Salary = Salary minus O.A.C.P.

Note: (O.A.C.P. = old age social welfare retirement contributory pension payable to a single person).

**Pensionable Service** is based on years service the deceased member would have had at 65 years of age

- b) A Lump Sum is payable to the surviving spouse or to the legal personal representative as follows:

$$\frac{3}{80} \times \text{pensionable salary} \times \text{pensionable service}$$
  
(minimum of 1 year's salary, maximum 1½ times salary)

The Lump Sum is subject to a deduction of **1% of salary for every year where a 1½% contribution** (Claw-Back) was not made (see page 4 paragraph 1c).

Pensionable service is defined as Actual Service plus the number of added years applicable to early retirement due to ill-health (see page 15).

- c) Children's Pension (see page 14)  
On the death of a member of staff the surviving spouse's and children's pensions are paid to the spouse. However, the child's pension (payable on member's death) may be paid as income of the child and not as income of the surviving parent. Income tax may be saved by this arrangement.

## DEATH-IN-RETIREMENT

- a) The Spouse's Pension is based on:-

1/160th of pensionable salary x pensionable service  
(subject to maximum of 40 years service pensionable salary).

The pensionable salary is as defined under Death-In-Service (page 12).

If the staff member had retired early, on grounds of ill-health, the pensionable service will be based on the **years of service the staff member would have had if he/she had retired at 65 years of age.**

- b) A Social Welfare Spouse's and Children's Pension is payable in addition to the University Pension.

If the member of staff, on retirement, forgoes the lump sum and takes the pension based on 1/60<sup>th</sup> and subsequently dies, the surviving spouse or personal representative will not be penalised because the member of staff did not take the lump sum. A gratuity, amounting to the difference between pensions received by the member and the pensions and lump sum which would have been paid if the member had opted for the lump sum in retirement, will be paid to the spouse.



## CHILDREN'S PENSIONS

- a) A pension will be paid in respect of a staff member's child following death-in-service or death-in-retirement.
- b) "Child" means a child or step-child of the participant or a child who was legally adopted by the participant provided in each case that the child is under sixteen years of age or, if pursuing a full-time course of education, under twenty-two years of age.
- c) The pension may be continued after 22 years of age if the child is permanently incapacitated by reason of mental or physical infirmity.
- d) Where the staff member is survived by a spouse, the children's pension for each child is **one-third** of the pension payable to the spouse. This is subject to a **maximum of three (3) children, or a total Children's Pension equivalent to the Spouse's Pension.**
- e) Where the children are left without a parent, **two-thirds** of the pension which would have been paid to the Spouse will be paid in respect of the **first child.**  
  
**One-third** of the same Spouse's Pension will be paid to the **second child.**  
The pensions payable will be for the benefit of all the children.
- f) If the parent remarries, the children's pension may be continued at the discretion of the Governing Body.

## EARLY RETIREMENT DUE TO ILL-HEALTH

- a) If you must leave your job in the University (through sickness or accident) and the Governing Authority is satisfied that the illness will be permanent, you will be granted a pension or pension and lump sum in accordance with page 9/10 (**Pension at Retirement**).
- b) The number of years pensionable service credited will consist of the actual years you have worked plus enhanced years in accordance with the following rules:-
  - (i) With actual pensionable service between 5 and 10 years, the grant of added years will be at the equivalent of actual service, the amount of added years not to exceed the difference between the staff members age at retirement and age 65.
  - (ii) With actual pensionable service between 10 and 20 years, the grant of added years will be the more favourable of:-
    - (a) A number of added years equal to the difference between actual service and 20 years the added service not to exceed the difference between the staff member's age at Retirement and age 65.
    - or*
    - (b) 6.66 years, the added years not to exceed the difference between staff member's age at Retirement and age 60.
  - (iii) With actual pensionable service greater than 20 years, the grant of added years will be 6.66 years, the added years not to exceed the difference between the staff member's age at retirement and age 60 years.
- c) Where added years are given under this section the added years given to certain grades on Retirement (page 13 & 14) will not apply.
- d) In the case of persons who pay the full PRSI contributions and who retire due to ill-health after 60 years of age, a supplementary pension may be paid at the discretion of the Governing Body.

This supplementary pension is paid only when the person does not qualify for Social Welfare Benefits and ceases when the person reaches 65 years of age. The effect of the supplementary University pension is that the pensionable salary will not be reduced by "twice" the old age pension in calculating the University Pension.

- e) Early Pensions will only be payable after **5 years of service**.

## TRANSFERABILITY OF PENSIONS

- a) Full transferability of service is allowed between the University and most Public Sector Employments in the State (e.g. Civil Service, other Universities, State Bodies, Local Government, Health Boards, VEC's etc.).
- b) The years of service to be transferred to the University or from the University may be either **continuous** years or **broken years of service**.
- c) Where a participant transfers from or to an organisation in the Public Sector not covered by (a) above, the University may make arrangements for transferability on a **reciprocal** basis with the other organisation.
- d) In the case of transferability from the University to another organisation no account will be taken of "**added years**" for pension purposes.
- e) The University shall not make a contribution in respect of pensionable service in the case of a participant who transfers to another employment unless his/her pensionable service in the University has consisted of a continuous period of at least three years.

## **PRESERVATION OF PENSION (OR ENTITLEMENT TO A DEFERRED PENSION)**

- a) If you leave the University after **5 years service** you will be entitled to a Deferred Pension at **60 years of age**.
- b) Deferred Pension entitlement extends to “early retirement” due to ill-health. This means that if you resign from the University with an entitlement to a Deferred Pension payable at 60 and in your new position you have to retire due to ill-health, the University will pay you a pension.
- c) In the case of death, a Spouse’s and Children’s Pension will be paid to the surviving spouse and children in accordance with the rules governing Spouse’s and Children’s Pensions Schemes. A lump sum will also be payable based on 3/80 per year of actual service.
- d) The Deferred Pension will be calculated in accordance with pages 10/11.
- e) The pensionable years used in the calculation will be based on **actual years of service**, no added years will be allowed.
- f) If you subsequently re-join the University, you may forego the Deferred Pension and then your final pension will be based on aggregate years.

## **REVIEW OF PENSIONS (FOR INFLATION etc.)**

All Pensions payable (whether Pensions on Retirement, or Pensions to Spouse/Children of a deceased member, or of Deferred Pensions, etc.) are adjusted from time to time to maintain purchasing power.

The basis of this adjustment is that a relativity of the pension to the salary of the post in which the member retired or died shall be kept.

Therefore, in accordance with the above, when University salaries are increased, pensions are automatically increased. This rule is subject to public service policy.

Staff members in the Joint Pension Scheme who will not have maximum of 40 years service at 65 years of age may “top up” their pension benefit by either buying Notional Service or contributing to an Additional Voluntary Contribution Scheme ( information is available at: <https://www.universityofgalway.ie/pensions-and-investments/additionalvoluntarycontributionsaves/> )

#### **SCHEME FOR THE PURCHASE OF NOTIONAL YEARS OF SERVICE**

- a) The Notional Service Scheme is a “defined benefit” scheme. It is similar to the normal public sector scheme whereby additional service is bought by lump sum or by monthly contributions. The contributions are paid directly into the Joint Pension Fund and benefits are paid out of this Fund. No additional costs apply to this scheme.
- b) The Scheme applied to all members of the **Joint Pension Scheme**.
- c) The option to purchase years may be by:-
  - (i) Periodic Deductions from wages or salary. The commencement date is the participant’s next birthday and deductions cease on the participant’s maximum retirement age (i.e. on 60<sup>th</sup>/65<sup>th</sup> birthday).
  - (ii) Lump Sum. This option may be exercised at any time and depends on your age and salary at time of purchase.
- d) In the payment by periodic deductions (monthly/weekly) the amount of payment depends of your age and salary at time of purchase.
- e) Fuller details, including limits on service purchasable and contribution rates are available in a document from the pension’s office.

**Members of Joint Pension Scheme/Model Scheme  
Pension Contribution from Staff and University**

**1. Contributions  
Prior 6/4/95 Employment**

Staff	Modified S/W	Salary x 1½% of spouses/children's	Code 9
University		Salary x 15%	
Staff	Full S/W	Salary – 2(OACP) x 1½% spouses/children	Code 12
University		Salary – 2(OACP) x 15%	Code 12

Total % Contribution 16½% each category

**Post 6/4/95 Employment – All pay full S/W**

Contributions from staff in University

* Staff	Salary x 1½% spouses/children's Salary minus 2 (OACP) x 3½% Pension Salary x 1½% Lump Sum	Code 14/15 and 18/19
University	Salary x 3% Lump Sum Salary minus 2(OACP) x 7% Pension	Code 14/15 only

Total % Contribution 16½%  
(except for Code 18/19 Model Scheme)

**2. Pension:**

Code 9	$\frac{1}{80}^{\text{th}}$ x Salary x years
Code 12	$\frac{1}{80}^{\text{th}}$ x (Salary – 2OACP) x years
Code 14/15	$\frac{1}{80}^{\text{th}}$ x (Salary – 2OACP) x years
Code 18/19	$\frac{1}{80}^{\text{th}}$ x (Salary – 2OACP) x years

**3. Death Benefits**

Code 9	$\frac{1}{80}^{\text{th}}$ x Salary x years x ½
Code 12	$\frac{1}{80}^{\text{th}}$ x (Salary – 2OACP) x years x ½
Code 14/15	$\frac{1}{80}^{\text{th}}$ x (Salary – OACP) x years x ½
Code 18/19	$\frac{1}{80}^{\text{th}}$ x (Salary – OACP) x years x ½

Note: OACP = Old Age Contributory Pension