

Employee Superannuation Scheme

NUI, GALWAY

**(called the “Model Scheme” and operating
under an “Administrative Arrangement”
pending formalisation by Statute)**

NATIONAL UNIVERSITY OF IRELAND, GALWAY

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INTRODUCTION

Employee Superannuation Scheme (called ‘The Scheme’).

This pension scheme was introduced by the Department of Finance through the HEA (letter dated 29th November 2004).

The Scheme is constituted under “an Administrative Arrangement” devised by the Department of Finance, pending legislation. The “Administrative Arrangement” was accepted by the Governing Authority of the University on 28th January 2005.

The Scheme came into effect on 1st January 2005. It will apply to members of the University who became pensionable after 15th July 2003 (the date of the Protection of Employees (fixed term work) Act, 2003).

These notes are intended to help you to understand the Scheme, but do not supersede Statutes, resolutions of the Governing Authority or the “Administrative Arrangement”.

MEMBERSHIP

A pensionable post in 'the scheme' means: -

- (i) A post which is declared to be pensionable by the Univeristy.
- (ii) A post which is declared in the conditions of service to be pensionable.
- (iii) The University decides upon the eligibility for membership.
- (iv) The member must have
 - (a) at least 2 years service before age 65
 - (b) good health
 - (c) be over 16 years of age.
- (v) Membership is compulsory for all pensionable employees.

CONTRIBUTIONS

1. The scheme is contributory. Contributions are payable from the date of entry to the Pension Scheme (the commencement date) or from the date the member took up employment with the University in the case of a member with service in the University prior to the commencement date.

The contributions are 6.5% of annual remuneration in total:

5% to the main pension scheme

1.5% to the Spouse's and Children's Scheme

The breakdown of contributions is: -

- a) 3.5% of net remuneration (for the pension)
- b) 1.5% of remuneration (for the lump sum)
- c) 1.5% of remuneration (for Spouse's and Children's scheme).

In the case of 'work (or job) sharing' the calculation above will be pro rata to the hours worked.

Where a member is in receipt of reduced pay because of absence from employment, contributions will be calculated as if he/she was not absent.

The University retains the right to vary contributions in the light of actuarial valuation.

Note: "Net remuneration" is total remuneration less twice the old age contributory pension (OACP).

2. Where you are entitled to pensionable service and you have not paid the Spouses and Childrens (1.5% of salary) contribution, you must pay this contribution on retirement. The calculation is 1% of pensionable salary for each year for which the 1.5% was not paid. This payment is called the "Clawback" and is tax deductible.

The "Clawback" can be paid during your service (i.e. before retirement) by paying an extra 1.5% of pensionable salary each year not paid.

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 and the 5% pension contribution to the main pension scheme).

- (i) If you leave without an entitlement to a Deferred Pension i.e. with less than 2 years membership of the Pension Scheme, a refund of your own contributions will be made.
- (ii) Pension contributions will be refunded for service less than 2 years: where member ceases employment in the University other than on death or ill health and where the service is not transferred to another organisation under the public sector transfer arrangement.

RETIREMENT AGE

The minimum retirement age is 65 years.

A member may continue in employment after 65 providing he/she is fit and willing.

This regulation on retirement came into effect on 1 April 2004. If you joined the public sector after this date you are termed 'a new entrant' and these revised regulations on age and retirement apply to you.

A member who is not a new entrant (i.e. who joined the public sector before 1st April 2004 in a pensionable post) may retire from age 60 but cannot be a member of 'the scheme' after age 65.

PENSIONABLE SERVICE

Pensionable service shall be subject to a maximum of 40 years, the aggregate of: -

1. Active service from date of commencement in the pensionable post. Work (job) sharing will be reckoned pro rata.
2. Whole time paid service from the date of commencement of employment in the University and before commencement in the pensionable post in respect of which contributions have been paid.
3. Whole time temporary service before commencement in the pensionable post in respect of which contributions have been paid.
4. Service transferred to the University in accordance with various public sector transfer of pension arrangement.
5. Purchased Service, under the 'University Purchase of Notional Service Scheme'. (Page 21).
6. Service purchased from proceeds of transfer values from outside bodies (Private or Public Sector). The value is based on tables provided by the Department of Finance. The value of the transferred monies is calculated in terms of years of service in the University and added to your entitlement.
7. Periods of part-time or 'work sharing' service equal to at least 20% or equivalent to whole time service. 'Work-sharing' means any arrangement, which has been approved, under which a whole-time employee works less than standard hours of the whole-time post.
8. Additional periods of Notional Service (Professional Added Years). This applied only to posts which qualify for added years (see under Pages 11/12).

PENSIONABLE SALARY/REMUNERATION

Pensionable salary for the purpose of pension calculation is the **annual basic salary** payable at retirement or death. Remuneration means salary plus any pensionable allowance. These figures apply when:

- (a) a member has had the same scale of salary and grade for the past 3 years
- (b) is under 62 and dies in service
- (c) Retires on medical grounds before age 60.

Net remuneration means the amount by which remuneration (salary plus any pensionable allowances) exceeds twice the annual maximum pensionable rate of old age (contributory) pension from time to time.

BENEFITS AT RETIREMENT

1. POST 1 APRIL 2004 MEMBERS:

New entrants (joined public sector on or after 1st April, 2004)

The pension is based on:-

- (i) 1/80 of final salary remuneration
- (ii) Net pensionable remuneration
- (iii) Pensionable service

The Pension is:

- (a) $1/80 \times \text{net pensionable remuneration} \times \text{pensionable service}$
(Maximum of 40 years service) plus
- (b) Lump sum: $3/80 \times \text{pensionable remuneration} \times \text{service}$

Benefits Payable at age 65.

2. PRE 1 APRIL 2004 MEMBERS:

Members who joined the University's pension scheme or another public sector pension scheme with unbroken service, before 1 April, 2004.

The above benefits can be payable from age 60, onwards. The member's statutory retirement age is 65.

A member with at least 5 years service, who retires due to ill-health will receive a benefit based on 1. (a) above.

Members with short service (up to 5 years service) who retire due to ill health and who are entitled to a pension may opt for a gratuity in lieu of his/her pension entitlement.

Note: Net pensionable remuneration is gross remuneration minus twice the social welfare pension.

Note: Social welfare pensions are paid in addition to the above university benefits.

Note: Remuneration is "salary plus any pensionable allowances".

ADDED YEARS

SUMMARY

The underlying aim of the scheme is to provide for the grant of a limited number of added years of notional service for superannuation purposes in cases where the minimum preconditions for appointment to a post are such as to preclude an appointee from acquiring full superannuation entitlements by pension age of 65.

(a) New Entrants whose post was advertised before 1 April 2005 and persons deemed not to be a new entrant by Section 2 of the Public Service Superannuation (Miscellaneous Provisions) Act 2004 i.e. serving in a public body on 31 March 2004:

We have been instructed by the HEA to advise the following in relation to added years:

“Please note that any decision on the granting of discretionary benefits such as 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 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”.

Added years are awarded in accordance with [Circular letter 19 Nov 2004](#) to certain professional, technical and specialist staff

The following is a guide to the main provisions:

The gross award is calculated on the basis of the formula:

$$19 + Q + E - 25$$

Maximum Award is 10 years and shall not exceed actual service in the case of persons with between 5 and 10 years service & the Award is abated for:

- Previous reckonable service in NUIG (subject to certain provisions).
- Transferred/transferable service: where the member has previous service in another organisation which was / could be transferred to NUIG (subject to certain provisions).
- Retained benefits: where member has retained benefits from previous employment.
- Career break/unpaid leave/work sharing: Awards will be abated pro-rata.
- Retirement/resignations before age 60: Awards (abated on a pro-rata basis) may be granted where member retires before age 60 with a preserved pension.

(b) New Entrants whose post was advertised on or after 1 April 2005:

We have been instructed by the HEA to advise the following in relation to added years:

“Please note that any decision on the granting of discretionary benefits such as 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 and 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”.

Added years are awarded in accordance with [Circular 8/2005](#) to certain professional, technical and specialist staff. The following is a guide to the main provisions:

The gross award is calculated on the basis of the formula:

$$19 + Q + E - 25$$

Maximum Award is 5 years and shall not exceed actual service in the case of employees with between 2 and 5 years actual service & the Award is abated for:

- Previous reckonable service in NUIG (subject to certain provisions).
- Transferred/transferable service: where the member has previous service in another organisation which was / could be transferred to NUIG (subject to certain provisions).
- Retained benefits: where member has retained benefits from previous employment.
- Career break/unpaid leave/work sharing: Awards will be abated pro-rata.
- Retirement/resignations before age 60: Awards (abated on a pro-rata basis) may be granted where member retires before age 60 or resigns before age 60 with a preserved pension.

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 surviving Spouse's Pension is based on:-

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

Net Pensionable Salary is pensionable salary minus O.A.C.P.

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

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

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

$\frac{3}{80}$ x pensionable salary x pensionable service
(minimum of 1 year's salary, maximum 1 ½ times salary)

The Lump Sum is subject to a deduction of **1% of salary for every year** where the 1½ % contribution (Claw-Back) was not made by the deceased member.

Pensionable service for lump sum purposes is defined as actual service plus the number of added years applicable to early retirement due to ill health.

- c) The Department of Finance is examining this Scheme and examining the feasibility of allowing changes to nominations for spouse's pensions, and of removing the bar on paying pensions to spouses who remarry. Staff will be informed if/when changes are made.

DEATH-IN-RETIREMENT

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

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

The net pensionable salary is as defined under Death-In-Service (page 13).

If the staff member had retired early, on grounds of ill-health and subsequently dies, 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) Social Welfare Spouse's and Children's Pensions are payable in addition to the University Pension.

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 Authority.
- g) The Department of Finance is looking at the feasibility of paying double children's pensions where both parents are members of the University Pension Scheme.

EARLY RETIREMENT DUE TO ILL HEALTH

- a) If you must leave your job in the University (through genuine medical reasons) and it is likely that the illness will be permanent, you will be granted a pension or pension and lump sum in accordance with page 10.
- b) The retirement must be due wholly to the infirmity.
- c) 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 member's 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.
- d) Early retirement due to ill health pensions will only be payable after **2 years of service**.

SUPPLEMENTARY PENSION

Where a person who is in receipt of a pension under this Pension Scheme is unemployed due to causes outside his/her control and: -

- (i) fails to qualify for a social welfare pension
- (ii) qualifies for a reduced social welfare pension

University may pay a supplementary pension to compensate for the shortfall in the social welfare benefit.

The way the University would pay this supplementary pension is to calculate the University pension on actual pensionable remuneration instead of on net pensionable remuneration.

Note: Net pensionable salary is pensionable salary minus 'twice the old age contributory pension'.

TRANSFERABILITY OF PENSIONS

- a) 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 terms of the transferability depends on the reciprocal agreement between the organisations.
- c) The years of service to be transferred to the University or from the University may be either **continuous** years or **broken years of service**.
- d) 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. This may be in terms of a transfer of value of retained pension benefits passing between the Bodies. In the case of the University receiving a transfer value, the equivalent in terms of NUIG years is credited to the member.
- e) In the case of transferability from another organisation no account will be taken of "**Professional added years**" for pension purposes.

**PRESERVATION OF PENSION BENEFITS
(ON RESIGNATION FROM THE UNIVERSITY)**

POST 1 APRIL 2004 MEMBERS

- a) If you leave the University after **2 years pensionable service (this means two years from the date you actually joined the Pension Scheme)** you will be entitled to a Preserved Pension and lump sum at **65 years of age**.
- b) 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.
- c) If you subsequently re-join the University, you may forego the Deferred Pension and then your final pension will be based on aggregate years.
- d) A preserved pension is payable on application being made by the member to the University.
- e) The Preserved pension is based on your actual pensionable years and on your 'resignation salary' augmented by normal increases in salary.
- f) Resignations/retirement before age 60 (for Post 1st April 2005 members). Where a member has an entitlement to a preserved pension, he/she will retain the amount of professional added years but at a reduced amount (pages 11/12).

PRE 1 APRIL 2004 MEMBERS

- a) For members who joined a University Defined Benefit Pension Scheme before 1 April 2004, the above preserved pension will be paid from age 60.
- b) Professional added year's entitlement will not be added to the 'preserved service'.

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 increases are authorised with the consent of the Minister for Finance.

The normal current practice is that, when University salaries are increased pensions are increased pro rata.

SCHEME FOR THE PURCHASE OF NOTIONAL YEARS OF SERVICE

[Circular 4/2006](#) : The main provisions of the scheme are:

1. Contribution rates for monthly deduction contributions begin on your next birthday and end on your 60th or 65th birthday.
2. Contribution rates for lump sum payments – such payments may be made at any time.
3. Purchase of notional service may be made to give 40 years maximum service at age 60 for members who have a minimum retirement age of 60. This rule does not apply to “New Entrants” (who joined the public service after 1 April 2004) who have a minimum retirement age of 65.
4. Job sharers/part-time workers may buy service to give 40 full-time equivalent years at either 60 or 65 (subject to the limit in paragraph 3 above).
5. ‘Contract’ staff that will have at least 9 years may join the scheme.
6. Unpaid contributions for a period during a purchase agreement can be made good by way of lump sum or by doubling-up on periodic contributions for an equivalent period.
7. There are limits to the number of notional years which may be bought. The limit depends on your potential actual service.

PAYMENT OF PENSIONS

Pensions are paid monthly in arrears and continue throughout the life of the member.

EMPLOYMENT SUBSEQUENT TO RETIREMENT OR RESIGNATION

A member may return to employment in the University. If the member refunds any of the pension payments, which he/she received, the previous service can be used in calculating aggregate superannuation benefits. Compound interest of 4% must be paid.

DECLARATIONS

Benefits made from the pension scheme are subject to periodic and relevant declarations. This enables the University to verify if the member and dependants are still alive and due the pensions.

COST NEUTRAL EARLY RETIREMENT ARRANGEMENT

[Circular 10/2005](#): The Minister for Finance has approved the introduction of cost neutral early retirement for the public service. Subject to eligibility, this facility will be available to serving staff and will also be made available, to persons who resigned **on or after 1 April 2004**, with an entitlement to **preserved superannuation benefits**.

To be **eligible to apply for cost neutral early retirement** a person must have an entitlement to a preserved superannuation benefit at age 60 or 65

- If you leave the University after **2 years pensionable service (this means two years from the date you actually joined the Pension Scheme)** you will be entitled to a Preserved Pension and lump sum at **65 years of age**.
- 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.
- If you subsequently re-join the University, you may forego the Deferred Pension and then your final pension will be based on aggregate years.
- A preserved pension is payable on application being made by the member to the University.
- The Preserved pension is based on your actual pensionable years and on your 'resignation salary' augmented by normal increases in salary.
- Resignations/retirement before age 60 (for Post 1st April 2005 members). Where a member has an entitlement to a preserved pension, he/she will retain the amount of professional added years but at a reduced amount (pages 11/12).

The "Preserved Pension" is based on:

1. Actual years of service (excluding added years)
2. Salary at date of resignation, augmented by normal increases.
3. Fraction of 1/60 (if applicable) or 1/80 plus a lump sum.

Instead of waiting until age 60 (or age 65 for post 1 April 2004 members) to receive the pension a member may opt to receive an immediate pension from NUI, Galway. You must be at least age 50 (or 55 for post 1 April 2004 members) to qualify for this immediate pension.

The immediate pension, (called a “Cost Neutral Early Retirement Pension”), is based on the pension payable at age 60 or 65 but is reduced by a % (approx. 4%) for each year before age 60 or 65. The actual tables are presented below.

Tables:

Factors to be applied to preserved benefits to derive actuarially reduced benefits.

Persons with a preserved age of 60

Age last birthday	Pension	Lump Sum
50	62.40%	82.20%
51	65.10%	83.90%
52	67.90%	85.50%
53	71.00%	87.20%
54	74.30%	88.90%
55	77.80%	90.70%
56	81.60%	92.40%
57	85.70%	94.30%
58	90.10%	96.10%
59	94.80%	98.00%

Persons with a preserved age of 65

Age last birthday	Pension	Lump Sum
55	58.20%	82.40%
56	61.10%	84.00%
57	64.10%	85.60%
58	67.40%	87.30%
59	71.00%	89.00%
60	74.80%	90.70%
61	79.00%	92.50%
62	83.60%	94.30%
63	88.50%	96.10%
64	94.00%	98.00%

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC's)

1. Additional Voluntary Contributions (AVCs) are a tax efficient means of increasing your overall benefits at retirement. When an individual decides to pay extra contributions into their pension fund (i.e. contributions above those they are required to pay) these extra contributions are known as AVC's.

General Aspects of the Scheme

2. Membership of the AVC Scheme is open to employees who are members of the NUIG Defined Benefit Scheme. Membership is on a voluntary basis and members can join at any stage.
3. Some employees may not have 40 years service completed at age 65 salary, and in this case the AVC fund could be used to provide these additional 'missing' years. In addition, where pension benefits are based on your pensionable salary (currently salary less twice state pension), the Revenue Commissioners allow you to fund for benefits based on your actual salary.
4. The AVC option could be used as an alternative to the NUIG purchase of notional service scheme (page 21). The AVC scheme can be used where there is a limit to the service, which can be bought under the NUIG Notional Service Scheme.

Where a member has reduced service, due to periods of part-time or job-sharing, the AVC can be used to secure extra pension benefits.

5. Legal Aspects

The AVC Scheme has been established under Trust, which means the assets of the Scheme are kept entirely separate from those of NUI, Galway.

The fund complies with all the legal requirements of the 1990 Pensions Act and in addition it is registered with the Pensions Board who act as a statutory watchdog for all Pension Schemes in Ireland.

The NUI AVC Scheme is established under Statute 226. Finance/Resource Committee sanctioned the New Ireland Assurance arrangement on 6 April 2004.

6. There are revenue limits to the contributions you can make and to the pension benefits you can obtain.
7. Further information is available at:
<https://www.universityofgalway.ie/pensions-and-investments/additionalvoluntarycontributionsavcs/>

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 2(OACP) x 7% Pension	Code 14/15 only	Salary minus

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

2. Pension:

Code 9	1/80 th x Salary x years
Code 12	1/80 th x (Salary – 2OACP) x years
Code 14/15	1/80 th x (Salary – 2OACP) x years
Code 18/19	1/80 th x (Salary – 2OACP) x years

3. Death Benefits

Code 9	1/80 th x Salary x years x ½
Code 12	1/80 th x (Salary – 2OACP) x years x ½
Code 14/15	1/80 th x (Salary – OACP) x years x ½
Code 18/19	1/80 th x (Salary – OACP) x years x ½

Note: OACP = Old Age Contributory Pension