



ucc

Coláiste na hOllscoile Corcaigh, Éire
University College Cork, Ireland

University College Cork Statutory Pension Scheme

Explanatory Booklet For
Employees Paying Class D PRSI



Pensions Office UCC

4 Carrigside
College Road
Cork

Tel: 021-4903449

E-mail: pensions@ucc.ie

Normal Retirement Age (NRA): 65

Pensionable Salary: Salary on retirement

Service: UCC Service, Transferred in service, Purchased Service and any Added Years (where applicable) subject to a maximum of 40 full-time years

Benefits on Retirement: Pension $\frac{\text{Service}}{60} \times$ Pensionable Salary
or
Pension $\frac{\text{Service}}{80} \times$ Pensionable Salary

Plus
Tax Free Lump Sum $3 \times \frac{\text{Service}}{80} \times$ Pensionable Salary

Benefits on Death In Service: Lump Sum $3 \times \frac{\text{Service}^*}{80} \times$ Pensionable Salary
*where service is to date of death

Plus (where applicable)
Spouse's Pension 50% of Member's Pension based on 80ths option

Children's Pension 1/3rd of Spouse's Pension (to a maximum of 3 children)

Benefits on Death In Retirement:

Spouse's Pension $\frac{\text{Service}}{160} \times$ Spouse's Pensionable Salary

Children's Pension 1/3rd of Spouse's Pension (to a maximum of 3 children)

Benefits on Leaving Service:

Less than two years service Refund of your own contributions less 20% tax

More than two years service A preserved pension or the transfer of service to the scheme of a new employer (within the Irish Public Sector)

All benefits are outlined in greater detail in the explanatory booklet.

	Page
Introduction	4
Key terms/definitions	5
Membership	7
Contributions	7
Benefits on Normal Retirement	8
Ill Health Early Retirement	10
Cost Neutral Early Retirement	11
Death Benefits	12
Benefits on Leaving Service	13
Purchase of Notional Service	14
Internal Dispute Resolution (IDR)	14
Additional Information	14
Examples	15
Pensions Office Contact Details	17

Introduction

The University College Cork Statutory Pension Scheme is a defined benefit scheme for the purposes of the Pensions Act 1990. The scheme aims to provide protection for you and your family during your working lifetime with the University and security when you retire.

You should familiarise yourself with the main provisions of the Scheme as described in the following pages and then keep this booklet in a safe place for future reference. If you have any queries about aspects of your benefits, or need clarification on any point, please contact the Pensions Office who will be pleased to help you.

The main benefits of the Scheme include:

- A pension on retirement with the option of a tax free cash payment in lieu of part of your pension
- Protection for your Dependants on your death in service or retirement
- Full tax relief on your own contributions

This booklet aims to give you a general overview of your entitlements under the University College Cork Statutory Pension Scheme. Your Annual Personal Benefit Statement will provide you with a more specific overview of your entitlements based on the information outlined therein. Should the personal information specific to you held by the Pensions Office be in any way incorrect or have changed please advise the office so that you may receive an updated version of your entitlements. At all times it should be noted that both this booklet and your benefit statement are subject to the terms of the scheme as outlined in the University Statutes.

The Pensions Office can be contacted via pensions@ucc.ie or by calling 4903449.

Note: The information in this booklet is based on an understanding of regulations and legislation in force at the time of publication (October 2008). If any significant changes occur in the future members will be advised.

E&OE

Key Terms / Definitions

University means University College Cork

Normal Retirement Age (NRA) is your 65th birthday. It is possible to retire at any age from 60 provided 3 months notice are given and the months of July, August and September do not count for notice purposes.

Pensionable Salary (PS) means your salary at the date of retirement, inclusive of any permanent allowances which are deemed to be pensionable. It does not include any fluctuating payments (such as overtime). For part-time staff PS is the full-time equivalent salary for the post at the date of retirement.

Pensionable Service (Service) is the total number of years, months and days service with the University. Service can also include any professional added years, transferred service (from another public sector scheme), purchased service and temporary service (subject to the payment of contributions due). Maximum allowable service for pension purposes is 40 full-time years. For part-time staff members service is pro-rata in line with the percentage worked (i.e. 1 year at 50% is 0.5 years). The maximum allowable service on retirement is also pro-rata in line with percentage worked and this pro rata applies on retirement for all staff with prior part-time service.

If you have prior temporary service or any transferable service which you would like to be included for pension purposes please contact the Pensions Office.

Professional Added Years are applicable to certain categories of staff (mainly academic staff, officers or equivalent posts) subject to certain criteria including the transfer of all retained benefits and the payment of contributions on retirement in respect of the years granted. Professional Added Years are not granted until retirement (although in the case of Statutory Staff appointed before 8 July 1986 previous provisions regarding added years may apply). The number of professional added years granted shall not exceed 1/3rd of actual service and the maximum allowable will be 10 at age 65 or 5 at age 60. The number of added years granted will be affected by unpaid leave, part-time service and any retained benefits.

Key Terms / Definitions

Non Pensionable Service includes all periods of unpaid leave such as (but not limited to), parental leave, unpaid maternity leave, term time leave, special leave, unpaid leave of absence etc. Such periods of leave are not counted for pension purposes.

Dependants means your Spouse and/or children (provided such children are under the age of 16 or under the age of 22 if undergoing full-time education). No upper age limit will apply if the child is permanently incapacitated by reason of mental or physical disability.

Note: Staff members who did not opt for certain supplementary provisions prior to 1 June 1985 will be subject to more specific criteria for the purposes of defining a spouse and/or child.

If you wish to update your personal records with details of your dependants you can do so through the Pensions Office webpage or by contacting the Pensions Office directly at pensions@ucc.ie or 4903449

Membership

Who is eligible to join the scheme?

All permanent, indefinite duration and fixed term staff members are eligible for membership of the scheme provided that s/he works a minimum of 20% of the full-time equivalent week. Membership is automatic and mandatory and membership of the scheme forms part of the contract of employment. All members will be asked to complete a staff records form so that the Pensions office can accurately provide details of benefit entitlements.

Contributions

How much do I pay?

Members pay a contribution of 1.5% of pensionable salary. Certain Dental Hospital Staff pay a contribution of 6.5% of pensionable salary. Staff members who did not opt for certain supplementary provisions prior to 1 June 1985 do not pay any contribution to the scheme.

Can I pay additional contributions?

It is possible to pay additional voluntary contributions (AVCs) so as to purchase notional service. Notional service can be purchased via lump sum or via regular monthly contributions. If you wish to commence the purchase of notional service you should contact the Pensions Office at least one month prior to your next birthday as contributions commence on next birthday.

What about tax relief?

The contributions you make (both normal and AVCs) will be eligible for tax relief at your marginal income tax rate subject to the age related limits set out below. All contributions made through payroll will receive both tax and PRSI relief automatically at source:

AGE	MAX CONTRIBUTION AS % OF EARNINGS
Up to Age 30	15%
Age 30 to Age 39	20%
Age 40 to Age 49	25%
Age 50 to Age 54	30%
Age 55 to Age 59	35%
Age 60 plus	40%

Benefits on Normal Retirement

What is my Pension?

The calculation of your amount of pension is based on your *Pensionable Service* and *Net Pensionable Salary* to the date of retirement as follows:

$$\frac{1}{60} \times \text{Pensionable Salary} \times \text{Pensionable Service} = \text{Normal Pension}$$

Pension is subject to a maximum allowable service of 40 years.

How is my Pension payable?

All pensions are paid by monthly instalments directly to your bank account on the last working day of each month. On an annual basis you will be required to sign a Pension Declaration form to ensure continued payment of the pension.

Can I take part of my Pension as cash?

You will have the option on retirement of foregoing part of your pension for a Tax Free Lump sum which is calculated as follows:

$$\frac{3}{80} \times \text{Pensionable Salary} \times \text{Pensionable Service} = \text{Tax Free Lump Sum}$$

The maximum allowable tax free cash at normal retirement is 1.5 times salary provided you have a minimum of 20 years full time service. If you opt to take part of you pension as tax free cash your pension on retirement will be calculated as follows:

$$\frac{1}{80} \times \text{Pensionable Salary} \times \text{Pensionable Service} = \text{Reduced Pension}$$

Pension is subject to a maximum allowable service of 40 years.

Benefits on Normal Retirement

Is my pension affected by part-time service?

If you retire as a part-time member of staff your pension will be based on the full-time equivalent pensionable salary for your post and your service will be pro-rata (the formulas as outlined above will apply in the calculation of the pension). If over the course of your working lifetime you have prior part-time service, that period of service will be pro-rata for the purposes of calculating pensionable service and again the formulas above will apply in the calculation of benefit. The maximum allowable service of 40 years assumes an individual worked fulltime for his/her entire lifetime.

If you have prior part-time service (or are currently part-time) maximum allowable service will be calculated as follows:

$$40 \times \frac{\text{Equivalent Fulltime Service}}{\text{Service if always Fulltime}} = \text{Maximum Pensionable Service}$$

Will I receive benefits from the State?

You may have paid the higher rate of PRSI (Class A) for a portion of your employment with the University and this payment may entitle you to a portion of the State Retirement Pension (any entitlement will be determined by the Department of Social & Family Affairs). If you are entitled to a State Pension your University pension will be abated to reflect this entitlement. The abatement will be calculated by reference to the period of time for which the University paid the higher rate of PRSI. The abatement will be calculated at age 65 and revised at age 66. Thereafter all future pension increases will be applied to the revised pension amount.

May I retire early?

It is possible to retire from age 60 (in almost all cases) provided you give three months written notice (excluding the months of July, August and September).

Review of Pensions

Pensions are reviewed in line with public sector policy and currently the basis of this review is the maintenance of relativity between the pension and the salary upon which it is based.

III Health Early Retirement

Can I retire on III-health grounds?

If you are unable to carry out your duties due to ill-health and it is likely (on the basis of independent medical evidence) that such incapacity is likely to be permanent you may be required to retire on grounds of ill health.

What benefits are payable if I retire on grounds of III-health?

The pension and/or tax free lump sum are calculated as outlined above, however pensionable service may be enhanced on grounds of ill health subject to certain criteria:

- You must have a minimum of five years pensionable service including any transferred service but excluding purchased service.
- If you have between 5 and 10 years actual service, service will be doubled provided it does not exceed the difference between age now and 65.
- If you have between 10 and 20 years service, service will either be increased to 20 years (provided service added does not exceed the difference between age now and 65) or increased by 6.667 years (provided service added does not exceed the difference between age now and 60), whichever is more favourable to you.
- If you have over 20 years service and are under age 60 your service will be increased by the lesser 6.667 years and the difference between age now and age 60.

Professional Added Years will also apply on ill health early retirement (where applicable) and the combination of professional added and enhanced years will not exceed 10 years. The usual criteria apply in the context of Professional Added Years.

What happens if I return to employment?

You will be required on an annual basis to complete a declaration form to the effect that your ill-health has continued and you are not capable of undertaking employment. If however, following retirement your health improves your ill health early retirement pension may be reduced or may cease.

Cost Neutral Early Retirement

Can I retire before age 60 (65 in the case of new entrants after 1 April 2004)?

It is possible to retire prior to age 60 on a Cost Neutral Early Retirement (CNER) basis. All CNER applications must be submitted for approval at least six months prior to the intended retirement date and the application can only be from an active member staff (former employees with an entitlement to a preserved pension cannot avail of CNER). CNER applications require the approval of the University Finance Committee and the support of the relevant College/Department Head.

How is my Pension calculated?

Your pension and/or tax free lump sum is calculated on the same basis as though you retired at normal retirement age. However pensionable service is calculated as service to the date of retirement (and not age 65) and a CNER reduction factor is applied to the calculation as follows:

$$\frac{1}{60} \times \text{Pensionable Salary} \times \text{Pensionable Service} \times \text{CNER Factor} = \text{CNER Pension}$$

Pension is subject to a maximum allowable service of 40 years. If you opt to take a tax free lump sum and a reduced pension both amounts will be calculated by refer to a CNER Reduction Factor as outlined above. Benefits are payable immediately from the date of retirement.

Death Benefits

What happens if I die before I retire?

If you die before you retire a death gratuity will be payable to your surviving spouse (if applicable) or to your estate. The amount of death gratuity is calculated as 3/80ths of Pensionable Salary per year of Pensionable Service subject to a minimum of once salary and a maximum of 1.5 times salary (less any contributions due in respect of temporary service).

Is there a pension payable to my spouse if I die before retirement?

On your death before retirement a pension will be paid to your spouse with effect from the first month after the date of death (in respect of the first month your monthly salary will be paid). The Spouse's pension is calculated as 50% of your own pension at age 65 based on Pensionable Salary at the date of death and Pensionable service to age 65 (excluding any professional added years that would have been granted).

Note: For Staff members who did not opt for certain supplementary provisions prior to 1 June 1985 the calculation of the Spouse's pension will be based on service to the date of death.

The Spouse's pension will cease on the remarriage or co-habitation of the surviving Spouse and s/he will be required to sign an annual declaration form so as to confirm ongoing entitlement to the pension.

Is there a pension payable in respect of my child?

A pension is payable in respect of a surviving child provided the child is under the age of 16 (or age 22 if in full-time education, no age limit applies if a child is permanently incapacitated by virtue of mental or physical disability). The amount of pension payable equals 1/3rd of the Spouse's

pension subject to a maximum of three children.
Note: Staff members who did not opt for certain supplementary provisions prior to 1 June 1985 will be subject to more specific criteria for the purposes of defining a child.

Is there a death gratuity on death after retirement?

No. *(Although a death gratuity may be payable in respect of staff members who die soon after retirement and did not opt for certain supplementary provisions prior to 1 June 1985)*

Is there a pension payable to my Spouse on death after retirement?

On your death after retirement a pension will be paid to your Spouse with effect from the first month after the date of death (in respect of the first month your monthly pension will be paid). The Spouse's pension is calculated as 50% of your own pension at the date of death assuming you had opted for the reduced pension (80ths option).

Note: Staff members who did not opt for certain supplementary provisions prior to 1 June 1985 will be subject to more specific criteria for the purposes of defining a Spouse and the Spouse's pension will be 50% of the member's pension irrespective of the option chosen on retirement.

The Spouse's pension will cease on the remarriage or co-habitation of the surviving Spouse and s/he will be required to sign an annual declaration form so as to confirm ongoing entitlement to the pension.

Is there a pension payable in respect of my child on my death after retirement?

A pension will be paid to a surviving child subject to the qualifying criteria outlined above. The calculation of the pension is also as above.

Benefits on Leaving Service

What happens if I leave service before I retire?

Your benefits on leaving service are governed by the Rules of the Scheme. Your options on leaving will depend on whether or not you have more than 2 years Qualifying Service. Qualifying service includes service as a member of the scheme as well as any transferred service.

What are my options if I have less than two years service?

If you have less than two years qualifying service on leaving the scheme you may:

- Receive a refund of your *own* contributions less tax, which currently applies at a rate of 20%.

or

- You may transfer your service under the public sector transfer network to the scheme of your new employer (provided your new employer is part of the network).

What are my options if I have more than two years service?

If you have more than two years qualifying service on leaving the scheme you may:

- Receive a preserved pension based on your Pensionable Service (excluding Professional Added Years) to your date of leaving and the appropriate uprated salary on retirement. A preserved pension can be paid from age 60 or from age 65 (or date of retirement if earlier) if you are still employed in the public sector.

or

- You may transfer your service under the public sector transfer network to the scheme of your new employer (provided your new employer is part of the network).

What happens on death after leaving service?

If you die before your preserved pension becomes payable (and you have not opted to transfer your service) a death gratuity will be payable based on Pensionable Service to the date of leaving and the appropriate uprated salary. In addition a Spouse's Pension and/or Child's Pension may be payable (if applicable).

If you have less than two years service and die after leaving service without having transferred your service or taken a refund of your contributions, then the value of your contributions will be paid to your estate on your death.

Purchase of Notional Service

Can I pay Additional Voluntary Contributions?

Provided your potential service to age 60/65 is not equal to or greater than the maximum allowable service you can pay additional voluntary contributions (AVCs) so as to purchase notional service. Purchase of notional service can be done at any time during the scheme year via lump sum contribution. Purchase via regular monthly contributions through payroll can only commence on your next birthday. AVCs paid through payroll will be granted tax and PRSI relief automatically at source. Members making lump sum contributions will be required to contact the Revenue directly in order to claim tax relief. If you wish to pursue the purchase of notional service please contact the Pensions Office at least one month prior to your next birthday.

Internal Dispute Resolution (IDR)

Internal Dispute Resolution (“IDR”) is a set of procedures that the University has drawn up in order to deal with certain types of complaints which may be made by actual or potential beneficiaries of Scheme. The IDR procedures are available on the Pensions Office webpage or alternatively you can contact the Pensions Office on 4903449 in order to obtain a copy.

Additional Information

The purpose of this explanatory booklet is to provide you with a general overview of your entitlements under the Scheme. The University Statutes provide full details of the scheme rules and their application and can be accessed on www.ucc.ie. At all times the University Statutes will determine the application of benefits.

You can access your benefit statement online through the Pensions Office webpage. Your benefit statement provides details of your benefits on retirement/death/leaving service based on current salary. You should access your benefit statement in order to ensure your personal details are correct and so that you may correct any discrepancies, arrange for service to be transferred or pay contributions in respect of any prior service.

Finally, at any time you can contact the Pensions Office directly to receive additional information on any aspect of your entitlements under the Scheme. You can contact the Pensions Office at pensions@ucc.ie or 4903449.

Examples

Benefits on Normal Retirement:

Member retiring age 65

Service to 65:	30 years	Salary:	€45,000
Transferred Service:	3 years		
Professional Added Years:	7 years		
Unpaid Leave:	1 year		
Total Service	39 years		

Normal Pension ($45,000 \times 39/60$): €29,250 p.a.

or

Tax Free Lump Sum ($45,000 \times 3 \times 39/80$): €65,813
 plus Reduced Pension ($45,000 \times 39/80$): €21,938 p.a.
 (Contributions due for Professional Added Years ($7\% \times$ Salary): €3,150)

Benefits on Ill Health Early Retirement:

Member retiring age 55

Service to 55:	22 years	Salary:	€45,000
Transferred Service:	3 years		
Ill Health Enhanced Years:	5 years		
Total Service	30 years		

Normal Pension ($45,000 \times 30/60$): €22,500 p.a.

or

Tax Free Lump Sum ($45,000 \times 3 \times 30/80$): €50,625
 plus Reduced Pension ($45,000 \times 30/80$): €16,875 p.a.
 (Contributions due for Ill Health Enhanced Years ($5\% \times$ Salary): €2,250)

Benefits on Cost Neutral Early Retirement:

Member retiring age 55

Service to 55:	25 years	Salary:	€45,000
Transferred Service:	5 years	CNER Pension:	77.80%
Total Service	30 years	CNER TFLS:	90.70%

Normal Pension ($45,000 \times 30/60 \times 77.80\%$): €17,505 p.a.

or

Tax Free Lump Sum ($45,000 \times 3 \times 30/80 \times 90.70\%$): €45,916
 plus Reduced Pension ($45,000 \times 30/80 \times 77.80\%$): €13,129 p.a.

Examples

Benefits on Death After Retirement:

Members Pension at date of death: €29,250 p.a.

Spouse's Pension (50% of Members based on 80ths option)
(50% x €21,938) €10,969 p.a.

Benefits on Death Before Retirement:

Member aged 55 at date of death

Service to date of death:	20 years	Salary:	€45,000
Transferred Service:	3 years		
Unpaid Leave:	1 year		
Total Service	22 years		
Potential Service to 65:	32 years		

Death Gratuity (45,000 x 3 x 22/80): €37,125
but Death Gratuity is a minimum of once salary therefore €45,000 will be payable

plus (if applicable):

Spouse's Pension (50% of Members based on 80ths option)
(50% x (€45,000 x 32/80)): €9,000 p.a.

Child's Pension (1/3rd of Spouse's Pension):
(€9,000 x 1/3): €3,000 p.a.

Benefits on Leaving Service:

Service to resignation:	10 years	Salary (on leaving):	€45,000
Purchased Service:	2.5 years		
Transferred Service:	2.5 years		
Total Service	15 years		

Normal Pension (45,000 x 15/60): €11,250 p.a.

or

Tax Free Lump Sum (45,000 x 3 x 15/80): €25,313
plus Reduced Pension (45,000 x 15/80): €8,438 p.a.

Pension from age 60/65 will be based on the appropriate uprated salary

Calculation of Part-time Service:

Full time service:	30 years	Actual Earnings:	€20,000
Part time service (10 yrs at 50%):	5 years	Pensionable Salary:	€40,000
Total Service:	35 years		

Please contact the Pensions Office if...

- Your date of birth is incorrect
- Your Marital Status changes
- You have prior service you wish to transfer
- You have prior service for which you wish to pay contributions
- You wish to purchase notional service
- You are considering early retirement
- You are considering working part-time
- You are considering taking unpaid leave
- You are separated / going through divorce proceedings
- Or if you have any queries relating to your pension entitlements

Pensions Office UCC
4 Carrigside
College Road
Cork

E-mail: pensions@ucc.ie
Tel: 021-4903449



UCC

Coláiste na hOllscoile Corcaigh, Éire
University College Cork, Ireland