

Supplementary Pensions, Post 6 April 1995 Pension Scheme members and Integration with Social Insurance¹

1. Integration of Occupational and State Pensions

1.1 The majority of public servants, including Garda members, who retire on or after reaching the minimum pension age, are entitled to receive occupational pensions.

In common with the majority of public servants, the occupational pensions of Garda members recruited before 6 April 1995 ('pre-1995') are calculated on the basis of pensionable pay and allowances (Gross Pensionable Remuneration – see Appendix B). Pre-1995 Garda members pay PRSI at a lower rate (often referred to as the 'modified' or 'B' rate) and do not have an entitlement to the Contributory State Pension (SPC)² or many of the other Social Protection benefits.

In general, public servants (including Garda members) recruited on or after 6 April, 1995 ('post-1995') pay PRSI at the higher Class A rate and have therefore been entitled to a range of Social Insurance benefits, including the SPC.

The pensions of post-1995 Garda members (who pay full Class A PRSI) are integrated with the SPC. In practice, this means that post-1995 Garda members will, on retirement, receive an occupational pension from their employer calculated on the basis of Net Pensionable Remuneration (see Appendix B) and will also become entitled to receive the SPC when they reach the appropriate age, which is currently 66 years. An integrated pension scheme looks at the SPC as part of the total pension package promised to employees on retirement.

The occupational pension for post-1995 members combined with the SPC will make up their full pension amount, which will, in general terms and subject to the provisions below, be the same amount as the pension received by pre-1995 members³.

[N.B.: Lump sum gratuities are not integrated with the SPC and members will receive the same payment regardless of their PRSI class.]

¹ This note applies to those Garda members recruited on or after 6 April 1995 and before 1 January 2013. Those recruited on or after 1 January 2013 are generally members of the Single Public Service Pension Scheme (the Single Scheme) and will have different pension conditions.

² The current full rate of the SPC is €13,217 per annum or €253.30 per week.

³ The occupational pension for post-1995 members combined with the SPC is equivalent to the non-integrated pension payable to a Pre-1995 Garda retiring on the same level of pensionable remuneration in circumstances where that pensionable remuneration is in excess of 3.333333*SPC (currently €44,057.30) and a member has full (40 years' or equivalent) service. In circumstances where the pensionable remuneration is below €44,057.30, or where service is less than 40 years' (or equivalent) the integrated pension is higher than the non-integrated pension, when the occupational pension is combined with the SPC payment.

1.2 Although the SPC is not currently payable until a person reaches the age of 66 years, Garda members are required to retire at the compulsory retirement age of 60 years, and the minimum age at which they may normally retire is either 50 or 55 years, depending on the date of recruitment and the number of years' service.

Statistically, Garda members tend to work beyond the minimum retirement age and retire before the compulsory retirement age. For ranks below Assistant Commissioner, the retirement pattern is generally as follows:

| | Garda | Sergeant | Inspector | Superintendent | Chief Superintendent |
|------------------------|--------------|-----------------|------------------|-----------------------|-----------------------------|
| Average Age | 55 | 56 | 57 | 58 | 59 |
| Average Service | 33 | 34 | 36 | 37 | 37 |

There is therefore a potential gap of up to 11 years between the ages at which Garda members typically retire, and the age at which the SPC is payable.

2. Addressing pension shortfall between retirement and State pension age

There are a number of actions that retired post-1995 Garda members can take to maximise their retirement income during the gap between retirement age and the age at which the SPC is payable.

2.1 Applying for Social Protection Benefit

Retired Garda members may be entitled to receive social insurance benefits which would, for a time at least, offset any potential shortfall in their pension payments. To establish if they have any such entitlement, they should contact the Department of Social Protection (DSP), (generally through the local Intreo Office).

Since it is a matter for DSP to determine a person's entitlement to any Social Protection payment (and the rate payable), retired members need to fully engage with DSP upon retirement to establish whether they are eligible for any benefits. (This requirement applies only to payments for which the member might qualify through PRSI contributions. There is no requirement to apply for means-tested payments.)

Unless an entitlement to a different benefit is sought or established, retired post-1995 Garda members should apply to receive Jobseekers Benefit, for which they may qualify because of their PRSI contribution history. The rate at which Job Seeker's benefit is paid, and the period of time for which it will be paid, are matters for DSP.

Entitlement to social insurance benefits is a matter for the DSP who apply their rules to private and public service workers alike. DSP benefit schemes are established in statute as national schemes to provide general purpose responses to the needs and contingencies (such as ill health, unemployment etc.) which may be encountered by qualified PRSI contributors from time to time. These schemes are designed for universal applicability and so are not linked to particular sectors and are not customised for people in (or previously in) certain employments, such as retired Garda members or other public servants.

2.2 Applying for Supplementary Occupational Pension

If a retired member is unemployed, and

- not eligible for any social insurance benefit, or
- qualifies for a benefit only at a reduced rate, or
- has exhausted their entitlement to a benefit,

they may be eligible to receive a supplementary occupational pension. The supplementary pension is paid by the employer on application, in conjunction with the main occupational pension.

It should be noted that the failure to establish eligibility for a social insurance benefit must be outside of the retired member's control, and not as a result of their own actions. Therefore, a person who does not apply to DSP, or who (e.g. in the case of Job Seekers Benefit) informs DSP that they are not available for work, or refuses work if it is offered, will thereby not be eligible for a supplementary pension.

2.3 Post-Retirement Employment

A retired member may take up other paid employment (i.e. any activity for which a payment that is reckonable for PRSI is received). No supplementary pension is payable while a retired individual is in full-time employment, even if the amount received is less than the supplementary pension would have been. However, a pro-rata approach may be followed in cases where an individual is in less than full-time employment, whereby they may qualify for partial payment of the supplementary pension.

Should a retired member be rehired into the public service, their main occupational pension would also be subject to pension abatement rules for this period of employment.

Retired Garda members will be required to inform the Pensions' Unit of changes to their employment status post-retirement – i.e. if they take up any employment

- while in receipt of a supplementary pension, which might result in an overpayment of supplementary pension, and/or
- in the public service, which might also result in an overpayment of the base pension where that pension should have been abated .

Where a Garda member takes up post-retirement employment and then ceases this employment before reaching the age at which the SPC is payable (currently 66), they must again contact the DSP before seeking to claim supplementary pension to determine whether the period of employment, or their previous PRSI record, has entitled them to receive Job Seekers or any other benefit. This applies even where the retired member had previously received Job Seekers Benefit immediately following retirement.

3. PRSI Contributions and Credits – Qualifying for the full State Pension

3.1 Shortfall in contributions

When a retired member reaches the age of 66, the rate at which the SPC is payable to them will depend on the number of PRSI contributions that they have made over their working lives. In general terms, to qualify for the full rate of the SPC a person requires a number of PRSI contributions equivalent to 40 years employment, depending on the calculation method applied (see Appendix A for full details of required PRSI contributions).

Garda members who retire with less than 40 years' service, unless they have other years of non-Garda employment, may find they have a shortfall in the number of PRSI contributions necessary to qualify for the full rate of the State Pension at the age of 66. Insufficient contributions will generally mean that a retired member will qualify for a reduced rate of the SPC, rather than have no entitlement at all.

3.2 Acquiring Additional Credits or Contributions

Those who have less than 40 years' of PRSI contributions may have the opportunity, post-retirement, to accumulate additional PRSI credits or contributions. The following options are available:

- If the retired member qualifies for a social insurance payment (e.g. Job Seeker's benefit), then signing up to the relevant scheme will generate PRSI credits which have the same value as paid contributions.
- Voluntary contributions may be paid by anyone who is no longer covered by PRSI as an employee and is under pensionable age. Voluntary contributions can only be made where the person is no longer in paid employment (or self-

employed) and not in receipt of credited contributions relating to a social insurance payment.

- If a retired member takes up employment post-retirement, they will have the opportunity to either
 - Build up to a total of 40 years' of contributions / Credits, or
 - Ensure the yearly average number of contributions is maintained up to pension age (See Appendix A for details of the Total Contribution and Average Contribution rules)
- DSP may also allow for additional credits to be calculated in respect of periods where a person was not employed because of time spent caring for qualifying children or adults.

Department of Justice Note to Garda Conciliation Council

18 November 2022

Appendix A

PRSI Contributions Necessary to Qualify for SPC

The DSP rules as they currently operate provide that a person can qualify for the SPC using either the Average Contributions approach, or the Total Contributions approach. It is understood that the Average Contributions approach is to be phased out.

1. Average Contributions Approach

A person may qualify for a pension by reference to average PRSI contributions where they:

- Started to pay PRSI contributions (i.e. the date of entry into insurance) before the age of 56, and
- have 520 full-rate PRSI contributions (10 years' contributions), and
- have a yearly average number of PRSI contributions up to the end of the tax-year before reaching pension age, as follows:
 - A yearly average of 48 qualifying contributions paid or credited from the year of entry into insurance is required to qualify for the maximum rate of SPC, while an average of 10 contributions a year is required for the minimum pension amount (Normal Average Rule);
 - An average of 48 contributions across a number of different PRSI classes (A, E, F, G, H, N, S) for each contribution year from the 1979 - 1980 tax year to the end of the tax year before reaching pension age will qualify for the maximum rate of SPC (Alternative Average Rule).
It is not possible to qualify for a reduced pension using this method.

2. Total Contributions Approach

A person may also qualify for the SPC by way of the Total Contributions Approach (TCA), also referred to as the Aggregated Contributions Method. This makes it easier for a person with gaps in their contribution record to qualify for the SPC.

The TCA does not use a yearly average to calculate the rate of pension. Instead, the rate is based on the total number of contributions paid before the age of 66.

Using the TCA, a person will qualify for the maximum personal rate of State Pension (Contributory) if they have 2,080 or more PRSI contributions (equivalent to 40 years' of employment).

Appendix B

Gross and Net Pensionable Remuneration

The occupational pensions of a pre-1995 Garda is calculated on the basis of their Gross Pensionable Remuneration (GPR)⁴ and payable on reaching their minimum pension age.

Post-1995 Garda members pay full PRSI (Class A) and have an entitlement to all social insurance benefits, including the SPC. As a consequence their occupational pension is integrated with the SPC i.e. account is taken of any social insurance benefits payable to the individual. The occupational pensions of a Post-1995 Garda is calculated on the basis of their Net Pensionable Remuneration (NPR)⁵ and payable on reaching their minimum pension age.

An integrated scheme looks at the SPC as part of the total pension package promised to employees on retirement and takes account of the fact that both the Employer and the Employee has paid for PRSI contributions. In this regard, the personal pension contributions (PPC) of a fully insured Garda reflects that the pension is integrated, where the PPC contributions are 1.5% of GPR (lump sum contribution) and 3.5% of NPR where NPR, in respect of pension contributions, is GPR less twice the SPC.

⁴ On the basis of 1/80th of GPR per year of service

⁵ Net pensionable remuneration (revised method) is 1/200th of GPR up to 3.333333(SPC) (currently €44,057.31) plus 1/80th of GPR in excess of 3.333333(SPC) per year of service