



**Circular Number:** Circular 24/2020

**Circular Title:** Single Public Service Pension Scheme - Deferral of increase in State Pension Age

**To:** All Relevant Authorities under the Single Public Service Pension Scheme

I am directed by the Minister for Public Expenditure and Reform to advise of the deferral of the planned increase in the age of eligibility for the State Pension, due to take place on 1 January 2021, and the effect this will have on certain Single Scheme members.

**Circular Application:** Single Scheme Members whose normal retirement age is consistent with the age of eligibility for the State Pension (Contributory).

**Date:** 22 December 2020

**Purpose:** To inform Relevant Authorities of the effect on certain Single Scheme members of the deferral of the planned increase in the age of eligibility for the State Pension, due on 1 January 2021.

**Relevant Legislation/  
Documentation:** Public Service Pensions (Single Scheme and Other Provisions) Act 2012

Section 7 of the Social Welfare and Pensions Act 2011 repealed by Section 17 of the Social Welfare Act 2020.

Single Public Service Pension Scheme (Retirement on Medical Grounds) Regulations 2017 (S.I. No. 15 of 2017) and associated D/PER Guidance Note 1/2017.

D/PER Circular 18/2017 - Single Public Service Pension Scheme – Cost Neutral Early Retirement.

Single Public Service Pension Scheme (Purchase and Transfer of Retirement Benefits) Regulations 2019 (S.I. No 252/2019) and associated D/PER Circular 15/2019.

**Status:** This Circular is effective immediately.

## **Circular 24/2020: Single Public Service Pension Scheme - Deferral of increase in State Pension Age**

### **1. Introduction**

Under the Single Scheme, the terms “normal pension age” and “normal retirement age” together mean the earliest age at which a member can retire and receive his/her pension without actuarial reduction (hereafter referred to in this Circular as a Scheme member’s NRA). For the vast majority of Single Scheme members, NRA is defined in Section 13 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012, as being age 66 or the age of eligibility for the State Pension (Contributory), hereafter referred to in this Circular as the SPC. Section 7 of the Social Welfare and Pensions Act 2011 amended the Social Welfare Consolidation Act 2005 to provide that the age of eligibility for the SPC would increase to age 67 on 1/1/21 and to age 68 on 1/1/28. A Commission on Pensions has recently been established to examine sustainability and eligibility issues in respect of State Pension arrangements and is due to submit a report with recommendations to the Minister by 30 June 2021, for consideration by Government. The Government has decided to defer the increase in the age of eligibility for the SPC due on 1/1/21, pending consideration of the recommendations in that Report. Section 7 of the Social Welfare and Pensions Act 2011 has now been repealed by Section 17 of the Social Welfare Act 2020 so that the provisions for the increase in the age of eligibility for the SPC in 2021 and 2028 are no longer in place.

### **2. Purpose of Circular**

Because the NRA of the majority of Single Scheme members is consistent with the age of eligibility for the SPC, the deferral of the increase due on 1 January 2021 will bring about changes for those Single Scheme members. These changes will not affect Scheme members whose NRA is not aligned with the age of eligibility for the SPC. The purpose of this Circular is to explain the changes as they apply to affected members:

- The age at which affected Scheme members can retire and receive pension benefits;
- Calculation of enhancement in the case of Retirement on Medical Grounds by affected members (D/PER Circular No 15/2017);
- Reduction of retirement benefits in context of Cost Neutral Early Retirement for affected members (D/PER Circular No 18/2017);
- Arrangements for Purchase/Transfer of referable amounts by affected members (D/PER Circular 15/2019).

The changes outlined in this Circular will apply with immediate effect and until further notice.

### **3. Age at which an affected Scheme member can retire and receive pension benefits**

For Single Scheme members whose NRA is consistent with the age of eligibility for the SPC, previous Single Scheme documentation provided that Scheme members born between 1 January 1955 and 31 December 1960 had a NRA of 67 and that Scheme members born on or after 1 January 1961 had an NRA of 68. This was in accordance with the increases in the age of eligibility for the SPC planned and legislated for at the time. Now that the legislative provision to provide for these increases has been repealed, all Single Scheme members whose NRA is linked to the age of eligibility for the SPC have an NRA of 66. This means that any such Scheme member who reaches the age of 66 can retire and receive his/her pension benefits, without actuarial reduction. This arrangement applies with immediate effect and until further notice.

#### 4. Calculation of enhancement in the case of Retirement on Medical Grounds for affected Scheme members (D/PER Guidance Note 1/2017)

##### 4.1 Current arrangements under D/PER Guidance Note 1/2017

D/PER Guidance Note 1/2017, inter alia, provides details of how to calculate the enhancement to a pension/lump sum in the event that a vested Scheme member is availing of retirement on medical grounds. The calculation of an enhancement is sometimes also relevant when determining a survivor's/child's pension in the case of a vested Scheme member who dies in service (Paras 9 and 11 of Circular 11/2017). In calculating the enhancement, the period of time from the date of retirement to the particular Scheme member's NRA is used. Paragraph 3.3 of the Guidance Note makes reference to the planned increases in the NRA to 67 and 68 for those Scheme members whose NRA is consistent with the age of eligibility for the SPC, as legislated for at the time the Circular was issued.

##### 4.2 Changes required on foot of this Circular

With immediate effect and until further notice, the only NRA that should be used when calculating an enhancement to pension or lump sum in the case of a Scheme member whose NRA is consistent with the age of eligibility for the SPC is the age of 66.

Some of the examples provided in Appendix A to the Guidance Note are based on an NRA of 67 or 68. Any Scheme member or Relevant Authority referring to these examples should substitute the age of 66 as the NRA where 67 or 68 are used and adjust the calculations accordingly.

##### 4.3 Effect on retirements on medical grounds already entered into

Any enhancement to pension or lump sum that was awarded in the case of a retirement on medical grounds that was entered into prior to the date of this Circular was calculated on the basis of the increases in the age of eligibility for the State Pension that were legislated for at the time. These arrangements are not affected by the terms of this Circular.

##### 4.4 Continued operation of D/PER Guidance Note 1/2017

Apart from the changes outlined above, this Circular has no further impact on the operation of D/PER Guidance Note 1/2017.

#### 5. Reduction of retirement benefits in context of Cost Neutral Early Retirement (D/PER Circular No 18/2017)

##### 5.1 Current arrangements under D/PER Circular 18/2017

As set out in D/PER Circular No 18/2017, subject to meeting the eligibility rules, from the age of 55 a Scheme member can make an application to his/her employer to retire on an actuarially reduced pension and lump sum. This is termed Cost Neutral Early Retirement (CNER). Paragraph 3 of the Circular details the eligibility requirements for access to CNER. These include that the Scheme member must not have reached his/her NRA. Paragraph 8 of the Circular explains how to calculate a Scheme member's NRA based on his/her date of birth in accordance with the increases in the age of eligibility for the SPC that were legislated for at the time the Circular was issued.

## 5.2 Changes required on foot of this Circular

With immediate effect, references to NRA in Paragraphs 3 and 8 of Circular 18/2017 should be read as age 66. This means that all new CNER pensions and lump sums should be calculated on the basis of an NRA of 66. This change will apply until further notice.

Appendix A to Circular No 18/2017 includes the actuarial tables which provide the relevant age-related percentage reduction factors that are applied to the referable amounts accrued by the relevant Scheme member in order to calculate his/her CNER pension and lump sum. With immediate effect, the table providing for an NRA of 66 should be used for all calculations of pension and lump sum under CNER until further notice.

Some of the examples provided in Appendix B to the Circular are based on an NRA of 67 or 68. Any Scheme member or Relevant Authority referring to these examples should substitute the age of 66 as the NRA where 67 or 68 are used and adjust the calculations accordingly.

## 5.3 Effect on CNER retirements already entered into

Any CNER pension or lump sum that was awarded in the case of a cost neutral early retirement that was entered into prior to the date of this Circular was calculated on the basis of the increases in the age of eligibility for the State Pension that were legislated for at the time. These arrangements are not affected by the terms of this Circular.

## 5.4 Continued operation of D/PER Circular No 18/2017

Apart from the details outlined above, this Circular has no further impact on the operation of D/PER Circular No 18/2017.

## 6. Purchase/Transfer of Referable Amounts (D/PER Circular 15/2019)

### 6.1 Current arrangements under Circular 15/2019

D/PER Circular 15/2019 sets out the arrangements for the purchase and transfer of retirement benefits in the Single Scheme for the majority of Scheme members. NRA is a feature of those arrangements:

- Paragraph 3 explains how NRA is used in determining eligibility for purchase/transfer;
- Paragraphs 7 and 8 explain how NRA is used to calculate the limits on amounts that are available to a Scheme member for purchase/transfer;
- Paragraph 9 (and the tables appended to the Circular) deal with the cost of purchase/transfer based on a Scheme member's age and NRA.
- For Scheme members whose NRA is consistent with the age of eligibility for the SPC, Paragraph 9 also explains how to calculate a Scheme member's NRA based on his/her date of birth in accordance with the increases in the age of eligibility for the SPC that were legislated for at the time the Circular was issued.

### 6.2 Changes required on foot of this Circular

With immediate effect, in all cases where a Scheme member whose NRA is consistent with the age of eligibility for the SPC, is applying to purchase/transfer under Circular 15/2019, an NRA of 66

should be used. This change, which applies for the purposes of determining eligibility, establishing limits and calculating costs is effective until further notice.

Tables 1 – 6, appended to Circular No 15/2019, detail the cost of purchasing pension and lump sum for Scheme members whose NRA is consistent with the age of eligibility for the SPC. On foot of this Circular, Tables 1 – 4, which detail costs for Scheme members with an NRA of 67 or 68 should no longer be used. With immediate effect, only Tables 1 and 2 should be used for all Scheme members whose NRA is consistent with the age of eligibility for the SPC. This change will apply until further notice.

Some of the examples provided at the end of Circular 15/2019 are based on an NRA of 67 or 68. Any Scheme member or Relevant Authority referring to these examples should substitute the age of 66 as the NRA where 67 or 68 are used and adjust the calculations accordingly.

### 6.3 Future Purchases/Transfers

As indicated earlier in this Circular, increases in the age of eligibility for the SPC have been deferred pending consideration by Government of the recommendations of the new Commission on Pensions. Scheme members who are considering purchasing or transferring referable amounts under the terms of Circular 15/2019 in the meantime should note that, although they are purchasing referable amounts to retire at the age of 66, it is possible that by the time they reach that age, their NRA may be higher than 66 and it may not be possible for them to retire and receive their pension benefits immediately at that age. Any Scheme member availing of purchase or transfer with effect from the date of this Circular must sign an undertaking confirming that they have read and understood this condition. The template purchase contract and the template transfer contract which appear in the purchase/transfer toolkits on the Single Scheme website have been updated to reflect this undertaking. As highlighted in Circular 15/2019 in relation to all applications for purchase/transfer, members are advised to seek independent financial advice before entering into a contract for the purchase or transfer of benefits.

### 6.4 Effect on certain purchases/transfers already made

There may be Scheme members whose NRA is consistent with the age of eligibility for the SPC and who, prior to the date of this Circular, have entered into an agreement under Circular 15/2019 to purchase referable amounts on the basis of an NRA of 67 or 68. If, on the basis of the terms of this Circular, such Scheme members now have an NRA of 66 and retire on that basis, they may avail of those purchased referable amounts on retirement without actuarial reduction until further notice.

### 6.5 Effects on Purchase/Transfers by Uniformed Fast Accrual Group

For the avoidance of doubt, the changes to purchase/transfer arrangements which are the subject of this Circular will have no effect on the operation of D/PER Circular 15/2019 insofar as it relates to the uniformed fast accrual grades or of D/PER Circular 6/2020 - Purchase and Transfer of Retirement Benefits under the Single Public Service Pension Scheme for members of the Permanent Defence Force (PDF). The NRA of these Scheme members is not aligned with the age of eligibility for the SPC and remains unchanged.

### 6.6 Continued operation of D/PER Circular No 15/2019

Apart from the details outlined above, this Circular has no further impact on the operation of D/PER Circular No 15/2019.

7. Single Scheme Documentation

All documentation on the Single Scheme website will be updated to take account of the terms of this Circular as soon as possible.

8. Effective date

The arrangements outlined above are effective immediately.

9. Queries

Queries about this Circular may be pursued as follows:

- Individual public servants with queries should raise them with their Relevant Authority/employer's Pension Officer, or Shared Service Centre if applicable.
- Relevant Authorities wishing to raise queries should send them to [singleschemequeries@per.gov.ie](mailto:singleschemequeries@per.gov.ie), writing "Circular 24/2020 – Deferral of increase in State Pension Age" in the subject line, noting that member personal details should not be provided.



Colin Menton  
Assistant Secretary  
Department of Public Expenditure and Reform