**Processing a Purchase/Transfer Application**

**Summary Note**

 **General**

1. Circular 15/2019 - Purchase and Transfer of Retirement Benefits under the Single Public Service Pension Scheme, applies to all Scheme members other than the President and Members of the Permanent Defence Force. Purchase and Transfer of Retirement Benefits under the Single Public Service Pension Scheme applicable to Members of the Permanent Defence Force are set out under Circular 6 of 2020.
2. Normal Retirement Age (NRA) for a Scheme member is the same as their minimum pension age – the age at which a member may retire and receive their pension entitlements. For most Single Scheme members, the minimum pension age is coordinated with the age of eligibility for the State Pension (Contributory). This is currently 66 years of age.

Scheme members with “fast accrual” pension terms, e.g. Gardaí, Prison Officers and Firefighters, have different NRAs and this should be checked in each case.

1. Purchase multiplier: The purchase multiplier is used in certain calculations which set the limits on purchase by a Scheme member. In order to determine the purchase multiplier for an individual Scheme member, you need to know the total number of FTE years that a Scheme member has the potential to serve to NRA. This includes years as a Single Scheme member in the past **and** potential years as a Single Scheme member in the future. The years do not have to be calendar years. When that figure is calculated, it should be rounded down to the nearest whole number. The Table in Para 7 of the Circular should then be used to determine the purchase multiplier. For example, a member who joined the Single Scheme on 30/11/13, works on a full-time basis and reaches NRA on 30/4/24 has the potential to be a member of the Single Scheme for 10 years and, in accordance with the Table in Para 7 of the Circular, that member’s purchase multiplier is 2.
2. Other than in the case of the calculation of the purchase multiplier described above, the figures used for the purposes of calculating the limits on purchase are those for the “most recent year”. “Most recent year” is the most recent calendar year prior to the purchase contract.
3. As set out in the Circular, it is a matter for Relevant Authorities to set their own 12 month contract period. Each Relevant Authority can decide whether to have a set contract period for all members, e.g. Jan to Dec or July to June, or alternatively Relevant Authorities could opt to process applications as they are received.

1. Whichever option is chosen, it should be noted that, in the case of a contract period that begins towards the start of a year, the processing time required in advance of purchase contracts is likely to mean that the most recent year in respect of which figures will be available will be the preceding year. In other words, the “most recent year” in the case of a contract period that runs from January to December 2020 is likely to be the year ending 31 December 2018.
2. The process for purchase and the process for transfer operate in a very similar fashion. The term “actual purchase” is used in the Circular to describe the purchase of referable amounts in the conventional sense; while the term “purchase by way of transfer” is used to describe a purchase that is funded by the transfer of retirement benefits into the Scheme.

1. A reference in the Circular to referable amounts “previously purchased” includes referable amounts previously purchased in the “actual purchase” sense and referable amounts previously purchased by way of transfer.
2. Work-pattern: Pensionable Remuneration is always calculated at the full time equivalent (FTE) rate. For example, if a Scheme member works a 50% work pattern and earns a salary of €30,000, the FTE salary - €60,000 - is the pensionable remuneration that should be used for calculating the limits.
3. Qualifying office holders: The pension benefits of Scheme members who are qualifying office holders (see Section 21 of the Single Scheme Act 2012) do not include a lump sum. Lump sum referable amounts cannot, therefore, be purchased by this cohort.
4. In calculating the cost of purchase, it is important to select the correct table of rates. Selecting the correct table depends on two factors: the Normal Retirement Age of the Scheme member; and whether they are purchasing pension referable amounts or lump sum referable amounts.
5. Age Next Birthday: Once the correct table is selected, there is a separate rate depending on the “age next birthday” of the Scheme member. Age next birthday means the age that the Scheme member will attain in the 12 month period to which the purchase contract relates.
6. Actuarial Reduction: Where a Scheme member enters into an agreement to purchase referable amounts to retire at a certain age and then retires early on the basis of cost neutral early retirement, the purchased referable amounts will be actuarially reduced in the same way as accrued referable amounts.
7. Refunds: The only occasion where there can be a refund of purchased amounts is where the “9 year rule” is not adhered to in the case of actual purchase. Details in para 10 of Circular.

**Purchase (actual purchase)**

1. Eligibility for Purchase:
* Scheme members must have completed the vesting period; and
* Scheme members must have the potential to complete a period of 9 FTE years as a Scheme member by the time they reach their NRA (this includes the period of membership prior to the purchase application).
1. In the case of an actual purchase, only one contract can be entered into in any 12 month period.
2. Referable amounts can only be purchased by way of one lump sum payment. Purchased amounts will only be credited to a member’s Annual Benefit Statement when that full payment has been received.

**Transfer (purchase by way of transfer)**

1. The only eligibility criterion for transfer is that the Scheme member must have the potential to complete the vesting period before their NRA. There is no requirement for the member to have completed the vesting period at the time of transfer or to have the potential to complete 9 FTE years as a Scheme member.
2. In the case of a purchase by way of transfer, any number of contracts may be entered into in the 12 month period, where separate transfer values from previous employments/PRSA investments are involved, subject to the purchase limits being re-calculated in respect of each individual purchase. One actual purchase contract may also be entered into by a member who has entered into one or more purchase by way of transfer contracts in that 12 month period, again subject to the purchase limits being re-calculated in respect of the actual purchase contract.
3. All transfer values relating to a previous employment, PRSA or BoB/PRB must always be included in the purchase of referable amounts by way of transfer. No split transfers are permitted.
4. As a Scheme member who is purchasing by way of transfer does not need to be vested, it is possible that relevant figures for the “most recent year” will not be available for him/her in order to calculate the limit on purchase. In such a case, the figure for the pensionable remuneration in the most recent pay period should be used for the calculations, annualised as appropriate.
5. Pre-existing public service pension schemes: Members who have preserved benefits in a pre-existing public service scheme are not permitted to transfer those benefits into the Single Scheme. Preserved benefits will be available to former members of such schemes at preserved pension age in the normal course.