

**Explanatory Booklet on the
Local Government
Superannuation Scheme
1956 SCHEME OFFICERS**

1. **What is the basis for the Local Government Superannuation Code?**
The superannuation provisions are set out in schemes and regulations made under the Local Government (Superannuation) Act, 1980.
2. **What types of Schemes are involved?**
The schemes are statutory schemes to which section 776 of the Taxes Consolidation Act, 1997 applies. They are defined benefit schemes for the purposes of the Pensions Act, 1990. The schemes are not funded and benefits are met on a "pay-as-you-go" basis.

I OFFICERS MAIN SCHEME

3. **What benefits does the Scheme provide?**
The main benefits are -
 - retirement pension and lump sum (question 9)
 - death gratuity (question 15)
 - spouses' and children's pensions (questions 27 - 43).
4. **What factors will be taken into account in determining benefits?**
The benefits will normally depend upon one or more of the following factors:
 - (a) your basic salary
 - (b) your pensionable allowances, if any
 - (c) your service (questions 6, 11, 20 and 21).
5. **Are contributions payable towards the benefits of the Scheme?**
Contributions are payable towards your own retirement pension and lump sum benefits at the rate of 5% of your salary and pensionable allowances. Additional contributions are payable towards spouses' and children's pensions (question 37).
6. **What service is reckonable for benefits?**
 - pensionable service;
 - temporary wholetime service which precedes permanent wholetime (i.e. pensionable) service;
 - certain other transferred service (question 21);
 - additional or added service allowed in certain circumstances (questions 11 and 20);
 - certain service in respect of which you may already have received a gratuity or a refund of contributions provided you make an appropriate repayment.

Note that part-time service is not reckonable.

7. **On what rate of pay are benefits calculated?**
In most cases benefits are based on basic salary, plus any pensionable allowances, on the date of retirement or death. If, however, you change grade or receive a personal increase in salary within the last 3 years of service, an average salary figure will be used.

Pensionable allowances are averaged over the last 3 years of service.

8. **When are benefits payable?**
Retirement pension and lump sum are payable on retirement. Maximum retirement age is 65 but you may retire at any time after reaching age 60 (or before that age on grounds of ill-

health). A minimum of 20 years' reckonable service is required for pension and lump sum or 10 years if an ill-health retirement or retirement at age 65 is in question.

9. What rate of retirement pension and lump sum is payable?

The Scheme is designed to give you the maximum pension after 40 years' service and maximum lump sum after 45 years' service. Maximum pension is half-pay and maximum lump sum is one and one-half time's pay. Subject to the relevant minimum service requirement outlined in question 8, pension and lump sum are payable for each year of reckonable service (with any fraction of a year being disregarded unless it exceeds three-quarters when it may be rounded up to make a whole year) at the following rates:

Pension: 1/80th of reckonable pay

Lump Sum: 1/30th of reckonable pay

Example:

A person retires at age 63 with 32.76 years' reckonable service and reckonable pay of €31,433. The entitlements are as follows:

Pension: $1/80 \times 33 \times €31,433 = €12,966.11.$

Lump Sum: $1/30 \times 33 \times €31,433 = €34,576.30.$

10. What is the position if I become too ill to continue in employment?

Subject to certain conditions you may retire on ill-health grounds.

11. What benefits are payable if I retire on ill-health grounds?

A pension and lump sum, calculated in the same way as an age retirement pension and lump sum (question 9), will be paid to you provided you have a minimum of 10 years' reckonable service. As well as your actual service you may be allowed an additional period of notional service. This added service is to compensate you for the fact that you have to retire prematurely. An addition of the greater of 5 years or half the difference between service and forty years may be granted. This may be subject to reduction depending on your age. An addition must not exceed ten years or make your service greater than forty years.

If you retire on ill-health grounds with less than 10 years' reckonable service you will not qualify for a pension and lump sum or ill-health added years. However, a gratuity, related to your service (whole years), will be paid to you.

12. For how long is my pension paid?

Your pension is paid for the period of your lifetime.

13. Is there any provision for my pension to be increased to take account of inflation?

Yes. Your pension (or any spouse's and children's pension payable after your death) will generally be increased to take account of increases in the pay of your former grade.

14. Are benefits reduced if I become re-employed by a local authority in a temporary capacity after I retire or resign?

Lump sum benefits are not affected by re-employment. However, your pension would be reduced to ensure that your total pay and pension do not exceed the current equivalent of the pay you had on the date of your retirement or resignation.

15. What benefits would apply if I died in service?

Your legal personal representative would receive, if you had

- (a) one year or more service and less than 5 years, a gratuity of one-twelfth of your reckonable pay applicable at the date of your death, for each whole year of service,
- (b) five years or more service, a gratuity of one-thirtieth of your reckonable pay applicable at the date of your death, for each whole year of service up to forty five. This is subject to a minimum gratuity equal to your annual rate of pay.

If you are a member of the Widows' and Orphans' Contributory Pension Scheme a pension will be payable to your spouse and children (questions 27 - 43).

16. What benefits would apply if I died after retirement?

If at the time of your death the total pension received by you since your retirement, together with the amount of your retirement lump sum, amounts to less than one year's reckonable pay as at the date of your retirement, a sum equal to the deficiency will be paid to your legal personal representative.

17. What happens if I leave the local authority service otherwise than by reason of age or ill-health retirement?

If you resign voluntarily you may be able to transfer your pension rights to an approved organisation (question 21).

18. Who can qualify for a marriage gratuity?

A female officer with five or more years' reckonable service who ceases to hold her office by reason of her marriage will subject to certain conditions (details of which may be obtained from the Personnel Department of your local authority) receive a gratuity equal to the lesser of (a) one-twelfth of her reckonable pay, multiplied by her service (whole years), or (b) her reckonable pay.

19. Can I obtain a refund of my contributions in any circumstances?

Your contributions (less an appropriate deduction for income tax) will be refunded to you if you are not entitled to any pension, lump sum or gratuity and are not entitled to transfer your service (question 21).

20. What are added years or additions to service?

Notional service or added years may be awarded in certain circumstances, on ill-health retirement (question 11), and where certain professional, technical, specialist qualifications and/or experience are required for appointment.

21. What does transferred service mean?

Under the local government transfer of service arrangements you are able to transfer your service to or from a variety of public sector organisations such as the civil service, the Garda Síochána, the Defence Forces, the national and secondary teaching sectors and certain other state or semi-state bodies. The Personnel Department of your local authority will be able to advise you of the full extent of these transfer of service arrangements.

If you are resigning you should give details of your prospective employer, if any, to the Personnel Department of your local authority so that a transfer of your service can be arranged, if possible.

22. **What can I do if I have a shortfall of service?**
You may be able to contribute to a union-based Additional Voluntary Contribution (AVC) Plan. However, this is outside of the Local Government Superannuation Scheme. You should contact your union or the Personnel Department of your local authority for further information.
23. **Can I allocate part of my pension?**
Yes - in order to provide a pension for your spouse or other dependent relative. An allocation does not affect any pension payable under the Widows' and Orphans' Contributory Pension Scheme.
24. **What is the Widows' and Orphans' Pension Scheme?**
A brief explanation of that Scheme is attached. (questions 27 - 43).
25. **How are benefits and contributions treated for income tax purposes?**
All lump sum payments (including gratuities) are exempt from income tax.

Pensions are subject to income tax in the ordinary way.

Contributions payable towards the main scheme and the widows' and orphans' pension scheme would normally qualify for income tax relief (subject to certain limits).
26. **Is there any other information available regarding my pension entitlements?**
You should contact the Personnel Department of your local authority
if you require any other details.

II WIDOWS' AND ORPHANS' PENSION SCHEME

27. **What is the Widows' and Orphans' Pension Scheme?**
It is a Scheme to provide pensions for the spouse and/or dependent children of a member who dies in service or after qualifying for a pension.
28. **Who does the Scheme apply to?**
The Scheme applies to any male officer who was appointed to a pensionable post on or after 1 January, 1970 and any female officer appointed on or after 1 October, 1984. Any officer in a pensionable post immediately prior to those dates had an option to join the Scheme.
29. **Can I leave the Scheme?**
No - If you are a member of the Scheme you must remain in it.
30. **How are spouses' and children's pensions calculated?**
If you die in service or after retirement on ill-health grounds the spouse's and children's pensions will be calculated by reference to the pension you would have received had you continued in pensionable employment up to age 65 (this is known as your potential pension).

In all other cases the spouse's and children's pensions will be calculated by reference to your actual pension entitlement.

Pensions are calculated according to the following table:

Details of Dependants	Fraction of your pension or potential pension payable to spouse	Fraction of your pension or potential pension payable to children	Total Fraction of your pension or potential pension payable
Spouse	$\frac{1}{2}$	-	$\frac{1}{2}$
Spouse and 1 child	$\frac{1}{2}$	$\frac{1}{6}$	$\frac{2}{3}$
Spouse and 2 children	$\frac{1}{2}$	$\frac{1}{3}$	$\frac{5}{6}$
Spouse and 3 or more children	$\frac{1}{2}$	$\frac{1}{2}$	Full Amount
1 child	-	$\frac{1}{3}$	$\frac{1}{3}$
2 or more children	-	$\frac{1}{2}$	$\frac{1}{2}$

An enhanced rate of pension may be payable for the first month after your death. This amounts to one month's pay if you die in service and one month's pension (your pension rate on the date of death) if you die after retirement.

31. Who is regarded as a "child" for the purposes of the Scheme?

A person under 16 years of age or, if receiving full-time education or training, 22 years of age. Subject to certain conditions, no age-limit applies where a child is incapable of maintaining himself or herself because of mental or physical infirmity.

32. To whom are children's pensions payable?

Children's pensions are normally paid to the spouse.

33. My spouse died before I joined the Scheme - are my children covered under the Scheme?

No.

34. I have four children - can I provide for all of them?

The children's pension is for the joint benefit of all your children. If you leave a spouse and three or more children, the maximum children's pension will be payable. Similarly, if you leave no spouse the maximum children's pension will be payable so long as at least two children remain eligible. Children's pension is divided equally among all eligible children. In your case each child would receive one-quarter of the total children's pension payable.

35. If my spouse dies what happens to the children's pension?

It depends on the number of children. If there is one child under 16, or under 22 if receiving full-time education, or incapable of maintaining himself or herself because of mental or physical infirmity, the pension goes up from one-sixth of the amount of your pension to one-third and, if there are two such children, from one-third to one-half. If there are three or more such children the total amount of their pension remains unchanged.

36. **If my spouse re-marries, what happens to the pension and the children's pension?**
The spouse's pension stops. The local authority may restore it if she/he again becomes a widow/widower or if compassionate grounds for so doing subsequently arise. The children's pension also stops unless the local authority directs otherwise.
37. **Do I have to contribute towards the benefits of the Scheme?**
Yes. The Scheme is contributory and all participating in it must pay contributions. These take the form of a periodic contribution of 1.5% of pay plus a deduction of 1% of reckonable pay at retirement or death. This deduction is taken from the lump sum payable on retirement, or the gratuity payable on death, in respect of each year of reckonable service for which contributions from pay have not been paid.
- If you gave reckonable service prior to the date from which periodic contributions commenced a deduction from the lump sum or death gratuity would normally be due. However, you may opt instead to contribute for that service by extra contributions from pay provided certain conditions are fulfilled.
38. **For how long do I have to contribute?**
Your spouse gets a pension of one-half of your pension, which is calculated on your actual pensionable service, plus, if you die in service or after retirement on ill-health grounds, potential service to age 65. The total is your "reckonable service" and you must therefore pay contributions to cover the whole of that service.
39. **Please tell me more about the system of contributions?**
Contributions, once started, will continue until you are pensioned or die, even if you do not marry or if your spouse should die. (See, however, the provisions described under questions 40, 41 and 42 below for the return of contributions in certain cases).
40. **Are my contributions refunded if I retire without a pension myself.**
Yes. Contributions (less an appropriate deduction for income tax) are returnable if your service terminates without entitlement to pension unless you transfer your service for superannuation purposes to another organisation.
41. **Do I have to go on contributing if my spouse dies while I am serving.**
Yes. However, years after the death of your spouse during which you paid periodic contributions will, unless you have married again before retirement, be offset against any years for which you may be liable for contributions.
42. **Are my contributions refunded if I remain unmarried throughout the time that the Scheme applies to me?**
Yes (less an appropriate deduction for income tax).
43. **Does joining the Scheme affect my own pension?**
No.

The information given in this Booklet is of a general nature only and should not be taken as an interpretation of the statutory provisions.