Circular Letter 05a 2005

File Ref No. K148/319

25 April 2005

To: Chief Executive Officers and Superannuation Officers of Member Organisations of the Voluntary Hospitals Superannuation Scheme (VHSS) and the Nominated Health Agencies Superannuation Scheme (NHASS).

Public Service Pension Reform
Introduction of Cost Neutral Early Retirement

A Chara

1. I am directed by the Minister for Health and Children to enclose herewith a copy of circular 10/2005 from the Department of Finance concerning the introduction of cost neutral early retirement for the public service.

2. The terms of the Department of Finance circular apply fully to the Voluntary Hospitals Superannuation Scheme (VHSS) and the Nominated Health Agencies Superannuation Scheme (NHASS), subject to the points highlighted below:

(a) Paragraph 5 of the circular:

- All pensionable staff who are members of the VHSS 1969 Scheme as revised in 1977 i.e. Revision Scheme staff, members of the VHSS Non-Officers Scheme 1985, and members of the NHASS, may apply for cost neutral early retirement subject to the eligibility criteria at Paragraph 5 being satisfied.

- Staff who are pensionable under the VHSS 1969 Scheme who opted not to have the 1977 amendments applied to them are not eligible to apply for cost neutral early retirement (this is because they do not satisfy the requirement specified at paragraph 5(iii) of the Department of Finance circular, i.e. they do not have an entitlement to preserved superannuation benefits).
(b) **Paragraph 6 of the circular:**

- Member organisations should take immediate steps to notify individuals who resigned on or after 1 April 2004 and who met the eligibility criteria set out in paragraph 5 of the Department of Finance circular of the new option available to them. Such notification should be in writing and should take place **within three months of the date of this circular letter, i.e. no later than 8 July 2005.** Individuals notified in this way should be given **three months from the date of written notification by the member organisation** within which to exercise the option. In all cases, the member organisation should hold on file documentary proof of:
  (i) acknowledgement of receipt of notification
  (ii) the decision made by the person in relation to such notification.

- Under the VHSS & NHASS, staff who became pensionable prior to 1 July 1995 and who resign with entitlement to preserved superannuation benefits may opt in writing to have the superannuation contributions they have paid returned to them in lieu of preserved benefits. Any such person meeting the eligibility criteria set out in paragraph 5 of the Department of Finance circular (see also paragraph 2 (a) above) who resigned since 1 April 2004 and opted to have his/her superannuation contributions returned to him/her must repay the gross amount of the contributions returned to him/her to avail of cost neutral early retirement. Such repayment should be deducted from the cost neutral early retirement lump sum and, where it is greater than the amount of the lump sum, payment of the pension should be deferred until the amount due has been recovered. **The notification criteria set out in the previous bullet point should be followed in these cases also.**

(c) **Paragraph 13 of the circular:** Should the member organisation consider that the number and/or the nature of the applications for cost neutral early retirement received are such as to pose difficulties for the effective or efficient operation of the organisation, this Department should be consulted.

(d) **Paragraph 15 of the circular:** Since preserved benefits under the VHSS and NHASS are based on pensionable service, i.e. **without the inclusion of professional added years**, this paragraph has no relevance to member organisation staff. Neither have examples 4 and 8 of Appendix 1.

(e) **Paragraphs 19 and 20 of the circular:** Where a VHSS/NHASS member avails of cost neutral early retirement (under the provisions of Department of Finance circular 10/2005 and subsequently) returns to employment with any body to which a public sector superannuation scheme applies, the cost neutral early retirement pension may be subject to abatement. Service in respect of which an actuarially reduced pension has been paid cannot be aggregated with subsequent pensionable service or transferred to another public service pension scheme.

(f) **Paragraph 22 of the circular:** The member organisation should advise their staff how to apply for cost neutral early retirement (presumably they will be
advised to make applications, in writing, through the Personnel Department. The member organisation should provide persons who wish to avail of cost neutral early retirement with written confirmation of the terms of the arrangement prior to the date of retirement and the sample letter attached at Appendix 2 of the Department of Finance circular should be adapted for this purpose. Apart from the exceptions provided for in paragraph 6 of the Department of Finance circular, applications for payment of actuarially reduced superannuation benefits will not be considered from former VHSS/NHASS members who have already resigned.

(g) Paragraph 23 of the circular: The member organisation should monitor carefully the operation of the cost neutral early retirement facility and keep a record of the number of applications by grade, age, part-time / worksharing / full-time and sex. This Department will seek returns of this information periodically.

(h) Appendix 1:
- As indicated at paragraph 2(d) of this circular, examples 4 and 8 are not relevant to member organisation staff.
- In example 3, the purchase of notional service credits of 3.56 for lump sum and 2.72 for pension are arrived at as follows:
  - Male opted to purchase 5 years under the revised Purchase Scheme (i.e. as per Circular K148/1411 of 1991)
  - Commenced purchase at age 30
  - At age 58 credit is equal to 5 years multiplied by number of years over which contributions have been paid (28, i.e. age 58 minus age 30) and divided by number of years over which contributions would have been paid had they continued to age 65 (35, i.e. age 65 minus age 30) = 4 years 5*(58-30)/(65-30) = 4
  - The credit of 4 years arrived at in the previous bullet point is further reduced by applying the age 60 factors
    = for lump sum, 3.56 years, i.e. 4 x 0.89 and
    = for pension, 2.72 years, i.e. 4 x 0.68.
- The calculation of the pension in example 6 takes account of another recommendation of the Commission on Public Service Pensions which is expected to be implemented shortly. This recommendation, when implemented, will provide, in respect of fully insured staff, for the calculation of pension entitlement as respects pensionable pay up to 3 1/3rd times the single rate of Old Age Contributory Pension (OACP) by reference to a fraction of 1/200th of full pensionable pay. In the example given, the final annual salary (€25,000) is less than 3 1/3rd times annual OACP (€31,186, i.e. €179.30 x 52.18 x 10/3). Therefore, the pension calculation is €25,000 x 37/200 = €4,625.
In example 7, the purchase of notional service credits of 3.18 for lump sum and 2.43 for pension are arrived at as follows:

- Male opted to purchase 5 years under the revised Purchase Scheme (i.e. as per Circular K148/141 I of 1991)
- Commenced purchase at age 30
- At age 55 credit is equal to 5 years multiplied by number of years over which contributions have been paid (25, i.e. age 55 minus age 30) and divided by number of years over which contributions would have been paid had they continued to age 65 (35, i.e. age 65 minus age 30) = 3.5714 years (see article 252(1) of the 1998 Scheme)
- The credit of 3.57 years arrived at in the previous bullet point is further reduced by applying the age 60 factors
  - for lump sum, 3.1786 years, i.e. 3.5714 x 0.89 and
  - for pension, 2.4286 years, i.e. 3.5714 x 0.68.

3. This circular letter (but not the Annex thereto) and the attached Department of Finance circular 10/2005 and Appendices should be brought to the attention of all employees in the member organisation (including those on maternity leave, career break, term-time leave or other forms of leave).

4. Any queries from individual employees should be dealt with by the employees' own Personnel/Superannuation Section.

5. Personal enquiries relating to this circular should be directed to the Human Resources of the relevant member organisation. Other related queries may be directed to the Pension Policy Unit, Department of Health & Children, Hawkins House, Hawkins Street, Dublin 2.

Mise le meas

Fergal Somerville
Pension Policy Unit
P18/161/04

4 April 2005

To: All Heads of Department/Office

Circular 10/2005: Public Service Pension Reform: Introduction of cost neutral early retirement

A Dhuine Uasail,

1. I am directed by the Minister for Finance to announce the introduction of cost neutral early retirement for the public service. Subject to eligibility, this facility will be available to serving staff and will also be made available, for a specified period, to persons who resigned on or after 1 April 2004, with an entitlement to preserved superannuation benefits.

Background

2. The Commission on Public Service Pensions, as part of its terms of reference, had regard to claims for improvements in existing pension scheme benefits including claims for voluntary early retirement.

3. Following consideration of the issue of improved retirement choice for public servants, the Commission recommended the introduction of a facility which would allow public servants to retire early with immediate payment of superannuation benefits, subject to actuarial reduction to take account of the early payment of the lump sum and the longer period over which pension would be paid.

4. In Budget 2004, the Minister for Finance announced that the Government had decided to implement the bulk of the recommendations of the Commission on Public Service Pensions and indicated that the feasibility of implementing optional early retirement with actuarially reduced benefits, as recommended by the Commission, would be examined. Discussions were held with the Staff Side on this and other issues. The Minister announced the introduction of the measure on 14 September 2004 following Government approval.
Eligibility

5. To be eligible to apply for cost neutral early retirement a person must:

(i) be serving in a public service body as defined in the Public Service Superannuation (Miscellaneous Provisions) Act 2004,

(ii) be a member of the superannuation scheme of that body,

(iii) have an entitlement to a preserved superannuation benefit at age 60 or 65, and

(iv) at the time of resignation, be aged at least 50 if a preserved pension age of 60 applies or be aged at least 55 if a preserved pension age of 65 applies.

In the civil service, both established and unestablished personnel may apply for cost neutral early retirement.

6. The option of cost neutral early superannuation benefits will also be made available to individuals who resigned on or after 1 April 2004, and who met the eligibility criteria above at the time of their resignation. Departments and public service bodies should take immediate steps to notify such former staff, in writing, of the new option available to them, and in any event should ensure that such notification takes place within three months of the date of this circular. Individuals notified in this way should be given three months within which to exercise the option.

7. In cases other than those covered in paragraph 6 above, the application to draw down cost neutral superannuation benefits must be made not later than the date of resignation; no applications will be accepted from persons who have already resigned. In this connection Departments/Offices and public service bodies should make eligible staff aware of the options available, in advance of the date of resignation.

Conditions

8. Public servants who meet the eligibility criteria specified in paragraphs 5-7 above, may, if they resign before reaching the relevant preserved pension age, choose between the following options:

(i) waiting until preserved pension age (60 or 65 years) and receiving the preserved pension and lump sum in the normal way, or

(ii) applying for immediate payment of preserved pension and lump sum, both of which will be actuarially reduced.

9. Persons granted the option in paragraph 8(ii) above (i.e. those availing of cost neutral early retirement), will have their pension and lump sum actuarially reduced by application to their preserved benefit of the relevant percentages from the table at paragraph 10 below, with appropriate adjustment, as necessary, for exact age (i.e. years and days) at retirement.
10. In adjusting for exact age at retirement, pension and lump sum will be calculated in accordance with the following formula:

\[ A + \left( \frac{B}{365} \times (C-A) \right) \times \text{preserved benefit based on service} \]

where

- A is the actuarial reduction factor (pension or lump sum, as appropriate) in the table below, appropriate to the person’s age at his or her last birthday,
- B is the number of days since his or her last birthday, and
- C is the actuarial reduction factor (pension or lump sum, as appropriate) in the table below, appropriate to the person’s age at his or her next birthday.

Table:
Factors to be applied to preserved benefits to derive actuarially reduced benefits

<table>
<thead>
<tr>
<th>Persons with a preserved age of 60</th>
<th>Persons with a preserved age of 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age last birthday</td>
<td>Pension</td>
</tr>
<tr>
<td>50</td>
<td>62.4%</td>
</tr>
<tr>
<td>51</td>
<td>65.1%</td>
</tr>
<tr>
<td>52</td>
<td>67.9%</td>
</tr>
<tr>
<td>53</td>
<td>71.0%</td>
</tr>
<tr>
<td>54</td>
<td>74.3%</td>
</tr>
<tr>
<td>55</td>
<td>77.8%</td>
</tr>
<tr>
<td>56</td>
<td>81.6%</td>
</tr>
<tr>
<td>57</td>
<td>85.7%</td>
</tr>
<tr>
<td>58</td>
<td>90.1%</td>
</tr>
<tr>
<td>59</td>
<td>94.8%</td>
</tr>
</tbody>
</table>

11. Staff opting for cost neutral early retirement should note that the actuarially reduced rate applies throughout the lifetime of the payment of a pension subject to adjustments in line with public service pensions, as appropriate. It should also be noted that a person who avails of cost neutral early retirement cannot subsequently switch to payment of a preserved pension at normal preservation age (60 or 65 years).

12. Examples of some actuarially reduced early retirement cases are set out, for information, at Appendix I of this Circular.

Restrictions

13. Departments/Offices and public service bodies must consider all applications in light of business needs. In the civil service should a Department or Office consider that the number or nature of applications received are such as to pose difficulties for the effective or
efficient operation of the Department/Office concerned, the Department of Finance should be consulted. It may, in such cases, become necessary for the Department of Finance, in consultation with the relevant Department/Office and relevant staff side representatives, as appropriate, to prioritise applications or place some restrictions on the numbers/levels approved in a particular period. In the case of other public service bodies, the parent Department should be consulted.

Purchase of Notional Service

14. It should be noted that where a person who has purchased or is in the process of purchasing service under a scheme for the purchase of notional service in the public service opts for cost neutral early retirement, this will affect the amount of purchased service. In this context, in working out the person’s entitlement, two reductions will apply. Firstly, the relevant purchase scheme reduction arrangements, as appropriate (including application of purchase scheme actuarial reduction factors appropriate to payment of pension at minimum pension age) will apply. Secondly, the resultant service will then be added to actual service and the relevant cost neutral early retirement factor applied to the preserved benefits derived from the aggregate service.

Professional Added Years

15. Where a person who has been awarded Professional Added Years opts for cost neutral early retirement two reductions will apply. Firstly, the appropriate reduction arrangements (under the relevant Added Years Scheme) which apply in the case of termination of service below minimum pension age will apply. Secondly, the resultant service (if any) will then be added to actual service and the relevant cost neutral early retirement factor will be applied to the preserved benefits derived from the aggregate service.

Spouses’ and Children’s Pension Schemes

16. Benefits payable under Spouses’ and Children’s Pension Schemes will not be affected by a decision to accept cost neutral early retirement in lieu of preserved benefits, i.e. any benefits payable under Spouses’ and Children’s Pension Schemes to survivors of early retirees will be the same as those payable to survivors of staff who opt for preservation of benefits.

Supplementary pensions

17. Supplementary pensions, where appropriate, will be paid to persons availing of cost neutral early retirement on reaching the relevant preserved pension age (60 or 65 years, as appropriate).

Implications for Social Welfare Benefits
18. As the arrangements for securing Social Welfare credits may vary from time to time, all employees (regardless of PRSI class) are advised to check their own individual situations with the Department of Social and Family Affairs prior to availing of cost neutral early retirement and to check, periodically, as to the up-to-date position. Failure to do so could adversely affect an employee’s subsequent entitlement to social welfare benefits, such as retirement pension, old age pension or survivor’s pension.

**Return to public service employment**

19. Where a person who has availed of cost neutral early retirement returns to public service employment, that person will be subject to the relevant rules which apply both in the superannuation scheme from which they are being paid a pension and the superannuation scheme pertaining to their new employment (e.g. in relation to abatement/cessation of pension and maximum accrual rates).

20. Notwithstanding the provisions of paragraph 19 above, service in respect of which an actuarially reduced pension has been paid cannot be aggregated with subsequent service in the same scheme or transferred between schemes.

21. It should be noted that, as in the case of resignation generally, a person availing of cost neutral early retirement has no right of return to work in the public service other than through normal recruitment/selection procedures.

**Applications**

22. In the civil service applications for cost neutral early retirement should be made, in writing, through an officer’s Personnel Unit. Other public service bodies should advise staff how to apply. Employers should provide persons who avail of cost neutral early retirement with written confirmation of the terms of the arrangement prior to the date of retirement (a sample letter for this purpose is attached at Appendix 2). Apart from the exceptions provided for in paragraph 6 above, applications for payment of actuarially reduced superannuation benefits will not be considered from former staff members who have already resigned. Civil servants are reminded that the recently launched Pensions Modeller can be of assistance in estimating the benefits available under cost neutral early retirement (see www.cspensions.gov.ie). The Modeller may also be of some benefit to employees of other public service bodies with pension schemes similar to the civil service model.

**Monitoring and Review**

23. Departments, Offices and public service bodies are requested to monitor carefully the operation of the cost neutral early retirement facility and to keep a record of the number of applications by grade, age, part-time/worksharing/full-time, geographical location and sex. This Department should be notified in the event of any problems or difficulties arising. The Department of Finance will monitor the uptake of the scheme across the public service and will undertake a review of the scheme and its operation in three years’ time.
**Circulation**

24. Please bring this Circular to the notice of all officers serving in your Department/Office (including officers on maternity leave, career break, term-time leave or other forms of leave) and to the attention of all public service bodies1 under the aegis of your Department.

**Queries**

25. Queries from individual employees should be directed to the Personnel Section of their own Department/Office/public service body. Queries from Departments/Offices relating to this Circular should be made to either of the following officials of this Department: Henry O’Mara (01-6045493), or Eamonn Robbins (01-6045485).

[E-mail addresses: henry.o’mara@finance.gov.ie and eamonn.robbins@finance.gov.ie]

In the case of queries from public service bodies, the parent Department should be consulted in the first instance.

Mise le meas,

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John O’Connell
Assistant Secretary
1. For this purpose, the definition of “public service body” in the Public Service Superannuation (Miscellaneous Provisions) Act 2004 should be used.
Examples of Cost Neutral Early Retirement

[Note: Staff opting for cost neutral early retirement should note that the actuarially reduced rate will apply throughout the lifetime of payment of the pension.]

A: Staff in non-coordinated superannuation schemes

EXAMPLE 1: Retirement at age 58

A person in a non-coordinated superannuation scheme, with a preservation age of 60, retires on his/her birthday.

Final Annual Salary: €50,000  Age: 58  Reckonable Service: 40 years

Superannuation Benefits
If opting to preserve benefits  If availing of cost neutral early retirement
Due at age 60 (i.e. in 2 years’ time)  Due now

Lump sum: €75,000  €72,075 (applying reduction factor of 96.1%)
Annual pension: €25,000  €22,525 (applying reduction factor of 90.1%)

EXAMPLE 2: Retirement at age 55 years and 219 days (55.6 years)

A person in a non-coordinated superannuation scheme, with a preservation age of 60 retires between birthdays.

Final Annual Salary: €40,000  Age: 55 years and 219 days  Reckonable Service: 30 years

Apply formula \[ A + \left(\frac{B}{365}\right) \times (C-A) \times \text{preserved benefit based on service} \]

Preserved pension is €15,000, so, where
A = 77.8 (pension reduction factor at age 55)
B = 219 (number of days since last birthday)
C = 81.6 (pension reduction factor at age 56)

Actuarially reduced annual pension is €12,012.

Preserved lump sum is €45,000, so where
A = 90.7 (lump sum reduction factor at age 55)
B = 219 (number of day since last birthday)
C = 92.4 (lump sum reduction factor at age 56)

Actuarially reduced lump sum is €41,274.
EXAMPLE 3: Purchased service

A person in a non-coordinated superannuation scheme, with a preservation age of 60 who is purchasing 5 years retires on his/her birthday.

Final Annual Salary: €50,000  Age: 58  Reckonable Service: 28 years plus 2.72/3.56 purchased years (*)

Superannuation Benefits
If opting to preserve benefits  If availing of cost neutral early retirement
Due at age 60 (i.e. in 2 years’ time)  Due now

Lump sum: €59,175  €56,867 (applying reduction factor of 96.1%)
Annual pension: €19,200  €17,299 (applying reduction factor of 90.1%)

(*) 5 added years being purchased to age 65 are reduced (under the terms of the Purchase Scheme) to 2.72 years (pension) and 3.56 years (lump sum) to take account of (i) cessation of contributions prior to maximum retirement age and (ii) drawdown of benefit prior to maximum retirement age.

EXAMPLE 4: Professional Added Years

A person in a civil service non-coordinated superannuation scheme, with a preservation age of 60 and with an entitlement to 5 Professional Added Years retires on his/her birthday.

Final Annual Salary: €70,000  Age: 50  Reckonable Service: 20 years plus 3 1/3rd years (*)

Superannuation Benefits
If opting to preserve benefits  If availing of cost neutral early retirement
Due at age 60 (i.e. in 10 years’ time)  Due now

Lump sum: €61,250  €50,348 (applying reduction factor of 82.2%)
Annual pension: €20,417  €12,740 (applying reduction factor of 62.4%)

(*) 5 added years available on retirement at or after age 60 reduced (under the Added Years Scheme) to 3 1/3rd years.
B: Staff in coordinated superannuation schemes

[These examples use the single rate of Old Age Contributory Pension applying from January 2005, €179.30 per week.]

EXAMPLE 5: Retirement at age 50

A person in a coordinated superannuation scheme (*), with a preservation age of 60 retires on his/her birthday.

Final Annual Salary: €40,000  Age: 50  Reckonable Service: 30 years

Superannuation Benefits

<table>
<thead>
<tr>
<th>If opting to preserve benefits</th>
<th>If availing of cost neutral early retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due at age 60 (i.e. in 10 years’ time)</td>
<td>Due now</td>
</tr>
<tr>
<td>Lump sum: €45,000</td>
<td>€36,990 (applying reduction factor of 82.2%)</td>
</tr>
<tr>
<td>Annual pension: €7,983</td>
<td>€4,981 (applying reduction factor of 62.4%)</td>
</tr>
</tbody>
</table>

(*) In the case of staff in coordinated superannuation schemes, supplementary pensions may (subject to eligibility) be payable from age 60/65 as appropriate.

EXAMPLE 6: Retirement at age 62

A person in a coordinated superannuation scheme, with a preservation age of 65 retires on his/her birthday.

Final Annual Salary: €25,000  Age: 62  Reckonable Service: 37 years

Superannuation Benefits

<table>
<thead>
<tr>
<th>If opting to preserve benefits</th>
<th>If availing of cost neutral early retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due at age 65 (i.e. in 3 years’ time)</td>
<td>Due now</td>
</tr>
<tr>
<td>Lump sum: €34,688</td>
<td>€32,710 (applying reduction factor of 94.3%)</td>
</tr>
<tr>
<td>Annual pension: €4,625</td>
<td>€3,867 (applying reduction factor of 83.6%)</td>
</tr>
</tbody>
</table>

EXAMPLE 7: Purchased service

A person in a coordinated superannuation scheme, with a preservation age of 60 who is purchasing 5 years retires on his/her birthday.

Final Annual Salary: €55,000  Age: 55  Reckonable Service: 25 years plus 2.43/3.18 purchased years (*)

Superannuation Benefits

<table>
<thead>
<tr>
<th>If opting to preserve benefits</th>
<th>If availing of cost neutral early retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due at age 60 (i.e. in 5 years’ time)</td>
<td>Due now</td>
</tr>
<tr>
<td>Lump sum: €58,118</td>
<td>€52,713 (applying reduction factor of 90.7%)</td>
</tr>
</tbody>
</table>
Annual pension: €12,442 € 9,680 (applying reduction factor of 77.8%)

(*) 5 added years being purchased to age 65 are reduced (under the terms of the Purchase Scheme) to 2.43 years (pension) and 3.18 years (lump sum) to take account of (i) cessation of contributions prior to maximum retirement age and (ii) early drawdown of benefit.

**EXAMPLE 8: Professional Added Years**

A person in a civil service coordinated superannuation scheme, with a preservation age of 65 and with an entitlement to 5 Professional Added Years retires on his/her birthday.

**Final Annual Salary:** €70,000

**Age:** 60

**Reckonable Service:** 25 years

**plus 4.17 added years (*)**

**Superannuation Benefits**

*If opting to preserve benefits*

**Due at age 65 (i.e. in 5 years’ time)**

<table>
<thead>
<tr>
<th>Lump sum</th>
<th>€76,563</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual pension</td>
<td>€18,699</td>
</tr>
</tbody>
</table>

*If availing of cost neutral early retirement*

**Due now**

<table>
<thead>
<tr>
<th>Lump sum</th>
<th>€69,442 (applying reduction factor of 90.7%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual pension</td>
<td>€13,987 (applying reduction factor of 74.8%)</td>
</tr>
</tbody>
</table>

(*) 5 added years available on retirement at or after age 60 reduced (under the Added Years Scheme) to 4.17 years.
Sample letter to be given to a person availing of cost neutral early retirement

Dear Mr/Ms …,

You will retire from the Department of ……, on …….., aged … years and … days and with pensionable service of … years and … days.

Your retirement will take place earlier than the standard preserved pension age, which in your case is [60 or 65, insert as appropriate] years. This reflects the fact that you have applied to avail of, and have been accepted for inclusion in, the public service cost neutral early retirement scheme, whose terms are set out in Department of Finance Circular 10/2005. This means that, on retirement, you will receive immediate payment of lump sum and pension, both of which will be actuarially reduced.

You understand and accept that your inclusion in the cost neutral early retirement scheme means that all of the relevant conditions of the scheme, as set out in Department of Finance Circular 10/2005, apply to your retirement. In particular you accept that:

- The actuarially reduced rate of pension payable to you will apply throughout the lifetime of the pension (subject to normal adjustments in line with public service pensions generally).
- Once you have retired on actuarially reduced superannuation benefits, you cannot subsequently switch to payment of a preserved pension at normal preservation age.
- You have no right of return to work in the public service, other than through normal recruitment/selection procedures.

I would be grateful if you would confirm your acceptance of these terms by signing and returning this form.

Yours sincerely,

Personnel Officer

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I accept the retirement terms as set out above.

Employee: ..............................................................

Date: ..............................................................