

ASTI

Pensions Information

ASTI INFORMATION LEAFLET – 2023

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Visit the
Pensions Information page on
www.asti.ie/your-employment/terms-and-conditions/pension-and-retirement/



PENSIONS INFORMATION

Knowing about your pension scheme is important at every stage in a teacher's career, because decisions you make during your career can have a significant effect on the value of your pension benefits when you come to retire. Your pension is part of your pay as a teacher. It is an essential part of the total financial package that you earn for the work you do as a teacher. It is, however, a complex part of your benefits package. This information booklet seeks to unravel some of the mysteries of the various occupational pension schemes that exist for teachers and outlines the important issues to look out for.

There are essentially three employment-related pension schemes for teachers:

- (a) the Secondary, Community Comprehensive Teachers Superannuation Scheme,
- (b) the ETB Teachers Superannuation Scheme, and
- (c) the Single Public Service Pension Scheme.

The first two schemes are open to teachers who began their teaching careers prior to 2013, and, with the exception of some minor differences, provide largely the same benefits. These schemes provide a pension and lump sum on retirement which is based on a teacher's length of service and their final salary on the date they retire. Variants of these schemes allow for teachers to retire early at various ages with and without penalties.

Since 1st January 2013, however, teachers who first enter the profession after that date are enrolled in the new pension scheme that applies across the public service, the Single Public Service Pension Scheme. In addition, teachers who return to a Department/ETB-paid teaching post after 1st January 2013 following an unapproved break in employment of more than 26 weeks also become members of this new scheme (does not apply to teachers on approved leave of absence, e.g. career break). There are significantly different terms in this scheme which have a real effect on the value of the pension benefits that a teacher will receive on retirement. The calculation of pension benefits under the pre-2013 pension scheme is based on a teacher's final salary, typically the point at which a teacher's salary is at its highest. By contrast, under the new scheme, pensions are based on a teacher's average salary over their career, which, given the length of the teaching pay scale, will inevitably mean a significant reduction in the comparative value of pension benefits.

Secondary and ETB Teachers Superannuation Schemes

The main teachers' pension schemes are "final salary defined benefit schemes". Teachers are not dependent for their pension benefits on the performance of anonymous pension fund managers, but have guaranteed benefits determined by your salary on the day you retire, and the length of service you have earned or bought in your pension scheme. Once you know your final salary and your pensionable service, you can calculate your pension benefits. These pension benefits include a fortnightly pension for the rest of your life, a tax-free lump sum and, generally, a survivors' pension for your spouse or civil partner and qualifying children in the event of your death.

There are, in fact, two different pension arrangements that cover members of these Superannuation Schemes depending on when you joined the teaching profession. The first arrangement covers teachers who joined a pension scheme before 1st April 2004 and are considered 'original members' of the Secondary and ETB Teachers Superannuation Schemes. The second arrangement commenced from 1st April 2004 and members of this scheme are referred to as "new entrants" to the Schemes. There are different early retirement options for these teachers.

Retirement Options:

There are six ways to retire from teaching under these Schemes.

- (1) **Compulsory Retirement:** following a change to the pension scheme enacted at the start of 2019, original scheme members must retire by the end of the school year in which they reach 70 years of age. New entrants have no compulsory retirement age and may continue to teach as long as they are medically fit to do so.
- (2) **Early Retirement at 60/65:** original scheme members may usually retire without penalty at any point from their 60th birthday based on their salary and pensionable service at that date. This facility is available for new entrants from their 65th birthday.
- (3) **The 55/35 Scheme:** available only for teachers who joined the schemes before April 2004. Such teachers may retire from 55 years of age without penalty providing that they have 35 years "actual teaching service". The Department of Education will include up to two years for teacher training when calculating "actual teaching service" and will also treat jobshare years as full years.

Remember, this added service is for the purposes of qualifying for the 55/35 Scheme only and is not used to calculate pension benefits.

- (4) **Cost Neutral Early Retirement (CNER):** available for original scheme members from 50 years of age and from 55 for new entrants. This early release scheme enables teachers to retire even earlier but pension benefits are actuarially reduced by up to forty percent for the rest of a retired teacher's life.
- (5) **Deferred Retirement:** teachers who resign can opt to defer taking their pension benefits until age 60, if an original scheme member, or 65 for new entrants.
- (6) **Medical Retirement:** teachers under 60/65 years of age whose illness or disability means they are "permanently unfit to return to teaching" may apply for retirement on medical grounds. If granted, pensionable service is enhanced by up to 6 and 2/3rds years and pension benefits are paid immediately without penalty. If you or someone you know in your staff room may be a candidate for medical retirement please call the ASTI as soon as possible. The application process is quite onerous and it is essential that such members are advised by their union in order to properly prepare an application for medical retirement.

Those are the main features of the Secondary and ETB Teachers Superannuation Schemes: what they are, how you calculate your pension benefits and when you can retire. Here now are some of the things that teachers need to look out for in their pension schemes, especially when making pension-affecting choices during their careers.

Calculating pension benefits:

The salary figure that is used to calculate your pension benefits is your salary on the date you retire. There is a 3-year 'look-back' for Post of Responsibility and other allowances which means that the allowance must be held for three full years prior to retirement in order to have the whole value of the allowance included for pension purposes, otherwise the pro-rata value is used. If you are a job-sharer, the salary used to calculate your pension benefits is your equivalent whole-time salary. You do not have to go back to full-time work in your retirement year to preserve the value of your pension. Work for the State Examinations Commission, however, is not pensionable and hence does not count towards your pension benefits.

PRSI and Supplementary Pensions:

Teachers who have been continuously employed from before 5th April 1995 generally pay the D1 class of PRSI. All of the pension benefits for such teachers come from the teachers' pension schemes and they are typically not entitled to a State Contributory Pension when they reach 66 years of age.

Teachers employed since April 1995, or teachers that have a break in service since April 1995, generally pay the A1 rate of PRSI. These teachers are entitled to a State Contributory Pension when they reach state retirement age, but that state pension is not in addition to their teachers' pension. Their teachers' pension is reduced by the approximate value of the state pension they are entitled to, so that when you add them together they come to the approximate overall value of the pension received by a similar teacher on the D1 rate of PRSI. If such teachers retire before the state retirement age the Department will, on application, pay a Supplementary Pension *in lieu* of the State Pension reduction until they reach state retirement age. There are, however, certain restrictions on the payment of a supplementary pension, especially if you retire on the CNER Scheme, or are in employment, or are entitled to draw certain social welfare benefits.

Enhancing pension benefits:

Teachers earn pensionable service by paying superannuation contributions every two weeks/monthly from their salaries. It is not possible to make independent contributions to the pension scheme if a teacher is on unpaid leave of absence. However, teachers can "buy back" teaching service, including part-time service, that they gave in the Republic of Ireland before they joined the pension scheme, for example, during their HDip year or before securing a permanent position. This facility also includes service where a teacher was paid by a VEC or privately by a school. If you have any such service it is important that you contact the ASTI before you retire in order to ensure that you apply in sufficient time to buy back this service.

In addition, teachers may top up their pensionable service by purchasing Notional Service, a kind of pension savings contract that matures at either 60 or 65 years of age. This is a very effective way of building top-up service especially if you have at least 10 years to retirement. Teachers can also take out private pension arrangements called Additional Voluntary Contributions (AVCs), such as the ASTI-endorsed scheme offered by Cornmarket. These are private arrangements, however, outside of the teachers' pension scheme, and as such depend on the performance of pension fund managers to secure an additional gratuity and/or pension in retirement.

Pre – 1995

1995 – 2004

Employed Prior to 5th April, 1995
Teachers' Superannuation Scheme
 Class D Social Insurance

Pension: Full pension paid by Department of Education
 (Based on final salary)

Compulsory retirement at end of school year following 70th birthday
 (See note 1 below)

Full pension after 40 years' of service

Voluntary retirement available at age 60
 (2 years minimum service)

Voluntary retirement available age 55 onwards
 provided 35 years' service

Cost neutral retirement available from age 50
 (See note 2 below)

Pension benefits can be preserved to age 60
 if resigned earlier from teaching

Employed from 6th April 1995
Teachers' Superannuation Scheme
 Class A Social Insurance

Pension: Co-ordinated pension, i.e. value of pension paid by Department
 of Education (based on final salary) takes account of State
 Contributory Pension paid separately by Department of Social Protection

Compulsory retirement at end of school year following 70th birthday
 (See note 1 below)

Full co-ordinated pension after 40 years' of service

Voluntary retirement available at age 60
 (2 years minimum service)

Voluntary retirement available age 55 onwards
 provided 35 years' service

Cost neutral retirement available from age 50
 (See note 2 below)

Pension benefits can be preserved to age 60
 if resigned earlier from teaching

Notes:

- 1 The compulsory retirement age for original members of the Teachers' Superannuation Scheme increased to 70 years of age at the beginning of 2019.
- 2 Cost Neutral Early Retirement is a retirement option that allows teachers to retire early with immediate payment of pension benefits. The pension and lump sum payments are subject to actuarial reduction to take account of the early payment of lump sum and the longer period over which pension will be paid.
- 3 "minimum pension age is linked to State Pension age (currently 66), which may rise in the future.
- 4 Existing employees who resign/retire and have a break in employment of 26 weeks or greater will be

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2004 – 2012

Commenced Employment from 1st April 2004 Teachers' Superannuation Scheme Class A Social Insurance

Pension: Co-ordinated pension, i.e. value of pension paid by Department of Education (based on final salary) takes account of State Contributory Pension paid separately by Department of Social Protection

Compulsory retirement age abolished

Full co-ordinated pension after 40 years' service

Voluntary retirement available at age 65
(2 years minimum service)

Retirement between age 55 and 65 available on cost-neutral basis (see note 2 below) Also: supplementary pension paid on application from age 65 by Department of Education

Cost neutral retirement available from age 55
(see note 2 below)

Pension benefits can be preserved to age 65
if resigned earlier from teaching

2013 –

Commenced Employment from 1st January 2013 Single Public Service Pension Scheme Class A Social Insurance

Pension: Department of Education pays pension (based on career average salary) and Department of Social Protection pays State Contributory Pension

Compulsory retirement age 70

Pensionable service replaced with annual referable amounts

Voluntary retirement available at age 66
(2 years minimum service) (see note 3 below)

Cost neutral retirement available from age 55
(see note 2 below)

Pension benefits can be preserved to age 66
if resigned earlier from teaching (See note 3 below)

members of the Single Public Service Scheme on return to employment.

- 5 The ASTI has a pension sub-committee that works to ensure that pension issues are continually highlighted and kept under review on behalf of ASTI members.

www.asti.ie publishes a large body of relevant material regarding pension issues.

Useful guides are also published for teachers by the Department of Education in the pensions section of their website – www.education.ie and by the ETBI on their website – www.ETBI.ie

Membership of the pension scheme:

A teacher who is on an approved period of unpaid leave (for example, career break, unpaid maternity leave or unpaid sick leave) ceases to generate pensionable service during that period but remains a member of the scheme. A teacher who interrupts their teaching service (e.g. because a temporary contract is not renewed, to undertake a full-time course of study or to travel) is allowed a break of 26 weeks until their membership of the pension scheme is terminated. If such teachers subsequently return to teaching they join the pension scheme that is prevailing at that time, which from January 2013 means the Single Public Service Pension Scheme with its reduced benefits. Such teachers need to undertake at least a day of pensionable employment in every six calendar months during their break from teaching in order to ensure that when they return to teaching they return to the scheme that they were in before their service was interrupted.

Privately-paid teachers:

In July 2010, the Department barred school-paid teachers, typically employed in fee-paying schools, from joining or re-entering the Secondary Teachers Superannuation Scheme. This has had a significant impact on the many privately-paid teachers that the ASTI represents across the country who must rely on private pension schemes to make provision for their retirement. A teacher who is privately-paid by a fee-paying school will need to transition to a Department-paid contract in order to enter the Single Public Service Pension Scheme.

Single Public Service Pension Scheme

All teachers who started teaching after 1st January 2013, or who returned to teaching after that date having previously left the profession, are enrolled in the Single Public Service Pension Scheme that applies across the Irish public service. The Single Public Service Pension Scheme is a defined benefits scheme with guaranteed benefits on retirement. However, there are significantly different terms in this scheme compared to previous teacher-only pension schemes, which have a real effect on the value of the pension benefits that a teacher can expect to receive on retirement.

As a member of the Single Public Service Pension Scheme you make two separate contributions to your pension every time you receive your salary. You can see these two deductions on your payslip. These regular payments are called 'referable

amounts' with one going to build your retirement pension and the other to build your retirement lump sum. Every year the value of accrued referable amounts held in the Scheme is uprated by the Consumer Price Index (CPI). Over the course of your career these amounts accumulate and fund the defined pension benefits that the Scheme delivers to you on retirement. These benefits are co-ordinated with the State Contributory Pension which is paid in addition to the retirement benefits delivered by your Pension Scheme.

The Department of Education has started to provide annual statements of pension benefits to members of the Scheme. These statements provide a record of how your occupational pension is growing over the years. You can also check the projected value of your pension benefits on-line at any time using the Estimator Tool which is available on singlepensionscheme.gov.ie/for-members/scheme-information/ where you can also find further detailed information on your pension scheme.

Pension and Retirement Age:

The minimum age at which you can retire from teaching under this Scheme is set at the age at which you can claim the State Contributory Pension, currently 66 years of age. This retirement age may increase should the qualifying age for the State Contributory Pension increase in the future. Members of this Scheme are also able to retire early from 55 years of age on a cost-neutral basis, but the pension benefits they will have accrued to that date will be permanently actuarially-reduced to reflect this early retirement. The amount of actuarial reduction applied to the pension of a teacher who retires early is reduced the closer to age 66 that they retire. A compulsory retirement age of 70 years has been reintroduced for members of this Scheme. If you leave teaching or the Public Service and have more than two years of service, your pension benefits will be preserved in the Scheme and will be available to you at 66 years of age.

Other features of the Scheme:

You can enhance the value of your pension benefits by purchasing additional referable amounts on an annual cycle. You will need to be a member of the Scheme for two years in order to do this, and have at least nine years left to retirement. A teacher should apply to the Department of Education for a quote and, if accepted, the payments commence and continue for one full calendar year. At the end of that year the additional referable amounts are banked in the Scheme. You can repeat

this cycle for up to 20 separate years in total. The value of these additional referable amounts ranks on a par with standard referable amounts when it comes to calculating retirement benefits, including the Spouses and Children's Scheme, and their value is also updated by the rate of inflation each year.

The Single Public Service Pension Scheme also provides pension benefits for your surviving spouse or civil partner and qualifying children should you die in service or in retirement. The cost of survivors' benefits is incorporated into the contribution you make to the Pension Scheme every time you are paid your salary. The following benefits are payable on a member's death: a death gratuity of up to twice your pensionable salary earned in the previous year (expressed on a full-time basis) is payable to your estate on production of probate or letters of administration if you die in service. Additionally, a survivor's pension is payable to your spouse/civil partner which is set at one-half of the pension that you would have earned had you retired on medical grounds at the date of death in service, or one-half of your actual pension rate if you die in retirement. As a key financial asset, survivor's benefits are also subject to court orders made on divorce or judicial separation. Survivors' pensions are also payable to your dependent children until their 16th birthday, or until their 22nd birthday if they remain in full-time education. The value of the pension paid for a child is set at one-third of the surviving spouse/civil partner's pension, up to three children. If there are more than three surviving children, the sum of these pensions is set at an equal amount to the spouse/civil partner's pension distributed equally amongst the surviving children. A children's pension is also payable to an adult dependent child, without age limit, who is permanently incapacitated providing the infirmity existed from birth or arose while the child was eligible for benefit.

Conclusion

So, whether you are retiring in the next year or so or are at an early stage in your career remember that the team at ASTI Head Office are always available to assist with pension queries. It is especially important to call the ASTI when you are preparing for retirement, but also when you are considering a significant change in your career. Don't wait until retirement to discover that you should have acted earlier.

Further information, including detailed questions and answers, can be found on the websites of the ASTI (www.asti.ie) and Department of Education (www.education.ie/en/Education-Staff/Services/Retirement-Pensions/)



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