



To: *Institutes of Technology,  
Tipperary Institute,  
Vocational Education Committees,*

CIRCULAR LETTER PEN 09/05

**Revised Contribution Rates for Purchase of Notional Service.**

1. The Minister for Finance has announced an increase in the contribution rates for the purchase of notional service by lump sum. He has also announced that the contribution rates for the purchase of notional service by periodic contributions are under review.
2. The contribution rates were last increased in the case of VEC/Institute Staff with effect from 1 July 1990. The Superannuation Scheme was formally amended to include the new rates in question through Statutory Instrument Number 184 of 1992.

Paragraph 13 of S.I. number 184 of 1992 states:

“Where at any time it appears to the Minister that the contribution rates set out in the Second Schedule to this Scheme or the actuarial factors set out in the Third Schedule to this Scheme do not meet the requirement that this Scheme be self-financing, he may, with the consent of the Minister for Finance, revise such rates or factors.”

3. The notional purchase contribution rates are common across the public service. Analysis of the current contribution rates has shown that the Notional Service Purchase Schemes are not self-financing and that they impose a cost on the employer (i.e. the Exchequer). Discussions are currently taking place with the Staff Side of General Council on an Official Side proposal that the contribution rates be revised. It has been agreed, in the expectation that the discussions will be concluded in a short period, that no new requests
  - (a) to purchase service by way of single lump-sum contribution, and
  - (b) to accept Transfer Values in respect of service with organisations which are not members of the Public Sector Transfer Network (PSTN)

will be processed on the basis of the current rates.

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Maura  
Anne*

4. Until agreement has been reached between the two sides on the appropriate revised rates which should apply in such cases, purchase by lump sum and acceptance of Transfer Values in respect of service with organisations which are not members of the Public Sector Transfer Network should be processed on the basis of the rates in the attached Table with effect from 10 May 2005.

Please note that (i) the Table applies to both male and female (i.e. there is no distinction on gender basis for purchase), (ii) the contribution rates for integrated staff on full PRSI are based on gross salary only (i.e. there are no net/gross contributions for lump sum purchase as heretofore) and (iii) the same contribution rates apply to all integrated staff, ie to officer grades on full PRSI and to employee grades.

5. Current contribution rates may continue to be applied in the following situations;

- applications for purchase of service by lump-sum where formal written agreements to purchase have been entered into prior to 10 May 2005 and where the 6 month time limit for payment of the contribution has not expired;
- cases where an officer has received an estimated service value based on the current rates in respect of a Transfer Value from previous employment and has requested that the Transfer Value be paid; and
- purchase of service by periodic contributions.

6. Purchase by periodic contributions.

While periodic purchase rates will be revised as part of the review process which is underway, applications for purchase by periodic contributions may continue to be processed. Staff who, **prior** to 10 May 2005, had entered into a formal written agreement to purchase service by periodic contributions will not be affected by the revised rates when they are issued. However, the following arrangements will apply to staff, who **subsequent** to 10 May 2005, opt to purchase service by periodic contributions;

- Where payment of contributions has commenced before the introduction of the revised periodic contribution rates, the current rates will continue to apply;
- Where payment of contributions has **not** commenced before the introduction of the revised rates, **the revised rates will apply.**

**It should be noted that it is not possible at this stage in the discussions to indicate what the revised periodic contribution rates will be.**

7. Enquiries regarding this Circular Letter from individual employees should be referred to the employee's own Personnel Section. Enquiries from VECs and Institutes should be addressed to the Department at the address given below.

PENSIONS SECTION (VEC/IOT)  
DEPARTMENT OF EDUCATION & SCIENCE  
CORNAMADDY, ATHLONE  
CO. WESTMEATH

Enquiries by phone should be made to 09064-74621 or 01-8734700: extensions 3657/3658.

John Feeney  
Principal Officer  
Pensions Unit  
13 May 2005

**Table :**

**Lump Sum contribution rates  
for integrated and modified staff  
with respect to a retirement age of 65**

<b>Age next birthday</b>	<b>% of gross salary for integrated</b>	<b>% of gross salary non integrated</b>
26	27.5%	33.6%
27	28.0%	34.3%
28	28.4%	34.8%
29	28.8%	35.4%
30	29.2%	35.9%
31	29.5%	36.3%
32	29.8%	36.7%
33	30.0%	37.0%
34	30.1%	37.3%
35	30.2%	37.6%
36	30.3%	37.8%
37	30.2%	37.9%
38	30.2%	38.0%
39	30.0%	38.0%
40	29.8%	38.0%
41	29.6%	37.9%
42	29.3%	37.7%
43	28.9%	37.6%
44	28.5%	37.3%
45	28.0%	37.0%
46	27.5%	36.7%
47	26.9%	36.3%
48	26.3%	35.9%
49	25.6%	35.4%
50	24.9%	34.9%
51	24.1%	34.3%
52	23.3%	33.7%
53	22.5%	33.1%
54	21.9%	32.5%
55	22.2%	31.8%
56	22.4%	31.1%
57	22.6%	30.4%
58	22.8%	29.7%
59	23.1%	29.1%
60	23.3%	28.5%
61	23.3%	27.9%
62	22.9%	27.3%
63	23.0%	26.8%
64	23.4%	26.3%
65	23.7%	25.8%