

## Frequently Asked Questions (FAQs): Professional Added Years

### What are Professional Added Years Schemes?

Professional Added Years (PAY) schemes apply to certain members of pre-existing public service pension schemes recruited by way of open competition to professional, technical or specialist permanent posts in the civil/public service.

PAY may be awarded at retirement to those individuals, where the eligibility conditions attached to the recruitment competition for the relevant professional, specialist or technical post, were such that they would prevent the individual from obtaining maximum reckonable service (40 years' service in a standard accrual pension scheme) by a specified retirement age (usually age 65).

Example, a minimum entry age of over 25, or specified minimum qualifications and/or experience which would preclude appointment by age 25.

### What are the different PAY Schemes?

There are three schemes for the award of Professional Added Years operating in the civil service:

#### Revised Old Scheme

Circular 12/1997 amended an original 1985 scheme to create the 'Revised Old Scheme', which applies to persons appointed to established professional, technical or specialist posts who were serving between 1 January 1993 and 31 March 1997. Relevant staff serving between 1 January 1993 and 31 March 1997 may opt for the Revised Old Scheme or the New Scheme.

#### New Scheme

The 'New Scheme' was introduced under Circular 12/1997 and applies to persons appointed to established professional, technical or specialist posts on or after 1 April 1997, or to persons serving in a professional, technical or specialist post between 1 January 1993 and 31 March 1997 who opt to be assessed under the terms of the New Scheme.

The Revised Old Scheme and the New Scheme share the same core rules, with the main difference being the calculation methodology.

#### New Entrant Scheme

The 'New Entrant Scheme' was introduced under Circular 8/2005 and applies to persons appointed to established professional, technical or specialist posts from a competition advertised on or after 1 April 2005, who are New Entrants in accordance with the Public Service Superannuation (Miscellaneous Provisions) Act 2004.

Please note: PAY do not apply to members of the [Single Public Service Pension Scheme](#).

**No PAY applies for persons who joined the Higher Education Sector since 2013.**

### **Who is eligible to apply for Professional Added Years?**

An award of PAY may be made where a permanent, pensionable employee was recruited to a professional, technical or specialist post by way of open competition and:

- (i) (a) minimum professional, technical or specialist qualifications and/or a minimum number of years essential experience were required for entry; or
- (b) the minimum entry age specified in the competition was over 25;

and

- (ii) by reason of those entry requirements it is not possible for the individual to secure 40 years' service by the age of 65 years (or the age specified in the PAY scheme rules).

### **What is a Gross PAY award?**

The maximum gross PAY award available is:

- 5 years under the New Entrant Scheme and
- 10 years under the Revised Old Scheme and the New Scheme.

A PAY award may also be limited based on actual service of the individual and is subject to the individual's total reckonable service not exceeding 40 years. Limitations to the gross award will be determined based on the rules of the PAY scheme applicable to the member and based on individual career histories.

### **Are there limits to how a gross award is applied?**

Yes, there are limits on the gross award which may be granted. The gross award may also be reduced ("abated") in certain circumstances, for example, to take account of periods spent in pensionable employment prior to appointment to the added years post. This calculation will deliver the Net Pay award.

### **What is a Net PAY award (abatement of gross award)?**

A gross PAY award may be abated at retirement to give a net award, which is the actual additional service credited to the member for the purposes of calculating their pension benefits. Abatement (or reduction) of a gross award may occur for a number of reasons including for example, where the member has previous pensionable service or holds retained benefit from an earlier employment.

Reductions to the net award can also occur where the individual has availed of a career break or unpaid leave, or where an individual resigns prior to age 60.

An award of PAY can only be formally made at retirement. As a net award can only be confirmed at retirement, and as a gross award may be partially or fully abated, members are advised not make financial or pension-related decisions based on a potential PAY award.

### **When can I make a PAY application?**

Given the nature of the information requested under the application process you are advised to review and begin completing the PAY application form 9 months out from the planned date of retirement. An application form can be submitted to the HEA through the UL Pensions Team within 6 months of the proposed date of retirement.

The application cannot be submitted to the HEA where the retirement date is more than 6 months away. An early review of the form between 6 and 9 months before the proposed retirement date by UL Pensions Team means that the form can be validated and any additional information that the Department may request can be signalled to you early in the process.

### **What is the PAY process within UL?**

1. The Pensions Team will validate that the members pension scheme is within scope and eligible under the PAY scheme.
2. The Pension Team will validate the members application is complete and meets the criteria set out under the scheme for which the award is sought.
3. With complex cases and to ensure the best application is put forward to DES the Pensions Team may forward the application to the Public Authority Pension Services Limited (PAPS). PAPS is a leading expert in public sector superannuation in Ireland and was founded in response to the growing need for technical and administrative support for public sector pension administrators and managers. PAPS may provide or seek further information to assist the application to maximise any potential award before it is sent forward to the Higher Education Authority.

### **What is the PAY process once the member had completed the application and the Pensions Team complete their process?**

1. The Pensions Team in UL will forward all application details to the Higher Education Authority for approval of awards.
2. The Department of Education (DES), on behalf of DFHERIS, assess the application and recommend an award to DPENDR.
3. DPENDR are responsible for all public sector pensions policy. DPENDR assess recommended awards and are responsible for calculation of abatement applicable to PAY awards.
4. DES then confirm the PAY award to the Pension Team in UL. The member is then contacted by letter and the award is applied to their pension record.

### **Can I appeal the award decision from DFHERIS?**

Yes, the HEA are also the body to whom appeals are sent under the Universities Act 1997.

### **What information do DFHERIS consider when calculating the Net award?**

An individual may be entitled to an award under two circulars. In these circumstances, the most favourable award is given. The gross award is the starting point for calculating what an individual is entitled to once the criteria set out and Circular under which the award being sought has been satisfied. Please note the limits set out under each for the basis of the award.

Abatement, as determined by the Department of Public Expenditure & Reform, is in accordance with the appropriate scheme, “where the employee has a retained superannuation benefit (e.g. a pension and/or lump sum entitlement, or a refund of pension contributions) from any previous employment, the gross added years award will be abated by the value of the retained benefit”. To this end, applicants will be required to complete the Professional Added Years Award Retained Benefits Declaration Form prior to retirement.

Other abatement considerations are given to other non-Irish based pensions, transferred service, PRSI Class D (non-integrated pension and State Contributions that are being paid since joining the HE), unpaid leave, career breaks, job sharing etc. Information relating to such matters must be detailed within the PAY application.

Previous service with the body: where the employee has service with the body at any time prior to obtaining the added years post. (However, relevant non-transferable experience in other employment (e.g. private sector) may be used to off-set such abatement).

Transferred/transferable service: where the employee has previous service in another organisation which has been, or could be, transferred to the current employment. (However, relevant non-transferable experience in other employment (e.g. private sector) may be used to off-set such abatement).

Retained benefits: where the employee has retained superannuation benefits, (e. g. has a preserved pension entitlement or other superannuation benefit or is receiving a pension from previous employment). Abatement in respect of compulsory refunds of superannuation contributions will not apply in certain cases.

Career breaks/unpaid leave/work-sharing: awards will be abated pro-rata in the case of career breaks/unpaid leave and work-sharing.

Retirement/resignation before age 60: awards (abated on a pro-rata basis) may be granted in the case of employees retiring before age 60 or resigning before age 60 with preserved benefits.

Retirement/resignation between ages 60 and 65: abatement of the net award will not apply because an employee retires between ages 60 and 65 or resigns between ages 60 and 65 with preserved benefits.

### **Is there a cost associated with applying the award where it is granted?**

Yes, 1% for each added year will be deducted from your retirement gratuity for potential benefit under the Spouses and Children’s Pension Scheme.

## What are the relevant Circulars and Departmental Letters in relation to PAY?

Circular Letter PEN 23/05 – Appendix 1

[Circular 08/2005](#)

[19 November 2004 Letter to Departments–Revised scheme for the award of professional, technical and specialist added years to certain staff of State-Sponsored Bodies](#)

[Circular 6/87](#)

## What if the number of years or experience are not specified in the recruitment advertisement for the PAY post?

The Department will review the file and take the lowest level of experience of the applicant who was offered the role, if this is not possible, they have other agreed guidelines in place to assist the application.

## What if I held the post on a temporary basis initially and was made permanent at a later date?

In this instance the Department will consider the details of the advertisement of the open competition and use that information to determine the level of experience or qualifications required for the role.

## How is the PAY formula calculated?

The gross award is calculated based on the formula:

$$19 + Q + E - 25$$

Where:

**Q** = the minimum number of years in which the required qualifications can be obtained.

**E** = the minimum number of years of essential experience required.

*Generally, 19 and 25 in the above formula are the accepted ages within superannuation pension calculations for a member entering higher education (19) and the maximum age to commence employment to attain 40 years' service before retirement at the age of 65.*

## How can I ensure my application will be processed in a timely manner.

As historical information is required to complete the form, it can take some time to gather this. It is therefore best to commence a review of the PAY application form early. We recommend 9 months from your planned date of retirement. While the completed form cannot be submitted more than 6 months from the date of retirement, early review and submission to UL means that the relevant information can be gathered well in advance and any PAY award applied to your first pension payment.

DES will not accept incomplete applications as they cannot be processed.

All relevant work experience details must be provided, in particular, private sector experience details, previous service, details of qualification, dates of awards for same, PRSI contribution statements for D1 Stamp Contributors.

Please note if the PAY is granted after member has retired, the reward will be backdated to retirement date.

### **What if the PAY award at retirement is not in line with your expectations?**

It is very important to ensure the timely submission of the PAY application details so that you have sufficient time to consider the information provided and further consider your retirement plans.

### **I received a PAY estimate previously, what does this mean for me?**

Because of the nature of the scheme, an award for added years can only be formally determined at the time of retirement. The previous estimate may not have included all abatement details. These will form part of a comprehensive application as you approach your retirement decision. The final figures can only be confirmed within six months of retirement.

Calculations upon retirement consider applicable abatements (as outlined in the answer to “**What information to the DFHERIS consider when moving calculating the Net award?**”) into account. Many abatements may not have been applicable or relevant at the time a PAY award was previously indicated.

The PAYs formula will be applied to each application to assess the most up-to-date award at the point of retirement. This will be the only PAY award that can be applied to a retiree’s pension.

If you are not satisfied with the outcome of your PAY application, the HEA are the body to whom appeals are sent under the Universities Act 1997.

### **How can I plan my retirement when I do not know what I will be rewarded?**

Planning for retirement is different for everyone. Each individual has different requirements when approaching retirement and post-retirement. A PAY award can only be applied for and confirmed within six months of retirement. We accept this can be difficult and challenging when planning your retirement.

The UL Pensions Team is committed to assisting members approaching retirement to process their PAY application. The UL Pension Team will work with the members 9 months prior to the members retirement to complete and submit a PAY application to the HEA 6 months prior to their planned retirement date.

The HEA, DES, DPENDR and DFHERIS are also committed to ensuring applications are assessed in a timely manner and prioritise applications based on retirement dates. A complete and accurate form that contains all relevant information will enable a timely decision. We therefore encourage any member thinking of applying for PAY to commence their application preparation 9 months prior to retirement and engage the UL Pensions team.

### **I am considering retiring and think I am entitled to PAY- what should I do?**

Please come and meet with the Pensions Team- we will review what next steps are required and look to help guide you through the process- please email us on [pensions@ul.ie](mailto:pensions@ul.ie)

### **How can a PAY award Interact with Purchase of Notional Service Scheme?**

In cases where it transpires that, after the grant of PAY, an individual has purchased notional service which would bring them over the maximum permitted reckonable service, a refund of excess purchase contributions paid may be granted. In the case that some but not all the purchased service is in excess of the maximum, a partial refund will be granted. Where all the purchased service is in excess, a full refund may be granted.

### **Where can I get more information on Professional Added Years?**

[Public Service Pensions - Professional Added Years \(PAY\)](#)

[University of Limerick Professional Added Years](#)

[Professional Added Years Award Retained Benefits Declaration Form](#)

#### **Scheme Rules:**

[Public Sector Pensionable Member employed prior to 1st April 2005 - Professional Added Years Scheme Rules.](#)

[Public Sector Pensionable Member employed on or after 1st April 2005 - Professional Added Years Scheme Rules for New Entrants.](#)

#### **Appeals:**

An applicant may appeal the decision of the Department of Education and Skills Pensions Unit via the Superannuation Schemes in the Universities – [Appeals Process to Higher Education Authority.](#)

## Appendix 1

### CIRCULAR LETTER PEN 23/05

#### **Public Service Pension Reform: Professional Added Years**

- (1) **Amendment to the 1985 Scheme**
- (2) **Clarification on contributions payable under the New (2005) Scheme**

#### **1. Amendment to the 1985 Scheme.**

##### **1.1 Introduction.**

The Minister for Finance has recently approved an amendment to the 1988 Scheme for the award of added years to certain professional, technical and specialist staff of State-sponsored Bodies. In the light of this decision, it has been decided to similarly amend the corresponding Scheme which has been operated by VECs and Institutes since 1985.

This letter summarises the scheme as amended and full details are set out in the Appendix.

##### **1.2 Scope.**

The Amended Scheme applies to pensionable employees serving at any time since 1 April 1997 other than new entrants appointed from competitions advertised on or after 1 April 2005. (A new Professional Added Years Scheme applies to such new entrants - the new Scheme was notified to VECs and Institutes in this Department's circular letter of 21 April 2005, Circular PEN 03/05.)

The Amended Scheme will apply where the employee was originally recruited or appointed by competition to a professional, technical or specialist post in a VEC or Institute and where, by reason of the entry requirements of the competition, it is not possible for the employee to secure full service by maximum retiring age or by age 65 in the case of persons who are new entrants for the purposes of the Public Service Superannuation (Miscellaneous Provisions) Act 2004.

The Amended Scheme provides, in general, for a lower gross award than the 1985 Scheme but, because the provisions for abatement of the gross award are more stringent under the 1985 Scheme, the Amended Scheme may result in a higher nett award. Serving employees to whom the 1985 Scheme already applies, may continue to have their cases dealt with under that Scheme, if more favourable.

##### **1.3 General Principles.**

The underlying aim of the scheme is unchanged - it provides for the grant of a number of added years of notional service for superannuation purposes in cases where the minimum preconditions for appointment to a post are such as to preclude an appointee from acquiring full superannuation entitlements by maximum retiring age. The entitlements under the scheme must be assessed by reference to the minimum requirements of the competition for appointment to the post and not by reference to the individual circumstances of the appointee.

A distinction must be made between qualifications required for the post and those which are merely desirable. In this regard, "the minimum number of years in which the qualifications can be obtained" (para 8 of the attached Amended Scheme) refers to the lowest number of years in which any of the qualifications required for appointment may be obtained and not necessarily to those of the appointee. References in job advertisements to "requisite knowledge and ability", "a high degree of professional expertise in ...", "a knowledge of ..." etc. cannot be construed as experience requirements for the purpose of the scheme.

The revised arrangements for qualifying persons can be summarised as follows:

##### **Service Required for Award**

Minimum service requirement for an award is 5 years actual pensionable service with the body (previously 10 years).

##### **Calculation of Awards**

Gross award is calculated on the basis of the formula

$$19 + Q + E - 25, \text{ where}$$

Q = minimum number of years in which the required qualification can be obtained;

E = minimum number of years of essential experience required.

(The previous formula was  $18 + Q + E - 18$ , provided  $18 + Q + E$  exceeded 25)

Subject to the approval of the Minister for Finance, a special award of up to 5 years may be made in the case of certain grades where special considerations apply.

##### **Limit on Gross Entitlement**

Gross awards shall in no case exceed 10 years and shall not exceed actual service in the case of persons with between 5 and 10 years service.

##### **Abatement**

Abatement in respect of previous service in the body and/or transferred/transferable service may be reduced in certain circumstances.

(Previously, the gross award was always abated on a year-for-year basis in respect of both previous service and transferred/transferable service).

##### **Retirement between ages 60 and 65**



Abatement of the net award will not apply because an employee retires between ages 60 and 65. (Previously, where an employee retired before age 65, the gross award was reduced in certain circumstances).

**Resignation before age 60**

Awards (abated on a pro-rata basis) may be granted in the case of employees resigning before age 60 with preserved benefits. (Previously, there was no award).

**Career breaks/unpaid leave/job-sharing/work-sharing**

Awards will be abated pro-rata in the case of career breaks/unpaid leave/job-sharing and work-sharing.

**Retained benefits**

Abatement in respect of compulsory refunds of superannuation contributions will not apply in certain cases. (Previously, all refunds of contributions were taken into account as a retained benefit).

**Social Welfare benefits**

In the case of officers on modified PRSI, awards will not be abated where voluntary contributions secure a Social Welfare retirement or old age pension or corresponding State benefits from any other country.

**1.4. Contributions.**

As set out in paragraph 21 of the attached Amended Professional Added Years Scheme, contributions towards the main superannuation scheme and, where appropriate, the Spouses' and Children's Scheme are payable in respect of the added years awarded. In regard to the Spouses' and Children's Scheme, the Amended Scheme specifies that contributions will be payable on the same basis as pre-Scheme service, (ie service given before joining the Spouses' and Children's Scheme).

The position in regard to pre-Scheme service is that a non-periodic contribution - at the rate of 1% of pensionable remuneration at retirement for each year involved - is payable in respect of pre-Scheme service where the member of the S+C Scheme is married at retirement. Where the member is unmarried at retirement but was married at some time during his or her contributing membership of the S+C Scheme, the pre-Scheme period is offset against the period which has elapsed since the spouse's death. Similarly, in the event of an award of professional added years, the pre-Scheme period (if any) + the added years, will be offset against the period which has elapsed since the spouse's death.

**2. New Professional Added Years Scheme - clarification on contributions payable.**

As in the case of the Amended Scheme, contributions towards the S+C Scheme for added years awarded under the New Professional Added Years Scheme, (Circular PEN xx/05 refers), are payable on the same basis as pre-Scheme service. It is confirmed that the clarification on pre-Scheme service, as set out in paragraph 1.4 above, applies also in the case of the New Scheme.

(Remember that the New Scheme does not require a main scheme contribution for professional added years.)

**3. Circulation.**

This letter, together with the attached Amended Scheme, should be brought to the notice of all serving employees who have been recruited to professional, technical or specialist posts.

VECs/Institutes should also review the pension entitlements of staff who have retired since 1 April 1997 and who received an award of professional added years or who may be eligible to receive such an award in the light of the Amended Scheme. The position of staff who resigned with preserved benefits since 1 April 1997 should also be reviewed.

**4. Enquiries.**

Personal enquiries from individual employees should be referred to the employee's own Personnel Section. Enquiries by VECs/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 09064-83657 or 09064-83658 or to 01-8734700: extension 3657 or 3658.

John Feeney  
Principal Officer  
Pensions Unit

18 August 2005