

Notional Service Purchase Scheme

Notional service allows members of the scheme to purchase additional years of reckonable service thereby increasing their superannuation entitlement. The cost of purchasing notional service is calculated using actuarial rates which are based on a person's age at their next birthday and the rate of PRSI a person pays i.e. Class A or Class D. You can only purchase your shortfall of service to a maximum of 40 years service.

- Notional Service can be purchased with reference to age 60 or age 65 only. Those members of the scheme who are deemed to be **new entrants** (i.e. generally those who joined the public sector after 01.04.2004) can only purchase notional service with reference to age 65. The rates for purchasing to age 60 are higher than those that apply to purchases to age 65 as purchases are made over a shorter period of time.
- Notional Service can be purchased by lump sum or periodic deduction.
- Lump sum is the payment of one amount based on the person's salary at the time of the purchase and the rate based on their age next birthday and class of PRSI (A or D). Purchases by periodic deduction are paid for as a monthly deduction from salary. This deduction is a percentage therefore as a person's salary increases the amount deducted will increase proportionately. An option to purchase service by periodic deduction may be made at the time up to age 63 years with reference to age 65 and up to age 58 with reference to age 60, subject to certain conditions.
- Tax Relief is allowed on annual aggregate superannuation contributions as a percentage of a person's gross salary. Tax relief is allowable from a minimum of 15% to a maximum of 40% of remuneration based on a person's age. Part of this tax relief is already applied to a person's annual contributions to the pension scheme. The remainder is allowable on repayment of contributions due for previous service, purchase of notional service or contributions to an AVC scheme or other authorised pension product. Tax relief for purchases of notional service by periodic deduction is applied at source but for lump sum purchases the Pension Section will provide a statement of the cost of the purchase which must be submitted to Revenue.
- In order to exercise the option to purchase notional service you must notify the pensions section in writing clearly stating the option you wish to exercise i.e. the reference age and purchase method (either lump sum or periodic deduction).