

University College Cork Pension Scheme

Frequently Asked Questions about the Application of Professional Added Years

This document has been compiled to facilitate staff members with queries on the transfer of University pension assets and liabilities to the State and particularly in response to queries from staff members regarding Professional Added Years

On what basis was the transfer of the pension fund to the State agreed?

At a meeting of the HEA Working Group on University Pensions on May 7th 2008 a Department of Finance representative informed the universities and the Higher Education Authority (HEA) that the proposed transfer had been agreed in principle, subject to the following five firm conditions:

1. the transfer will be handled on an “all or nothing” basis – all five university funds must agree to be taken over or none of them will;
2. it is a matter for the trustees and administrators of the schemes to secure the agreement of the members of the schemes to this transfer;
3. the terms and conditions of entitlement of the members will be no more and no less favourable than currently exist;
4. should a significant windfall gain to any of the universities arise from for example, a future disposal of significant assets, the State reserves the right to seek a contribution from such gain towards the cost of this transfer, or in the absence of such a contribution to claw back funds from the core grant of the year in question;
5. pending finalisation of necessary legislation giving effect to the transfer and pending transfer of funds, universities will continue to take all possible action to ease pressure on the pension funds and to minimise their exposure in the event that the transfer does not happen.

The Department of Finance clarified that if any scheme opted not to have the assets and liabilities transferred as proposed, the State would withdraw the offer, it would be made clear that the Pension Schemes **did not have a State Guarantee**, and the schemes would no longer be listed as exempt from the funding standard of the Pensions Act. The implications of this for the University, the Pension Scheme and staff of the University would have been extremely onerous and could have resulted in a significant diminution of scheme benefits due to the fact that at the time of the transfer the Scheme was not 100% funded and therefore a significant shortfall existed between the assets and liabilities of the scheme.

When did UCC agree to the transfer of the UCC Pension Fund?

UCC's involvement is based on a decision of the Governing Body at its meeting on 15th July 2008.

Why is there a change in the application of professional added years?

Legislation providing for the transfer of the UCC Pension Fund to the State was enacted on 26th June 2009 when the *Financial Measures (Miscellaneous Provisions) Act 2009* ('2009 Act') was signed into law by the President of Ireland. The transfer of the UCC pension fund and corresponding liabilities was given effect on 31st March 2010 through Statutory Instrument No. 124 of 2010. As part of the transfer, the ability to award **any discretionary benefit** transferred to the Ministers. The UCC Scheme rules provide that the granting of professional added years is a discretion of the Scheme. Hence the granting of professional added years is now covered by Section 11 of the 2009 Act which provides that:

"If before the coming into effect of a transfer order in relation to a covered pension fund a provision of the relevant pension scheme conferred a discretion in relation to one or more members' rights or benefits, the provision continues in effect after the coming into effect of the order, but the discretion is to be exercised, where the Minister for Finance is the relevant Minister in relation to the scheme, by that Minister, and in any other case by the relevant Minister in relation to the scheme and the Minister for Finance acting jointly."

In the case of UCC the relevant Minister is the Minister for Education & Skills and therefore for all retirements with effect from 1st April 2010, the final decision on the granting of professional added years on retirement now rests with the Minister for Finance and the Minister for Education & Skills.

Was the UCC practice in relation to the application of professional added years communicated to the relevant Departments?

UCC provided the HEA (and in turn the Department of Finance and Department of Education & Skills) with all relevant Pension Statutes (including Statute 141 which provides for the application of professional added years) and a briefing note on the application of professional added years in UCC. The briefing note stated that the granting of added years is at the 'discretion' of the Pensions Committee as defined by Statute and outlined the basis on which professional added years had been implemented by UCC up to the transfer to the State.

What does this mean me as a for UCC Pension Scheme member?

In practice, this means the University must now, on behalf of the retiring staff member, submit to the Ministers (via the HEA) an application for professional added years. The approval process means that to date significant delays have been experienced in securing a decision on applications. In so far as is possible the University has submitted applications well in advance of planned retirement dates, however where a delay is experienced retirement benefits are paid without the application of professional added years and once a decision is received, benefits are revised (backdated to retirement) accordingly.

When should an application for professional added years be submitted?

An application for professional added years (where applicable) will be submitted to the relevant Departments on your behalf by the Department of Human Resources. In order to avoid delays in receiving a decision you should notify Human Resources as soon as possible of your intention to retire early. Ideally applications should be submitted six to nine months in advance of the planned

retirement date so that a decision may be received in advance of retirement. It will be necessary for you to confirm that you do not hold any retained benefits [elsewhere], or are in receipt of a pension from any other organisation. If you do hold retained benefits or are in receipt of a pension from another organisation you will be requested to confirm the value of same. *Applications will be submitted automatically for all staff in the relevant grades, retiring at normal retirement age (65).*

How do the relevant Departments assess an application?

In assessing the application of added years the Ministers have regard to Statute 141, Chapter VII, Section 1 (c):

“(c) The number of years calculated in accordance with sub-section (b) shall be appropriately reduced where

- i. pensionable service has been or could have been transferred from any previous employment;*
- ii. a participant has received or retains an entitlement to a pension, preserved pension or other superannuation benefit from any previous employment.*
- iii. a participant has a pension entitlement under the Social Welfare Acts, arising on contributions paid in previous employment.”*

The Departments’ interpretation of this provision is that the number of added years granted will be reduced by the number of years service that *have been or could have been* transferred to UCC.

Does this mean that I do not get credit for any transferred service?

No. Your pension will be based on **ALL** reckonable UCC service, all transferred service and any service purchased through the purchase of notional service scheme. The only element of your benefit which is not guaranteed is the discretionary element i.e. professional added years.

Can I decide not to retire if my application for professional added years is declined?

Under normal circumstances a notification of retirement, once submitted cannot be withdrawn. However, if you are eligible for professional added years and you decide to apply for **early retirement** then you can do so on the basis that it is contingent on the granting of professional added years. If the application is refused or the number of years granted is less than that applied for you can decide not to retire. This only applies in the event of early retirement. If you are retiring at normal retirement age (65) it is not possible to defer retirement.

What will my benefits be if I do not get professional added years?

If you are contemplating retirement, HR Pensions can provide you with an illustration of the benefits payable assuming added years are not granted. You should email pensions@ucc.ie with details of your estimated retirement date and a request for an illustration of the benefits payable.

Can a decision be appealed?

The HEA on behalf of the Departments have advised the University that any member of staff who believes herself/himself unfairly affected may appeal a decision made by the Ministers for Finance and Education and Skills and that the appeals process (Internal Dispute Resolution (IDR) procedures) that will apply in such a situation, is the “Superannuation Schemes in the Universities – Appeals Process to Higher Education Authority”. The outcome of the appeals process can be further appealed to the Pensions Ombudsman (www.pensionsombudsman.ie) but any such appeal cannot take place until the HEA appeals process has concluded. The HEA is obliged to make a determination in relation to the complaint within three months from the date on which all the necessary information was received. If the time limits are not met, the Pensions Ombudsman can deem the IDR to be exhausted or allow such extra time as s/he considers reasonable.

Why is there a disclaimer statement on all benefit statements and benefit quotations?

The University has been required by the HEA, on behalf of the Department of Finance and Department of Education & Skills to insert the following disclaimer into all benefit statements and benefit quotations:

“The Financial Measures (Miscellaneous Provisions) Act 2009 has not altered the rights and obligations of members under Scheme rules. Where the Scheme rules provide for discretion in relation to members' rights and benefits, that discretionary power now vests in the Minister for Education & Skills and the Minister for Finance. Please note that an Added Years award is one of the benefits subject to the discretion of the Minister for Education & Skills and the Minister for Finance and any decision on the granting of added years will only be made at retirement.”

Where can I get additional information?

You can contact HR Pensions at pensions@ucc.ie with any additional queries you may have. You can also access your benefit statement online via Pensionmaster online at <https://pensionsonline.ucc.ie/pmo/Logon.aspx?ReturnUrl=%2fpmo%2findex.aspx>. You should note that the benefit statement online includes detail on the number of professional added years that may be granted on retirement but as the final decisions is subject to the discretion of the Minister for Education & Skills and the Minister for Finance and any decision on the granting of added years will only be made at retirement.

Additional information on the UCC Pension Scheme can be accessed via the HR Pensions webpage at <http://www.ucc.ie/en/hr/pensions/>.

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