



ucc

Coláiste na hOllscoile Corcaigh, Éire  
University College Cork, Ireland

## University College Cork Model Pension Scheme

Explanatory Booklet For Employees Paying Class A PRSI &  
Joined The Public Sector After 1 January 2005



### **Pensions Office UCC**

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<i>Normal Retirement Age (NRA):</i>	65									
<i>Pensionable Salary:</i>	Salary on retirement									
<i>Net Pensionable Salary:</i>	Salary less twice the annual state pension payable to a single person									
<i>Spouse's Pensionable Salary:</i>	Salary less once the state pension									
<i>Service:</i>	UCC Service, Transferred in service, Purchased Service and any Added Years (where applicable) subject to a maximum of 40 full-time years									
<u>Benefits on Retirement:</u>	<table> <tr> <td>Pension</td> <td><math>\frac{\text{Service}}{80} \times</math></td> <td>Net Pensionable Salary</td> </tr> <tr> <td>Plus</td> <td></td> <td></td> </tr> <tr> <td>Tax Free Lump Sum</td> <td><math>3 \times \frac{\text{Service}}{80} \times</math></td> <td>Pensionable Salary</td> </tr> </table>	Pension	$\frac{\text{Service}}{80} \times$	Net Pensionable Salary	Plus			Tax Free Lump Sum	$3 \times \frac{\text{Service}}{80} \times$	Pensionable Salary
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Plus										
Tax Free Lump Sum	$3 \times \frac{\text{Service}}{80} \times$	Pensionable Salary								
<u>Benefits on Death In Service:</u>	<table> <tr> <td>Lump Sum</td> <td><math>3 \times \frac{\text{Service}^*}{80} \times</math></td> <td>Pensionable Salary</td> </tr> </table> <p>*where service is to date of death</p> <p>Plus (where applicable)</p> <table> <tr> <td><i>Spouse's Pension</i></td> <td><math>\frac{\text{Service}}{160} \times</math></td> <td>Spouse's Pensionable Salary</td> </tr> <tr> <td><i>Children's Pension</i></td> <td></td> <td>1/3rd of Spouse's Pension (to a maximum of 3 children)</td> </tr> </table>	Lump Sum	$3 \times \frac{\text{Service}^*}{80} \times$	Pensionable Salary	<i>Spouse's Pension</i>	$\frac{\text{Service}}{160} \times$	Spouse's Pensionable Salary	<i>Children's Pension</i>		1/3rd of Spouse's Pension (to a maximum of 3 children)
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<u>Benefits on Leaving Service:</u>										
<i>Less than two years service</i>		Refund of your own contributions less 20% tax								
<i>More than two years service</i>		A preserved pension or the transfer of service to the scheme of a new employer (within the Irish Public Sector)								

*All benefits are outlined in greater detail in the explanatory booklet.*

	Page
Introduction	4
Key terms/definitions	5
Membership	7
Contributions	7
Benefits on Normal Retirement	8
Ill Health Early Retirement	10
Cost Neutral Early Retirement	11
Death Benefits	12
Benefits on Leaving Service	13
Purchase of Notional Service	14
Internal Dispute Resolution (IDR)	14
Additional Information	14
Examples	15
Pensions Office Contact Details	17

# Introduction

The University College Cork Model Pension Scheme is a defined benefit scheme for the purposes of the Pensions Act 1990. The scheme aims to provide protection for you and your family during your working lifetime with the University and security when you retire.

You should familiarise yourself with the main provisions of the Scheme as described in the following pages and then keep this booklet in a safe place for future reference. If you have any queries about aspects of your benefits, or need clarification on any point, please contact the Pensions Office who will be pleased to help you.

The main benefits of the Scheme include:

- A pension and tax free lump sum on retirement
- Protection for your *Dependants* on your death in service or retirement.
- Full tax relief on your own contributions

This booklet aims to give you a general overview of your entitlements under the University College Cork Model Pension Scheme. Your Annual Personal Benefit Statement will provide you with a more specific overview of your entitlements based on the information outlined therein. Should the personal information specific to you held by the Pensions Office be in any way incorrect or have changed please advise the office so that you may receive an updated version of your entitlements. At all times it should be noted that both this booklet and your benefit statement are subject to the terms of the scheme as outlined in the University Statutes and Irish legislation.

The Pensions Office can be contacted via [pensions@ucc.ie](mailto:pensions@ucc.ie) or by calling 4903449.

**Note: The information in this booklet is based on an understanding of regulations and legislation in force at the time of publication (October 2008). If any significant changes occur in the future members will be advised.**

*E&OE*

## Key Terms / Definitions

**University** means University College Cork

**Normal Retirement Age (NRA)** is your 65th birthday. Members can only retire prior to age 65 on a cost neutral basis.

**Pensionable Salary (PS)** means your salary at the date of retirement, inclusive of any permanent allowances which are deemed to be pensionable. It does not include any fluctuating payments (such as overtime). For part-time staff PS is the full-time equivalent salary for the post at the date of retirement. (Salary will be averaged if there was a change in grade in the three years preceding retirement)

**Net Pensionable Salary (NPS)** means your pensionable salary less twice the state pension payable to a single person.

**Spouse's Pensionable Salary (SPS)** means pensionable salary less once the state pension. For death after retirement purposes pensionable salary is the appropriate uprated pensionable salary at the date of death.

**Pensionable Service (Service)** is the total number of years, months and days service with the University. Service can also include any professional added years, transferred service (from another public sector scheme), purchased service and temporary service (subject to the payment of contributions due). Maximum allowable service for pension purposes is 40 full-time years. For part-time staff members service is pro-rata in line with the percentage worked (i.e. 1 year at 50% is 0.5 years). The maximum allowable service on retirement is also pro-rata in line with percentage worked and this pro rata applies on retirement for all staff with prior part-time service.

*If you have prior temporary service or any transferable service which you would like to be included for pension purposes please contact the Pensions Office.*

## Key Terms / Definitions

**Professional Added Years** are applicable to certain categories of staff (mainly academic staff, officers or equivalent posts) subject to certain criteria including the transfer of all retained benefits and the payment of contributions on retirement in respect of the years granted. Professional Added Years are not granted until retirement. The number of professional added years granted shall not exceed 1/3rd of actual service and the maximum allowable will be 5 at age 65. The number of added years granted will be affected by unpaid leave, part-time service and any retained benefits.

*For staff who joined the public sector between 1 January 2005 and 31 March 2005 the 'old' added years scheme applies, whereby an individual can receive up to 10 added years at age 65 subject to the criteria as outlined above.*

**Non Pensionable Service** includes all periods of unpaid leave such as (but not limited to), parental leave, unpaid maternity leave, term time leave, special leave, unpaid leave of absence etc. Such periods of leave are not counted for pension purposes.

**Dependants** means your Spouse and/or children (provided such children are under the age of 16 or under the age of 22 if undergoing full-time education). No upper age limit will apply if the child is permanently incapacitated by reason of mental or physical disability.

If you wish to update your personal records with details of your dependants you can do so through the Pensions Office webpage or by contacting the Pensions Office directly at [pensions@ucc.ie](mailto:pensions@ucc.ie) or 4903449

# Membership

## Who is eligible to join the scheme?

All permanent, indefinite duration and fixed term staff members are eligible for membership of the scheme provided that s/he works a minimum of 20% of the full-time equivalent week. Membership is automatic and mandatory and membership of the scheme forms part of the contract of employment. All members will be asked to complete a staff records form so that the Pensions office can accurately provide details of benefit entitlements.

# Contributions

## How much do I pay?

Members pay a contribution of 3% of pensionable salary and 3.5% of net pensionable salary. Certain Dental Hospital Staff pay a contribution of 6.5% of pensionable salary.

## Can I pay additional contributions?

It is possible to pay additional voluntary contributions (AVCs) so as to purchase notional service. Notional service can be purchased via lump sum or via regular monthly contributions. If you wish to commence the purchase of notional service you should contact the Pensions Office at least one month prior to your next birthday as contributions commence on next birthday.

## What about tax relief?

The contributions you make (both normal and AVCs) will be eligible for tax relief at your marginal income tax rate subject to the age related limits set out below. All contributions made through payroll will receive both tax and PRSI relief automatically at source:

AGE	MAX CONTRIBUTION AS % OF EARNINGS
Up to Age 30	15%
Age 30 to Age 39	20%
Age 40 to Age 49	25%
Age 50 to Age 54	30%
Age 55 to Age 59	35%
Age 60 plus	40%

## Benefits on Normal Retirement

### What is my Pension?

The calculation of your amount of pension is based on your *Pensionable Service* and *Net Pensionable Salary* to the date of retirement as follows:

$$\frac{1}{80} \times \text{Net Pensionable Salary} \times \text{Pensionable Service} = \text{Normal Pension}$$

Pension is subject to a maximum allowable service of 40 years.

### How is my Pension payable?

All pensions are paid by monthly instalments directly to your bank account on the last working day of each month. On an annual basis you will be required to sign a Pension Declaration form to ensure continued payment of the pension.

### What is my Tax Free Lump Sum?

The calculation of your Tax Free Lump Sum is based on your *Pensionable Service* and *Pensionable Salary* to the date of retirement as follows:

$$\frac{3}{80} \times \text{Pensionable Salary} \times \text{Pensionable Service} = \text{Tax Free Lump Sum}$$

The maximum allowable tax free cash at normal retirement is 1.5 times salary provided you have a minimum of 20 years full time service.

### Is my pension affected by part-time service?

If you retire as a part-time member of staff your pension will be based on the full-time equivalent pensionable salary for your post and your service will be pro-rata (the formulas as outlined above will apply in the calculation of the pension). If over the course of your working lifetime you have prior part-time service, that period of service will be pro-rata for the purposes of calculating pensionable service and again the formulas above will apply in the calculation of benefit. The maximum allowable service of 40 years assumes an individual worked fulltime for his/her entire lifetime.



## Benefits on Normal Retirement

If you have prior part-time service (or are currently part-time) maximum allowable service will be calculated as follows:

$$40 \times \text{Equivalent Fulltime Service} / \text{Service if always Fulltime} = \text{Maximum Pensionable Service}$$

### Will I receive benefits from the State?

As you pay Class A PRSI you are entitled to the State Pension and this will be paid (from age 65) in addition to your University pension. The Department of Social & Family Affairs will determine your entitlement to the State Pension

### May I retire early?

You can retire prior to age 65 on a cost neutral early retirement basis.

### Review of Pensions

Pensions are reviewed in line with public sector policy and currently the basis of this review is the maintenance of relativity between the pension and the salary upon which it is based.

## III Health Early Retirement

### Can I retire on III-health grounds?

If you are unable to carry out your duties due to ill-health and it is likely (on the basis of independent medical evidence) that such incapacity is likely to be permanent you may be required to retire on grounds of ill health.

### What benefits are payable if I retire on grounds of III-health?

The pension and/or tax free lump sum are calculated as outlined above, however pensionable service may be enhanced on grounds of ill health subject to certain criteria:

- If you have between 5 and 10 years actual service, service will be doubled provided it does not exceed the difference between age now and 65.
- If you have between 10 and 20 years service, service will either be increased to 20 years (provided service added does not exceed the difference between age now and 65) or increased by 6.667 years (provided service added does not exceed the difference between age now and 60), whichever is more favourable to you.
- If you have over 20 years service and are under age 60 your service will be increased by the lesser 6.667 years and the difference between age now and age 60.
- Any member with less than 5 years pensionable service may be eligible for a special gratuity on early retirement due to ill health

Professional Added Years will also apply on ill health early retirement (where applicable) and the combination of professional added and enhanced years will not exceed 10 years. The usual criteria apply in the context of Professional Added Years.

### What happens if I return to employment?

You will be required on an annual basis to complete a declaration form to the effect that your ill-health has continued and you are not capable of undertaking employment. If however, following retirement your health improves your ill health early retirement pension may be reduced or may cease.

## Cost Neutral Early Retirement

### Can I retire before age 60 (65 in the case of new entrants after 1 April 2004)?

It is possible to retire prior to age 65 on a Cost Neutral Early Retirement (CNER) basis. All CNER applications must be submitted for approval at least six months prior to the intended retirement date and the application can only be from an active member staff (former employees with an entitlement to a preserved pension cannot avail of CNER). CNER applications require the approval of the University Finance Committee and the support of the relevant College/Department Head.

### How is my Pension calculated?

Your pension and/or tax free lump sum is calculated on the same basis as though you retired at normal retirement age. However pensionable service is calculated as service to the date of retirement (and not age 65) and a CNER reduction factor is applied to the calculation as follows:

$$\frac{1}{80} \times \text{Net Pensionable Salary} \times \text{Pensionable Service} \times \text{CNER Factor} = \text{CNER Pension}$$

Pension is subject to a maximum allowable service of 40 years.

Similarly a CNER reduction factor is applied to the calculation of the tax free lump sum as follows:

$$\frac{3}{80} \times \text{Pensionable Salary} \times \text{Pensionable Service} \times \text{CNER Factor} = \text{CNER Pension}$$

Both the pension and tax free lump sum are payable immediately from the date of retirement.

## Death Benefits

### What happens if I die before I retire?

If you die before you retire a death gratuity will be payable to your surviving spouse (if applicable) or to your estate. The amount of death gratuity is equal to the greater of pensionable salary or the tax free lump sum that would have been payable had you retired on grounds of ill health at the date of death.

### Is there a pension payable to my spouse if I die before retirement?

On your death before retirement a pension will be paid to your spouse with effect from the first month after the date of death (in respect of the first month your monthly salary will be paid). The Spouse's pension is based on Spouse's Pensionable Salary at the date of death and Pensionable service to age 65 (excluding any professional added years that would have been granted) as follows:

$$\frac{1}{160} \times \text{Spouse's Pensionable Salary} \times \text{Pensionable Service to 65} = \text{Spouse's Pension}$$

The Spouse's pension will cease on the remarriage or co-habitation of the surviving Spouse and s/he will be required to sign an annual declaration form so as to confirm ongoing entitlement to the pension.

### Is there a pension payable in respect of my child?

A pension is payable in respect of a surviving child provided the child is under the age of 16 (or age 22 if in full-time education, no age limit applies if a child is permanently incapacitated by virtue of mental or physical disability). The amount of

pension payable equals 1/3rd of the Spouse's pension subject to a maximum of three children.

### Is there a death gratuity on death after retirement?

If the amount of pension and lump sum that was paid on retirement is less than the amount of lump sum that would have been paid if you had died at the date of retirement, then a gratuity equal to the difference will be paid.

### Is there a pension payable to my Spouse on death after retirement?

On your death after retirement a pension will be paid to your Spouse with effect from the first month after the date of death (in respect of the first month your monthly pension will be paid). The Spouse's pension is calculated as above but based on the appropriate uprated Spouse's Pensionable Salary at the date of death. Professional Added Years are included for service purposes on death after retirement.

The Spouse's pension will cease on the remarriage or co-habitation of the surviving Spouse and s/he will be required to sign an annual declaration form so as to confirm ongoing entitlement to the pension.

### Is there a pension payable in respect of my child on my death after retirement?

A pension will be paid to a surviving child subject to the qualifying criteria outlined above. The calculation of the pension is also as above.

## Benefits on Leaving Service

### What happens if I leave service before I retire?

Your benefits on leaving service are governed by the Rules of the Scheme. Your options on leaving will depend on whether or not you have more than 2 years Qualifying Service. Qualifying service includes service as a member of the scheme as well as any transferred service.

### What are my options if I have less than two years service?

If you have less than two years qualifying service on leaving the scheme you may:

- Receive a refund of your own contributions less tax, which currently applies at a rate of 20%.

or

- You may transfer your service under the public sector transfer network to the scheme of your new employer (provided your new employer is part of the network).

### What are my options if I have more than two years service?

If you have more than two years qualifying service on leaving the scheme you may:

- Receive a preserved pension based on your Pensionable Service (excluding Professional Added Years) to your date of leaving and the appropriate uprated Net Pensionable Salary on retirement. A preserved pension will be paid from age 65. A Tax Free Lump Sum will also be payable on retirement.

or

- You may transfer your service under the public sector transfer network to the scheme of your new employer (provided your new employer is part of the network).

### What happens on death after leaving service?

If you die before your preserved pension becomes payable (and you have not opted to transfer your service) a death gratuity will be payable based on Pensionable Service to the date of leaving and the appropriate uprated salary. In addition a Spouse's Pension and/or Child's Pension may be payable (if applicable).

If you have less than two years service and die after leaving service without having transferred your service or taken a refund of your contributions, then the value of your contributions will be paid to your estate on your death.

## Purchase of Notional Service

### Can I pay Additional Voluntary Contributions?

Provided your potential service to age 60/65 is not equal to or greater than the maximum allowable service you can pay additional voluntary contributions (AVCs) so as to purchase notional service. Purchase of notional service can be done at any time during the scheme year via lump sum contribution. Purchase via regular monthly contributions through payroll can only commence on your next birthday. AVCs paid through payroll will be granted tax and PRSI relief automatically at source. Members making lump sum contributions will be required to contact the Revenue directly in order to claim tax relief. If you wish to pursue the purchase of notional service please contact the Pensions Office at least one month prior to your next birthday.

## Internal Dispute Resolution (IDR)

Internal Dispute Resolution (“IDR”) is a set of procedures that the University has drawn up in order to deal with certain types of complaints which may be made by actual or potential beneficiaries of Scheme. The IDR procedures are available on the Pensions Office webpage or alternatively you can contact the Pensions Office on 4903449 in order to obtain a copy.

## Additional Information

The purpose of this explanatory booklet is to provide you with a general overview of your entitlements under the Scheme. The University Statutes provide full details of the scheme rules and their application and can be accessed on [www.ucc.ie](http://www.ucc.ie). At all times the University Statutes will determine the application of benefits.

You can access your benefit statement online through the Pensions Office webpage. Your benefit statement provides details of your benefits on retirement/death/leaving service based on current salary. You should access your benefit statement in order to ensure your personal details are correct and so that you may correct any discrepancies, arrange for service to be transferred or pay contributions in respect of any prior service.

Finally, at any time you can contact the Pensions Office directly to receive additional information on any aspect of your entitlements under the Scheme. You can contact the Pensions Office at [pensions@ucc.ie](mailto:pensions@ucc.ie) or 4903449.

## Examples

### Benefits on Normal Retirement:

Member retiring age 65

Service to 65:	30 years	Salary:	€45,000
Transferred Service:	3 years	Net Pensionable	
Professional Added Years:	7 years	Salary:	€21,777
Unpaid Leave:	1 year		
Total Service	39 years		

Tax Free Lump Sum ( $45,000 \times 3 \times 39/80$ ):	€65,813
plus Pension ( $21,777 \times 39/80$ ):	€10,616 p.a.

State Pension payable in addition (€11,611 as at October 2008)  
*(Contributions due for Professional Added Years (7% x Salary): €3,150)*

### Benefits on Ill Health Early Retirement:

Member retiring age 55

Service to 55:	22 years	Salary:	€45,000
Transferred Service:	3 years	Net Pensionable	
Ill Health Enhanced Years:	5 years	Salary:	€21,777
Total Service	30 years		

Tax Free Lump Sum ( $45,000 \times 3 \times 30/80$ ):	€50,625
plus Pension ( $21,777 \times 30/80$ ):	€8,166 p.a.

State Disability Benefit may be payable in addition (€10,285 as at October 2008)  
*(Contributions due for Ill Health Enhanced Years (5% x Salary): €2,250)*

### Benefits on Cost Neutral Early Retirement:

Member retiring age 58

Service to 58:	25 years	Salary:	€45,000
Transferred Service:	5 years	Net Pensionable	
Total Service	30 years	Salary:	€21,777
CNER Pension:	67.40%	CNER TFLS:	87.30%

Tax Free Lump Sum ( $45,000 \times 3 \times 30/80 \times 87.30\%$ ):	€44,196
plus Pension ( $21,777 \times 30/80 \times 67.40\%$ ):	€5,504 p.a.

## Examples

### Benefits on Death After Retirement:

Spouse's Pension

Unrated Pensionable Salary at date of death: €45,000

Spouse's Pensionable Salary: €33,389

Service to Retirement: 35 years

(33,389 x 35/160) €7,304 p.a.

*plus State Widows/Widowers Contributory Pension may be payable in addition*

### Benefits on Death Before Retirement:

Member aged 55 at date of death

Service to date of death: 22 years Salary: €45,000

Transferred Service: 3 years Spouse's Pensionable

Total Service: 25 years Salary: €33,389

Ill Health Enhanced: 5 years

Potential Service to 65: 35 years Gratuity Service: 30 years

Death Gratuity (45,000 x 3 x 30/80): €50,625

*but Death Gratuity is a minimum of once salary therefore €45,000 will be payable*

plus (if applicable):

Spouse's Pension

(33,389 x 32/160): €7,304 p.a.

*plus State Widows/Widowers Contributory Pension may be payable in addition*

Child's Pension (1/3rd of Spouse's Pension):

(€7,304 x 1/3): €2,435 p.a.

### Benefits on Leaving Service:

Service to resignation: 10 years Salary (on leaving): €45,000

Purchased Service: 2.5 years Net Pensionable

Transferred Service: 2.5 years Salary: €21,777

Total Service: 15 years

Tax Free Lump Sum (45,000 x 3 x 15/80): €25,313

plus Pension (21,777 x 15/80): €4,083 p.a.

*Pension from age 60/65 will be based on the appropriate uprated salary*

### Calculation of Part-time Service:

Full time service: 30 years Actual Earnings: €20,000

Part time service (10 yrs at 50%): 5 years Pensionable Salary: €40,000

Total Service: 35 years Net Pensionable Salary: €16,777



## Please contact the Pensions Office if...

- Your date of birth is incorrect
- Your Marital Status changes
- You have prior service you wish to transfer
- You have prior service for which you wish to pay contributions
- You wish to purchase notional service
- You are considering early retirement
- You are considering working part-time
- You are considering taking unpaid leave
- You are separated / going through divorce proceedings
- Or if you have any queries relating to your pension entitlements

Pensions Office UCC  
4 Carrigside  
College Road  
Cork

E-mail: [pensions@ucc.ie](mailto:pensions@ucc.ie)  
Tel: 021-4903449



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