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A simple guide to pensions

Published by the Coillte Branch of IMPACT.

Cover page

Contents

Facts

1 You **need to plan** for retirement now.

2 You **can influence** the level of pension you get.

3 There are a **number of options** available, depending on your circumstances.

4 There are **tax savings** with these options.

5 You may **qualify** for a portion of **state pension (contributory)** or **mixed pro-rata pension**.

6 **Information is essential**.

7 **Information is available**.

Foreword

Members will be aware of the current debate on the cost of and the value of pensions. In fact the Government has recently published a green paper on pensions and invited submissions over the coming months. There has been a trend in the private sector towards ending Defined Benefit Pension Schemes and replacing them with Defined Contribution Schemes. In essence the change involves the transfer of risk from the employer to the employee.

The Coillte Scheme is a very good quality Defined Benefit scheme modelled on the Civil Service scheme. Members should know the details of the scheme and the opportunities the scheme can provide for them.

I would like to congratulate the Coillte Branch for preparing and publishing this booklet. Considerable work went into its production and I hope it will be of use to members in understanding their pension coverage.

Shay Cody

Introduction

Earlier this year the Executive of the Coillte Branch of IMPACT acting on comments from members around the country decided that there was a need to look at the whole area of Pensions. A sub-committee was set up to produce a document that would provide members with information regarding pensions. The focus of the group has been to identify key questions that one should be asking in relation to ones own pension requirements and also identify options that are available.

The sub-committee of Michael Doyle, Colm O' Dwyer and Fran Black would like to acknowledge the help of Shay Cody and Ciaran McNamara in putting this booklet together.

Background

While employed by the Forest Service up to1989, pensions did not feature as an issue for staff. Most staff worked to 65 years and then availed of the benefits of the Defined Benefit scheme. The establishment of Coillte in 1989, saw the introduction of Voluntary Early Retirement Schemes, which has resulted in many people retiring from the company without Full Service of 40 years, while, others have been recruited without the possibility of achieving Full Service.

Many members have only a vague idea of the retirement benefit their pension scheme is likely to produce or have given little thought to the level of benefit they require when retired. Many members are also unaware of their State pension entitlements.

Over the years many of our members have had different experiences when it came to pensions. Some former colleagues have managed to supplement the benefits of the Coillte Pension Fund with Social Welfare benefits, State Pension Contributory (SPC) and Mixed Pro-Rata State Pensions. In some cases these people happened to have retired on the right day, some by chance others because they had critical information about the benefits and options that are out there.

Planning for retirement

It is never too early to start planning for retirement.

The Sub-Committee set its brief as follows:

To examine the Pension and Social Welfare options available to Coillte staff represented by Impact in the listed categories;

1. Serving staff including newly appointed staff, some of whom won't achieve full pensionable service.
2. Staff who can avail of the current Voluntary Early Retirement (07) or who have availed of previous Voluntary Early Retirements or are fully retired.

Objective

(a) To provide in **lay mans language** a clear overview on the various pension schemes and social welfare entitlements for each group.

(b) To identify the **scope for contributions** and **tax relief** within revenue rules.

(c) To **signpost the route** or steps to take to get individual **information** and records.

What does the Coillte pension scheme offer?

The Coillte pension scheme provides for a pension and a pension lump sum on retirement (normal retirement age is 65). The scheme is non-contributory meaning the company pays the cost of pension payments. Therefore, staff do not contribute to the cost of the main scheme. Membership is automatic on completing two years employment after which time, benefits may apply.

The scheme is a defined benefits scheme. This means the scheme promises a specific amount of pension at retirement the amount depending on your pensionable service (subject to a maximum of 40 years) and your salary on retirement. In effect you get a fixed level of benefit for each year of membership of the pension scheme. This means you should have a good idea of what your pension will be using current values.

Pension Calculation
Your annual pension entitlement is calculated using a simple formula:

Service x annual salary on retirement x 1/80th = Annual Pension

Example:
40 years service x €55,000 pa salary x 1/80th = €27,500 annual pension

(i.e. the annual pension is based on 1/80th of pensionable salary for each year of paid service (unpaid service is not pensionable). The annual pension is liable for PAYE tax.

Pension Lump Sum Calculation
The Coillte pension scheme also provides for a pension lump sum on retirement The value of the pension lump sum is simply 3 times the value of the annual pension on retirement. So using the example above the value of the pension lump sum is:

Example:
€27,500 annual pension x 3 = €82,500 pension lump sum

(i.e. the lump sum is based on 3/80th of pensionable salary for each year of service). The pension lump sum is not liable for PAYE tax.

PRSI contribution classes

Different rates of contribution apply to different categories of staff. For IMPACT members in Coillte the relevant classes of contribution are;

Class D1: Permanent staff recruited or promoted from industrial to non-industrial grade before 6th April 1995. Class D contribution is often referred to as ‘reduced’ or ‘modified’ contribution;

Class A1: Staff recruited after 6th April 1995. Class A is often referred to as ‘full’ contribution.

Staff paying Class A contribution are entitled to certain Social Welfare Benefits (e.g. State Pension Contributory) and their Coillte Pension entitlements will be based on their ‘net pensionable remuneration’. Net pensionable remuneration means final salary less twice the annual equivalent of the maximum personal weekly rate of State Pension (Contributory) , Retirement Pension, Invalidity Pension, Disability benefit or Unemployment Benefit, as appropriate.

Coillte pension fund - Board of Trustees

The Coillte Teoranta Superannuation Scheme was set up in September 1990. A Board of Trustees comprising both management and trade union nominated members retains sole responsibility for ensuring that the company pension scheme is administered properly. The Trustees also have responsibility for safeguarding the funds and ensuring that the funds are invested in the appropriate manner for the benefit of the scheme members. They also ensure contributions are made in accordance with the scheme rules and the recommendation of the actuary. Pension regulations require the Trustees to prepare audited financial statements each year to be made available to scheme members. The Board of Trustees, supported by professional advisors, acts in the interest of scheme members and is independent of the company.

What other benefits does the Coillte pension scheme provide?

Spouse’s and Children’s Pension Scheme
This scheme is contributory meaning employees pay 1.5% of their base salary to the scheme. A pension is provided to the deceased employee’s spouse and for up to 3 dependant children. This pension is usually worth half of the deceased member’s pension. Should an employee die in service then the spouse’s pension will be based on the service the deceased employee would have had by age 65.

Ill-Health Retirement
In the event an employee has to retire early due to ill-health then the normal pension entitlements would apply based but up to an additional 6 2/3rds years can be added to the employee’s service when calculating his/her pension entitlements.

Death Gratuity
is payable to the widow(er) or estate of an employee who dies in service. A payment of either 1-years salary or the lump sum that would have applied had the employee retired on grounds of ill-health, whichever is the greater. No minimum service required.

Additional Service
In the event that an employee will not have 40 years service when they retire then additional service may be “bought” by the employee to increase their pension on retirement. Also, additional years may be given to some employee whose professional qualifications and experience militated against them having 40 years service on normal retirement age – these are called “professional added years”.

How you can improve your pension?

There are a number of ways you can enhance the payments you will receive on your retirement over and above that provided by the Coillte pension scheme. Each has its own merits. Our advice to you is to look carefully at all the options before making a final decision.

Buying extra service years

(through the Coillte purchase scheme).

You can purchase additional years' service through the Coillte Main Superannuation Scheme. However, there are some limitations. This option is only available to those who joined Coillte after their 25th birthday. You cannot buy added years if you have the potential to have 40 years service by your 65th birthday. You can only buy the number of years that will bring you up to 40 years service. (A person who joined Coillte at 30 years of age can only buy 5 years max).

Each year purchased, increases your pension by 1/80 (one/eightieth) of final pensionable pay and increases your lump sum payment by 3/80 (three/eightieth). Tax relief is applied at marginal rates within revenue limits.

Revenue limits on the extra pension on which you could claim tax relief:

- Up to 30 years of age - 15% of Salary
- 30 years – less than 40 - 20% of Salary
- 40 years – less than 50 - 25% of Salary
- 50 years – less than 60 - 35% of Salary
- 60 years or over - 40% of Salary

The above percentages bands should be reduced by 1.5% for Coillte staff who pay into the Spouses' and Children's' Contributory Pension Scheme as staff will already receive tax relief on this at source (SCPS on payslip).

The cost of buying added years varies for each individual. Staff Circular P18/51/05 which is available on Dept of Finance website can be used to give an approximate indication of costs. Coillte Staff wishing to purchase added years should contact Human Resources section.

The pension rises in line with the base pay of those still working in the grades from which one retired. (A valuable point).

AVC (Additional Voluntary Contributions)

Who can have an AVC?

All people who joined Coillte since 1995 pay full rate PRSI as do any forest workers who may have been promoted to level 4 or higher since 1995. **As a result the state pays a significant percentage of these people's pension through the social welfare system with the balance from the Coillte pension scheme.** Their combined benefit on retirement is the same as those paying modified PRSI **if they serve for 40 years**. However, these people are entitled to build up an AVC large enough to allow them to draw a benefit equivalent to the Contributory Old Age Pension.

Members of the Coillte Defined Benefit scheme who earn money outside of their salary (in the form of bonus or other employment) can put a percentage of that money into an AVC. **Tax relief, but not benefits** are capped by Revenue guidelines as outlined in 1 above.

In the case of those paying modified rate PRSI with 40 years service there is some scope(limited) to invest in AVCs as these people will not have reached the Revenue Maximum benefit levels under the Coillte superannuation scheme.

AVC's which are available to any member of the Coillte Pension Scheme are additional pension savings you can make to supplement your Coillte pension benefits.

How do AVC's work ?

AVC's may provide for a tax free lump sum and an additional pension on retirement. In effect you pay into a pension fund that is managed by a professional investment fund manager or a number of managers. It is intended that the capital investment (i.e what you pay in) and any returns on that investment will provide for additional pension benefits come retirement. However, there is no guarantee as to what benefits will be available come retirement. It will depend for example on how well the fund has performed on the stock market over the duration of your investment less any associated costs or fees charged by the AVC service provider. An AVC must be taken at the same time you start to receive your Coillte pension. You may take a lump sum or draw it down as a pension.

Who can provide AVC's ?

AVC's can be invested with any AVC provider of your choice – be sure they are approved by the Pensions Board and the Revenue Commissioners. However, **Irish Life** is Coillte's preferred **AVC** provider. If your AVC is with Irish Life, Coillte will facilitate the deduction of your contribution from salary and arrange for tax relief at source. If your AVC is with another provider you may have to make the contribution through some other means and claim back any tax relief yourself through Revenue.

Important:
If you are considering taking out an AVC it is important that you get proper advice. This advice should take into account the benefits being provided under the main pension scheme, the member's own personal circumstances, tax relief available, return on fund investment.

There is a certain amount of risk with regards to AVC benefits. The value of your benefit will be determined by the investment return and the value of the investment you have made (which is not to be underestimated).

What else do you need to think about?

You should enquire as to the costs and fees associated with AVCs. Management costs vary between providers and can have an effect on your returns. You need to make sure that you keep in contact with the provider so as to ensure that your fund is being managed properly and that their investment strategy matches your own retirement plans.

What Tax Relief is available ?

To encourage people to plan and provide for their retirement substantial tax breaks are available. Under current Revenue regulations you may claim tax relief at your highest rate of tax plus PRSI.

Example:

John pays income tax at 41% and PRSI at 2% (Class D 1 contributions) while Peter pays the lower rate of 20% and 6% PRSI (Class A 1 contributions).

	John	Peter
Weekly Payments	€100.00	€100.00
Tax Relief	€41.00	€20.00
PRSI	€2.00	€6.00
Net Cost (from salary)	€57.00	€74.00
Refund	€43.00	€26.00

So while both pay in €100 the cost to John is €57 and for Peter its €74.

How much can I pay in to an AVC Plan ?

The Revenue limits that apply to buying extra service years also apply to AVC's to total earnings which includes all taxable income – see 'Buying Extra Service Years'.

Advantages of AVCs

- As things stand under current legislation income tax and PRSI relief is available on contributions deducted at source. When eventually payments to you begin, it is likely that they will be subject to tax. Depending on your circumstances at time, the tax rate may be at the lower band. The fund in which the contributions are invested does not attract tax.
- AVCs give the member a facility to have some control over benefit levels, by choosing the pace of additional saving for retirement. The 'mix' of benefits at the time of retirement can be adjusted to suit the individual circumstances.
- Present legislation allows for the AVC fund to be paid as an additional tax-free lump sum on death.
- Any lump sum drawn down at retirement is tax free.
- Money accumulated in **AVC** does not have to be used to buy a pension but can be put into a retirement fund and be drawn down at will.
- In the event of your death, moneys accumulated are considered as part of your estate.
- AVC's can be used to improve your spouses pension.

Disadvantages of AVCs

- Contributions are locked in and may only emerge as benefits on death, retirement or leaving service. The scope for cash refunds of contributions is extremely limited.
- Unlike life assurance policies, an AVC fund may not be assigned, charged or borrowed against and it is therefore outside the employee's effective control until it emerges as benefits.
- AVCs are not short term savings. While it is possible for a member to stop contributing, no refund on contributions is possible, except in the limited circumstance of leaving employment before completing two years as a member of the scheme.
- If a refund of contribution is taken on leaving service, this would usually exclude the possibility of any other benefit from the company pension scheme.

Important:
If considering investing in AVC's be sure to check out the option to buy extra service as an alternative, and compare the benefits and costs associated with either option so you choose the option that suits you best.

PRSA (Personal Retirement Savings Account)

What is a PRSA ?

The PRSA option was introduced in 2002 by law under the Pensions (Amendment) Act, 2002. The PRSA provides for a low-cost, flexible, easy access private pensions savings account allowing you to save for retirement. It is a flexible pension plan so you can increase, decrease or cease your contributions at any time. PRSA's can be transferred from one employer to another or between PRSA providers

Tax breaks similar to those applying to AVC's will apply.

PRSA's are very similar to AVC's in that its involves investing in a pension fund to payout future pension retirement benefits.

Who does a PRSA apply to ?

PRSA'a are mainly designed to act as a vehicle for retirement savings for those who are not members of a company pension scheme. So staff who may not be members of the Coillte Pension Scheme may invest in PRSA's. For example if you do not become a member of the Coillte Pension Scheme until after two years service you may invest in PRSA's meanwhile. Or if you had invested in a PRSA before joining Coillte you may continue to invest in that scheme even when you become a member of the Coillte Pension Scheme.

Who can provide PRSA's ?

A PRSA provider can be an authorised investment company, insurance company or credit institution that is approved by the Pensions Board and the Revenue Commissioners.

Coillte, as an employer, is legally obliged to provide mandatory access to a PRSA for staff who are not members of the company pension scheme. **New Ireland Assurance** has been appointed by Coillte as its PRSA service provider. PRSA contributions to New Ireland will be deducted from salary and tax relief applied at source.

Can retired Coillte staff invest in PRSA's ?

Coillte staff who availed of early retirement and remain in employment with the company on temporary (60-day) contract may invest in a PRSA to enhance their pension benefits. Early retirees can take out a PRSA up to their 65th year while on contract and get significant tax relief.

State Pension Contributory

(Formerly known as the Contrbutory Old Age pension)

To qualify for maximum rate: (€209.30 in 2007)

- You must have started paying social insurance before reaching the age of 56.
- You must have paid at least 260* full-rate employment contributions.
- You must have a yearly average of 48 full-rate contribution (Class A1) paid or credited from 1979 to the end of the tax year before you reach the age of 66.

To qualify for minimum rate:

- You must have started paying social insurance before reaching the age of 56.
- You must have paid at least 260* full-rate employment contributions.
- You must have a yearly average of 10 full-rate contribution (Class A1) paid or credited from the time you started insurable employment to the end of the tax year before you reach the age of 66.

  * **You must have paid at least 520 full-rate employment contributions if you reach pension age on or after 6th April 2012 (i.e. born after 06/04/1946).**

Entitlement

An average of 48 full rate contributions entitles one to the max rate.

An average of 20-47 full rate contributions entitles one to 98% of max rate.

An average of 15-19 full rate contributions entitles you to 75% of max rate.

An average of 10-15 full rate contributions entitles you to 50% of max rate.

Case Study

Date of Birth:	03 March 1941
Entered Kinnitty:	01 October 1960
Took VER:	30 June 2002
Temporary employee up to:	03 March 2006 (3.75 years)
Reached 66 years on	03 March 2007
Number of years from entry to Kinnitty:	01 October 1960 to 31 December 2006 (End of tax year prior to reaching 66 years) = 46.25 years (working life)

The following are stamp records both paid contributions and credits:

Stamps from Training Period:	**Paid (Class A)**	**Credited (Class A)**
1960	14	38 (Pre-Employment)
1961	51	-
1962	50	-
1963	29	-
	144	**38**

Temporary Employment:	**Paid (Class A)**	**Credited (Class A)**
2001	-	52 (Pre-Retirement)
2002	26	26 (Pre-Retirement)
2003	52	-
2004	52	-
2005	52	-
2006	9	43 (Up to End of Tax Year before reaching 66)
	335	**159**

Total paid + credited contributions = 494

Divided by 46 (Working Life) gives a yearly average of 10.74

An average of 10-15 gives an entitlement to half of max. of SP(C) = €104.65 in 2007

This money is paid on top of his entitlement from the Coillte Defined benefit scheme.

Mixed Insurance Pro-Rata State Pension Contributory

Some members even though they have in excess of 260 Contributions are unable to reach the minimum averaging of 10 paid or credited per annum. In many cases, insured employment early in one's career increased his/her divisor.

If you do not qualify for the minimum rate of State Pension Contributory (average of at least 10 contributions over your working life), you should apply for "mixed insurance pro-rata old age contributory pension."

Here a mix of full-rate and modified rate contributions is used to give a pro-rata pension.

To qualify:

You must have;

- Started paying social insurance before the age of 56.
- Paid at least 260 full-rate employment contributions.
- Paid contributions at the modified rate.
- A yearly average of at least 10 contributions paid or credited.

Changes after 6th April 2012

If you reach pension age on or after 6th April 2012.

You must have paid at least 520 full-rate employment contributions.

Or

If you have paid at least 260 full-rate employment contributions, you can make up the balance of the required 520 with modified-rate employment contributions.

Example

John has 300 A contributions, 1200 D contributions and had paid contributions for 30 years up to age 66.

Johns total number of contributions is 300 & 1200 = 1500.

If John's contributions were all A contributions his yearly average would be 50. This would qualify him for the max State Pension (needs average of 48). This is his Notional Pension.

However, only 20% of John's contributions are full-rate therefore, he is entitled to 20% of the max State Pension.

Glossary

Contribution classes applicable to Coillte staff

- Class A is applicable to Coillte staff that made contributions during training in Kinnitty or Shelton or who made contributions before entering training or college.
- Class A also applies to staff while on contracts of service following oluntary Early Retirements.
- Class A is applicable to all staff recruited after 1995.
- All Coillte (non-industrial) staff recruited and made permanent before 1995, pay Class D modified contributions. All industrial staff who have been promoted to non-industrial grades since 1995, pay Class A, regardless of when they have been recruited.

So, generally speaking, A and D are the only Classes that apply to Coillte staff covered by this document.

Yearly average

Is the average number of reckonable paid contributions per year over your working life.

Working life

Working life is measured from the date you started paying social insurance to the end of the week before your 66th birthday.

What are credits?

If in insurable employment paying “Class A” contributions, you get credits if absent from work, unemployed or retiring early. These are very important as credits count when qualifying for SPC. You will notice in the case study, how the credit status changed from “Class D” (Modified PRSI Low Rate) to “Class A” (Full PRSI) contributions on availing of VER in June 2002. This gave an entitlement to credits for all of 2001 and up to June 2002.

Pre-entry credits

When you start work you automatically get pre-entry credits from the beginning of the income tax year in which you start work.

Pre-retirement credits

If you are retired from the work force and are no longer looking for work, you may qualify for pre-retirement credits.

You must:

- Be aged 55 of over
- Qualify for credits already
- Consider yourself retired from the work force and not looking for work. Apply on form (PRE C1)
- You must sign at social welfare office to protect your contributory pension (widows/widowers)

Student credits

You may get credits for time spent in full time education for example third level, if you:

- Have worked before starting the course and have paid PRSI Contributories at Class A.
- Started the course before reaching age 23 or
- Have returned to full-time insurable employment.

When you apply for student credits you must give:

- Written confirmation from the school of college stating that you were a student there
- The dates you attended the school or college and proof that you have returned to full-time employment.

Other benefits available

Qualified adult allowance

If your spouse/partner does not qualify for SP(C) in his/her own right, you should apply for a qualified adult allowance by way of a means test.

If he/she has less than €28k in personal savings (€56k joint account) and if employed earns less than €100 per week gross – the extra payment due to him/her is 66% of your SP(C). (This is the full rate.) If his/her gross earnings is between €100 and €250 per week you will receive a reduced rate. (See Booklet SW19 for rates.)

Household benefits package

If you qualify for SP(C) you also qualify for Household Benefits Package at 66 years of age. There is, however, an across the board entitlement to this package at 70 years of age. You will of course need to apply for it.

Unemployment benefit

People retiring from work who have **260*** paid full-rate contributions qualify for 15 months unemployment benefit up to the age of 66 years.

***Again 520 paid full-time contribution will be required if you reach pension age on or after 6th April 2012**. Unemployment benefit is conditional on the applicant being available for work.

IMPACT income continuance plan

The Income Continuance Plan seeks to ensure that between your ill-health early retirement pension, any social welfare disability benefits and the income IMPACT plan, you will receive a gross income of 75% of your pre-disability salary should you suffer long-term ill-ness.

Life cover

The IMPACT Plan provides an important extra benefit in the form of Death Benefit equivalent to twice your annual salary, paid to your estate should you die. As with your disability benefit, this death benefit is salary linked. It rises each year in line with your salary. For further information see explanatory booklet on Income Continuance and Life Assurance Plans as published by Marsh (facilitated by IMPACT).

Road map

Many factors must be taken into account if considering retirement before 65 years of age. It's important to plan in advance and familiarise yourself with your social welfare entitlements. The following road map may be useful in helping you reach your decision.

Planning time of retirement D.I.Y

Step 1: Write down year of 66th Birthday

Step 2: Write down year you 1st paid PRSI

Step 3: Deduct 2 from 1 (This is your devisor)

Step 4: Write down the number of Class A Contributions put on, before starting to pay Class D contributions

Step 5: Write down the number of Class A Contributions you would need to qualify for 50%, 75% or 98% of the max State Pension.

Step 6: Subtract step 4 from step 5. (This tells you how many more Class A contributions you will need).

Example

John will be 66 in 2025. He commenced paying PRSI in 1975. Therefore his devisor is 50 years. (Step 3). He had paid 161 Class A Contributions prior to commencing paying Class D stamps. He still pays Class D stamps in 2007. If John wishes to receive;

The min State Pension (C) he will need 520 full paid Class A contributions plus an average of 10 Class A contributions for every year worked. He has 161 he will need at least 359 more full paid contributions.

75% State Pension (C) he will need 520 full paid Class A contributions plus an average of 15 Class A contributions for every year worked (Total requirement will be 50*15=750). He has 161 full paid Class A contributions he will need at least 589 more contributions (359 must be full paid and the remainder can be full paid or credits).

98% State pension (C) he will need 520 full paid Class A contributions plus an average of 20 Class A contributions for every year worked. (Total requirement will be 50*20=1000). He has 161, he will need at least 839 Class A contributions (359 must be full paid and the remainder can be full paid or credits).

Steps to follow if considering retirement

1. Your first contact is Coillte Human Resources; they have most if not all of your records and will give you every assistance and guidance.
2. If you don't know your old insurance no. contact Index Section at Grandon House, Amiens St., Dublin 1. (01-8748444) and they will locate it for you.
3. Then contact Records Section at the same address, quoting your name, RSI number, Old Insurance number and date of birth. They will give you a copy of your insurance record.
4. Next send your application to Pension Services Office, college road, Sligo. This should be done at least 4-6 months prior to reaching the age of 66 years as they may have a backlog of applications, which can delay processing your own information.
5. Your Local Employment/Social Welfare is a major source of information and advice or you can phone social welfare (Local call) 1890 500 000
6. Coillte continues to offer pre-retirement courses 6 months prior to retirement, which can also be a valuable source of information.

Useful links

www.pensionsboard.ie
www.revenue.ie
www.welfare.ie
www.iapt.ie
www.askaboutmoney.com
www.rpc.ie
www.pensionsombudsman.ie

Useful booklets

(Available in local Social Welfare offices):

Guide to Social Welfare Services	SW4
Guide to Voluntary Contributions	SW8
Checklist for Pensioners	SW10
Credited Contributions	SW12
Old Age Non-Contributory Pension	SW16
National Fuel Scheme	SW17
Rates of Payment Booklet	SW19
Living Alone Allowance	SW36
Free Travel	SW40
Bereavement Grant	SW47
Household Benefits Package	SW107

Frequently asked questions Coillte Superannuation Scheme

1. **Who is eligible for superannuation benefits under this scheme?**
   All company employees with two years of service are eligible for superannuation benefits as outlined below.
2. **How do I join the Superannuation Scheme?**
   All employees with two years service are automatically included in the Coillte Superannuation Scheme; it is a condition of service where a contract provides for it.
3. **Do I pay contributions for these benefits?**
   There is no personal contribution towards the personal pension. Staff pay contributions of 1½% of pay for spouses' and children's pension benefits. For job-sharers and work-sharers, contributions are calculated on a pro rata basis.
4. **Is my Pension Scheme a Defined Benefit or a Defined Contribution Scheme and how is it funded?**
   Your scheme is a Final Salary Defined Benefit Scheme which gives a pension based on service and final pensionable remuneration (salary and pensionable allowances). The scheme is a funded scheme. The amount of pension benefit is defined in the scheme rules and is not affected by investment returns etc. Scheme benefits are payable from both the Coillte No.1 and Coillte No.2 Pensions Funds.
5. **On what basis are my pension benefits calculated?**
   On retirement you will be entitled to a pension and lump sum, provided you have a minimum of 2 years qualifying service. Pension and lump sum payments are determined by total reckonable service (based on completed years and days of service), and pensionable remuneration on the last day of service. If you change grade in the last three years (e.g. on promotion) pensionable remuneration is based on the average of the salaries paid in the last three years.
6. **What is reckonable service?**
   Reckonable Service is:
   Full-time paid, permanent or (in certain cases) temporary service;
   Job-sharing or work-sharing service;
   Certain part-time service (on a pro rata basis);
   Additional service or added years granted in certain circumstances;
   Transferred service and Service purchased with a Transfer Value;
   Purchased service.

7. **What is pensionable remuneration?**
Generally, pensionable remuneration is final pay (i.e. salary payable on the last day of reckonable service).The benefits may, in some cases be based on an average salary. For instance, if, within the last 3 years of service, a staff member has changed grade (e.g. been promoted) or received a personal change in pay, an average pay figure will be used which takes account of the final salary and the salary of the former grade and the relative periods spent in the two grades in the last 3 years.

8. **How are my pension and lump sum calculated?**
Subject to a minimum requirement of 2 years' qualifying service, pension and lump sum are payable for each year of reckonable service (part year service is reckoned on a pro-rata basis).

Pension: The pension is 1/80th of gross pensionable remuneration for each year of reckonable service subject to a maximum of 40/80ths (½ pensionable remuneration).

Lump Sum: The lump sum is 3/80ths of gross pensionable remuneration for each year of reckonable service subject to a maximum of 120/80ths. This payment is currently tax free. The maximum reckonable service is 40 years.

9. **I am work-sharing now or was job-sharing – how is my pension calculated?**
You have your work-sharing or job-sharing service treated on a pro-rata basis and the pensionable remuneration is the annualised full salary rate of pay for the job. This means that the period of job-sharing/work-sharing service is reckoned pro-rata to whole time reckonable service and the salary base is the whole time equivalent salary.

10. **At what age are benefits payable?**
Provided a staff members has a minimum of 2 years' qualifying service, benefits are payable on retirement either at maximum retirement age of 65 or at any time after reaching age 60 for staff who pay reduced PRSI Class D1 contributions.

11. **Is my pension increased after I retire?**
Increases in company Pensions in practice follow all general and local pay increases applicable to the relevant grades.

12. **How are pensions paid?**
Pensions are paid monthly in arrears by Payroll Unit, Davitt House, Castlebar, Co. Mayo. Payment of the pension begins with effect from the day following the last day of paid service. Payments are normally made direct to the pensioner's bank account otherwise. Certain deductions may be made from pension if the officer so wishes, e.g. VHI, life assurance premiums, etc. The pensioner must make the appropriate arrangements with Payroll Unit.

13. **What benefits are payable if I have to retire early because of ill health?**
If a staff member has to retire because of permanent ill-health, pension and lump sum are paid immediately at retirement if the officer has more than 2 years reckonable service. The benefits are based on actual service up to the last day of paid service, plus, where appropriate, extra years of service known as ill-health added years. An addition of 6 2/3rds years is fairly common.

14. **What is a short service gratuity?**
A short service gratuity is payable to an officer who has to retire on grounds of ill-health who has more than 1 years service but less than 2 years service. The amount of the gratuity is 1/12th of pensionable remuneration for each year of service.

15. **What benefits apply if I die in service?**
On production of probate or letters of administration, a death gratuity is payable to the staff member's legal personal representative. It is the greater of:

One year's pensionable remuneration (at the rate applicable at the officer's death); or

The amount of lump sum that would have been payable had the staff member retired on grounds of ill-health at the date of death, subject to a maximum of 1 ½ times the staff member's pensionable remuneration at the date of death.

16. **What benefits apply on death after retirement?**
If at the time of death the total pension received since retirement, together with the amount of the retirement lump sum, comes to less than one year's pensionable remuneration at the date of retirement, a balancing gratuity sufficient to bring the total up to the equivalent of one year's pensionable remuneration is payable to the staff member's legal personal representative. This does not apply in the case of persons who are paid a preserved pension. Spouses' and Children's benefits are also payable where appropriate.

17. **What benefits apply on departure from Coillte other than on age or ill-health retirement?**
On voluntary resignation from Coillte before reaching 60 years of age (or 65 years for staff paying Class A1 Contributions) a staff member has the following options:

a) Transfer: transfer accrued pension rights to an approved Public Sector organisation, or;

b) Preserved Benefits: If the officer has at least 2 years' reckonable service, he or she may on application at age 60 (or 65 for staff paying Class A1 Contributions) be paid preserved benefits.

18. What is the Spouses' and Children's Contributory Pension Scheme?

This is a contributory scheme, membership of which is compulsory for men appointed on or after 1 January, 1969 and women appointed on or after 1 June, 1981. Men and women serving prior to the relevant dates were given options to join the scheme. The original scheme provides pensions for the spouse and/or dependent children of a member or eligible dependent children of a member who dies in service, or after qualifying for pension (or preserved pension). It does not provide pensions for spouses of marriages occurring after retirement or children resulting from such marriages. A further option was given to all officers in 1984 to join the revised spouses' and children's scheme. This covers the spouses of post-retirement marriages and all the officer's children. If you are unsure whether you are covered for Spouses' and Children's benefits or which Scheme you may be a member of, then you should check with your Human Resources Unit.

19. How is the spouse's pension calculated?

When a member dies after retirement a spouse's pension of one-half of the former member's pension is payable. Where a member dies in service or following retirement on grounds of ill-health, the spouse's pension is based on the service that the member would have had if he or she had served to age 65 subject to a maximum of 40 years. The company spouse's pension is payable in addition to the spouses' pension entitlements payable under the Social Welfare Code.

20. What children are eligible for pensions?

Dependent children under the age of 16 or age 22 if in full time education are eligible under the revised scheme. Where such a child is permanently incapacitated by reason of mental or physical infirmity from maintaining him or herself there is no age limit provided the infirmity was there from birth or arose while the child was eligible for benefit.

21. How much is a child's pension?

A Child's pension is one-third of the spouse's pension for each of the first three eligible children. If there are more than three eligible children than an amount equal to the spouses pension is divided between them. Where both spouses are deceased and there is only one eligible child the amount of pension is two-thirds of the deceased spouse's pension. Where there are two or more eligible children then an amount equal to the deceased spouse's pension is divided equally between them. A spouse's pension along with children's pensions can bring the total amount payable up to the level of the deceased person's pension.

22. Do I pay for the Spouses' pension?

Periodic deductions of 1½% of salary are made during an officer's working life. In addition, a single deduction of 1% of final salary is made from the retirement lump sum or death gratuity, as appropriate, in respect of each year of reckonable service for which periodic contributions have not been made. This would include pre-scheme service and any potential service to age 65 credited for the spouse's pension. A similar deduction is also made in respect of any additional notional service. It is possible, in certain circumstances, to reduce the amount of this lump sum deduction by making additional periodic contributions during service. (Please contact your Human Resources Unit for details). If, however, a member remains single throughout membership of the scheme they pay no non-periodic contributions. A 1% deduction is also made from the lump sum for each year of reckonable service in respect of pensionable allowances included in the pensionable remuneration.

23. Who benefits from preserved entitlements?

Any staff member who resigned before age 60 with a minimum of 5 years' reckonable service if the resignation was before 2 June 2002 or who has 2 years reckonable service if it was after that date is entitled to a preserved pension and lump sum payable (on application) at age 60 9or 65v for staff paying Class A1 Contributions) The pension is based on reckonable service and pensionable remuneration at the date of resignation, up-rated by the appropriate pay increases between that date and the former member's 60th birthday (or 65th birthday for staff paying Class A1 Contributions). Where a former staff member with an entitlement to preserved benefits dies before age 60 (or 65 for staff paying Class A1 Contributions) a death gratuity, equal to the preserved lump sum is payable. Where such a former staff member was a member of the Spouses' and Children's Scheme and leaves an eligible spouse and/or eligible children, then a spouse's pension and/or children's pension(s), based on the member's reckonable pensionable service only are payable. There is no addition of notional years in respect of potential service to age 65. Preserved pension rights for spouses' and children's benefits

24. What are added years?

Notional service or added years may be awarded in certain exceptional cases:-

i. On ill-health retirement;

ii. Where the essential competition requirements (e.g. qualifications, experience, age requirements) are such as to preclude appointment by age 25; The award of added years at (ii) can only be confirmed at retirement. The amount of the award at (ii) may be affected by an individual's circumstances such as retained benefits e.g. prior service, prior occupational pension, State Pension Benefits or age on leaving service.

25. What are the arrangements for the transfer of reckonable service?

The Transfer Scheme enables staff to transfer reckonable service between Coillte and the majority of State and semi-state organisations e.g. Civil Service, the Garda Síochána, the Defence Forces, Health Services, teaching etc. A list of the "transfer network" organisations may be consulted in your Human

Resources Unit. Staff should notify their Human Resources Unit of any previous employment in the public service and staff resigning should state the name of their prospective employer (if any) so that reckonable service can be transferred, if appropriate.

26. Apart from the 'Transfer Network', can I make a transfer from a previous pension scheme or PRSA?

Many pension funds outside of the Transfer Network including PRSAs permit the payment of a Transfer Value. If this is the case, you may be in a position to avail of the Purchase Scheme to secure additional service in this scheme. Check with your Human Resources Unit before agreeing to have any transfer value issued on your behalf. You should also seek independent financial advice to help you choose the more beneficial option having regard to your circumstances.

27. What happens to my pension if I get divorced or separated?

Your pension will only be affected by divorce or judicial separation if there is a Pensions Adjustment Order (PAO) in force apportioning some of the superannuation entitlements to the spouse or dependant children. Death gratuity and spouses pension entitlements may also be affected by a Pensions Adjustment Order. Where there is no PAO then benefits will be payable in accordance with the rules of the scheme.

28. Is account taken of any entitlements under the Social Welfare Acts in calculating my benefits under this Scheme?

Yes. In calculating your pension and lump sum benefits account is taken off the State Pension (Contributory).

29. Where can I get information on Social Welfare entitlements?

Qualification for State Pension (Contributory) is subject to tests administered by the Department of Social & Family Affairs. For any queries relating to entitlements under the Social Welfare Acts, please contact the information service of the Department of Social & Family Affairs. The contact details are:-

Tel – 1890 66 22 44 (Lo Call) 9:30am – 5:00pm Mon to Fri

The Departments website is – http://www.welfare.ie

30. Where can I get more information?

Your Human Resources Unit can supply further information on all aspects of the superannuation benefits outlined in this website.

Disclaimer

These FAQ's are not a legal interpretation of the superannuation provisions of the Scheme nor do they cover all aspects of the scheme. Care has been taken to ensure that they are accurate but nothing can override the rules of the scheme on which the payment of benefits will be based. These Rules are set out in various Statutes, Regulations, Circulars and other official documents