An Roinn Caiteachais Phoiblí
agus Athchóirithe
Department of Public
Expenditure and Reform

Our ref: P18/065/06

To: All Personnel Officers

cc Secretaries General/ All Heads of Departments/ Offices

25 July 2016

I refer to this Department's letter of 27 June 2014 (ref: P18/065/06) in connection with the implications for civil and public servants with high-value pension entitlements and for Departments, Offices and Agencies in their role as pension administrators, arising from the changes to the Standard Fund Threshold regime introduced by the Minister for Finance with effect from 1 January 2014.

Appendix 2 of that letter dealt with the process of calculating a Personal Fund Threshold (PFT) at 1 January 2014 in situations where the capital value of an individual's relevant pension entitlements exceeded the reduced Standard Fund Threshold (SFT) of €2 million on that date. In this regard, Appendix 2 highlighted the following:

> ***"IMPORTANT NOTE:***
> ***Rates of pay in effect as and from 1 July 2013*** *should be used as the basis for pensionable remuneration in calculating PFTs at 1 January 2014,* ***EXCEPT*** *where a decision to retire on/before* ***30 June 2015*** *has (i) already been taken by the individual at the time of application for a PFT and (ii) that decision has been formally conveyed by the individual concerned to the Personnel Officer in his/her Department/ Office/Agency. The calculation and submission of a PFT application on any other basis will not be accepted by the Revenue Commissioners.*
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> *If, however, an individual seeks and receives a PFT certificate calculated on the basis that they are not retiring on/before 30 June 2015 but subsequently do in fact retire on/before that date,* ***a revised PFT should*** *be sought from Revenue at least 1 month before their date of retirement or before 31 May 2015, whichever is the earlier."*

Essentially, the above note makes the point that for individuals who retired on or before 30 June 2015[1], the higher rates of pay in force on 30 June 2013 (prior to the cuts in pay provided for in the FEMPI Act 2013) should be used as the basis for pensionable remuneration in calculating PFTs. For individuals retiring after 30 June 2015, the lower post-FEMPI Act 2013 pay rates had to be used as the basis for pensionable remuneration in the PFT calculations.

[1] The end-date of the then "grace period" during which persons retiring could have their pension benefits calculated based on the (higher) rates of pay in force on 30 June 2013.

Since the letter of 27 June 2014 was issued, the 30 June 2015 end-date of the "grace period" has been extended – initially to 30 June 2016 and subsequently to 1 April 2019. In addition, the deadline for the submission of a PFT application to the Revenue Commissioners closed on 31 July 2015.

The extension of the "grace period" may have implications for certain individual civil or public servants in two sets of circumstances:

1) Individuals who applied to Revenue for a PFT based on the 1 January 2014 changes on or before the 31 July 2015 deadline for such applications and who did not intend to retire before the end of either the 30 June 2015 "grace period" deadline or the initially extended deadline of 30 June 2016. The PFT certificate in these circumstances would have had to be based on the post-FEMPI Act 2013 (post-30 June 2013) reduced rates of pay. If those individuals now retire on or before the end of the extended grace period (1 April 2019), their retirement benefits will be based on pre-cut rates of pay and there will, therefore, be a mismatch between the basis on which their benefits and their PFT at 1 January 2014 were calculated (i.e. PFT based on reduced rates of pay and benefits based on pre-cut rates of pay).

2) Individuals currently without a PFT (due to the fact that the capital value of their retirement benefits at 1 January 2014, based on post-cut rates of pay, was marginally below the reduced SFT of €2 million) and who did not intend to retire before the 30 June 2015 or 30 June 2016 grace period deadlines. If those individuals decide to retire on or before the end of the extended grace period (1 April 2019) their retirement benefits will be based on pre-cut rates of pay, and it is possible that the capital value of their retirement benefit entitlements on 1 January 2014, if they had been calculated on the pre-cut rates of pay, may have exceeded the SFT limit, such that they would have been entitled to apply for a PFT.

In these circumstances, it has been agreed with the Revenue Commissioners that those individuals who fall into the situation described at 1) above may apply to the Revenue Commissioners for a revised PFT while those individuals described at 2) may apply for a PFT. The deadline for the application for a PFT or a revised PFT is three months before the individual's retirement date or by 1 January 2019, whichever is the earlier. Applications should be addressed to:

Office of the Revenue Commissioners
Financial Services (Pensions)
Large Cases Division
Ballaugh House
73-79 Lower Mount Street
Dublin 2
Email: lcdretirebens@revenue.ie
Telephone: +353 1 6131800.

Please bring the contents of this letter to the attention of individuals serving within your Department/Office and all public service bodies under the aegis of your Department/Office for dissemination to their serving staff.

Yours sincerely,

Frank Griffin

Frank Griffin
Principal
Remuneration, Industrial Relations and Pensions Division