**PURCHASE – EXAMPLES**Note: the referable amount figures used in these example calculations are for illustrative purposes only. It is assumed that the person’s salary has not changed over time.

**EXAMPLE 1: Purchase - full time member**  
  
Lisa has been a member of the Single Scheme for 3 years. She wishes to purchase Single Scheme benefits.

* Date of birth: 2 January 1968
* Date of application: 3 April 2018
* Age on date of application: 50
* Normal Retirement Age [NRA]: 68 (born on or after 1 January 1961)
* Work pattern: 100%
* FTE Salary: €50,000
* Previously purchased referable amounts: None
* Date of entry to Single Scheme: 1 April 2015

1. Eligibility

There are three conditions that a member must fulfil in order to purchase benefits in the Single Scheme. Lisa satisfies all three conditions.

|  |  |
| --- | --- |
| Eligibility Conditions for Purchase | |
| Is the member vested? | Yes |
| Does the member have the potential to complete a period of 9 FTE years as a Scheme member? | Yes |
| Is the member in one of the excluded categories (Section 20 or 26(1)(b) of the 2012 Act)? | No |

1. Limits

Figures A - G are based on the “most recent year”. As Lisa is applying in April 2018, the “most recent year” is Jan-Dec 2017.

The “most recent year” is not relevant to the purchase multiplier. The purchase multiplier captures total membership of the Single Scheme, both previous and potential.

|  |  |  |
| --- | --- | --- |
| Information Needed to Calculate Purchase Limits | | |
| A | Scheme member’s annual pensionable remuneration, calculated on a full time basis (FTE) | €50,000 |
| B | Annual maximum personal rate of the Contributory State Pension payable to a person who has no adult or child dependent | €12,434.49 on 31/12/17 |
| C | Total of pension referable amounts (both accrued and previously purchased) by scheme member | €877.53 |
| D | Pension referable amount accrued by scheme member in most recent year | €314.66 |
| E | Total of lump sum referable amounts (both accrued and previously purchased) by scheme member | €5,156.25 |
| F | Lump sum referable amount accrued by scheme member in most recent year | €1,875 |
| G | Period of time from **end of most recent year** to the member’s NRA (whole years only). This is not an FTE figure. | 18 years |
| Purchase  Multiplier | Figure in column 2 of table, opposite total number of whole FTE years as Scheme member to member’s NRA, including in the past | 20 |

*Calculating limit of pension referable amounts:*

1. First formula*:* A/2 - B - C - (D x G)

50,000/2 - 12,434.49 - 877.53 - (314.66 x 18) = €6,024.10

1. Second formula*:* D x purchase multiplier   
   314.66 x 20 = €6,293.20

The limit that applies to Lisa’s purchase of pension referable amounts is the lower figure: **€6,024.10**

*Calculating limit of lump sum referable amounts:*

1. First formula: (A x 1.5) - E - (F x G)   
   (50,000 x 1.5) - 5,156.25 - (1,875 x 18) = €36,093.75
2. Second formula: F x purchase multiplier  
   1,875 x 20 = €37,500

The limit that applies to Lisa’s purchase of lump sum referable amounts is the lower figure: **€36,093.75**

On this occasion, Lisa is eligible to purchase up to a maximum of €6,024.10 in pension referable amounts **and** up to a maximum of €36,093.75 in lump sum referable amounts.

1. Cost of referable amounts

|  |  |
| --- | --- |
| Factors that determine cost | |
| NRA of Scheme member | 68 |
| Age next birthday | 51 |

To calculate the cost of purchasing pension and lump sum referable amounts for Lisa, we refer to the appropriate purchase tables in the appendices to this Circular, which in Lisa’s case are tables 1 & 2.

1. *Cost of purchasing pension referable amounts:*

From Table 1 we can see that the cost of purchasing €1 pension referable amount for a member with NRA 68, who is 51 at next birthday, is €22.75.

The cost of calculating any amount, X of pension referable amounts for Lisa is Xx22.75

For example, if Lisa wants to purchase €1,000 of pension, that will cost: 1,000 x 22.75 = **€22,750**

The maximum value of pension referable amounts that can be purchased by Lisa is €6,024.10. This would cost 6,024.10 x 22.75 = **€137,048.27**

1. *Cost of purchasing lump sum referable amounts:*

From Table 2 we can see that the cost of purchasing €1 lump sum referable amount for a member with NRA 68, who is 51 at next birthday, is €0.96.

The cost of calculating any amount, Y, of lump sum referable amounts for Lisa is Y x0.96

For example, if Lisa wants to purchase €2,000 of lump sum, that will cost: 2,000 x 0.96 = **€1,920**

The maximum value of lump sum referable amounts that can be purchased by Lisa is €36,093.75. This would cost 36,093.75 x 0.96 = **€34,650**

**EAXMPLE 2: Purchase - part time member**  
  
Rachel has been a member of the Single Scheme for 2.5 years. She wishes to purchase Single Scheme benefits.

* Date of birth: 18 October 1993
* Date of application: 1 June 2019
* Age on date of application: 25
* Normal Retirement Age [NRA]: 68 (born on or after 1 January 1961)
* Work pattern: 50%
* FTE Salary: €34,000
* Previously purchased referable amounts: None
* Date of entry to Single Scheme: 2 May 2017

1. Eligibility

There are three conditions that a member must fulfil in order to purchase benefits in the Single Scheme. Rachel satisfies all three conditions.

|  |  |
| --- | --- |
| Eligibility Conditions for Purchase | |
| Is the member vested? | Yes |
| Does the member have the potential to complete a period of 9 FTE years as a Scheme member? | Yes |
| Is the member in one of the excluded categories (Section 20 or 26(1)(b) of the 2012 Act)? | No |

**IMPORTANT: a part-time Scheme member must have the potential to complete 9 FTE years as a Scheme member if they were to remain on their current work pattern up to their NRA**

1. Limits

Figures A - G are based on the “most recent year”. As Rachel is applying in May 2019, the “most recent year” is Jan-Dec 2018.

The “most recent year” is not relevant to the purchase multiplier. The purchase multiplier captures total membership of the Single Scheme, both previous and potential.

|  |  |  |
| --- | --- | --- |
| Information Needed to Calculate Purchase Limits | | |
| A | Scheme member’s annual pensionable remuneration, calculated on a full time basis (FTE) | €34,000 |
| B | Annual maximum personal rate of the Contributory State Pension payable to a person who has no adult or child dependent | €12,695.39 on 31/12/18 |
| C | Total of pension referable amounts (both accrued and previously purchased) by scheme member | €164.79 |
| D | Pension referable amount accrued by scheme member in most recent year | €98.60 |
| E | Total of lump sum referable amounts (both accrued and previously purchased) by scheme member | €1,065.48 |
| F | Lump sum referable amount accrued by scheme member in most recent year | €637.50 |
| G | Period of time from **end of most recent year** to the member’s NRA (whole years only). This is not an FTE figure. | 42 years |
| Purchase  Multiplier | Figure in column 2 of table, opposite total number of whole FTE years as Scheme member to member’s NRA, including in the past | 20 |

*Calculating limit of pension referable amounts:*

1. First formula*:* A/2 - B - C - (D x G)

34,000/2 - 12,695.39 - 164.79 - (98.60 x 42) = - €1.38

1. Second formula*:* D x purchase multiplier   
   98.60 x 20 = €1,972

The limit that applies to Rachel’s purchase of pension referable amounts is the lower figure: **- €1.38** [i.e. €0]

*Calculating limit of lump sum referable amounts:*

1. First formula: (A x 1.5) - E - (F x G)   
   (34,000 x 1.5) - 1,065.48 - (637.50 x 42) = €23,159.52
2. Second formula: F x purchase multiplier  
   637.50 x 20 = €12,750

The limit that applies to Rachel’s purchase of lump sum referable amounts is the lower figure: **€12,750**

On this occasion, Rachel is eligible to purchase up to a maximum of €0 in pension referable amounts **and** up to a maximum of €12,750 in lump sum referable amounts.

1. Cost of referable amounts

|  |  |
| --- | --- |
| Factors that determine cost | |
| NRA of Scheme member | 68 |
| Age next birthday | 26 |

To calculate the cost of purchasing pension and lump sum referable amounts for Rachel, we refer to the appropriate purchase tables in the appendices to this Circular, which in Rachel’s case are tables 1 & 2.

1. *Cost of purchasing pension referable amounts:*

The maximum value of pension referable amounts that can be purchased by Rachel at this point in time is €0.

1. *Cost of purchasing lump sum referable amounts:*

From Table 2 we can see that the cost of purchasing €1 lump sum referable amount for a member with NRA 68, who is 26 at next birthday, is €0.90.

The cost of calculating any amount, Y, of lump sum referable amounts for Rachel is Y x0.90

For example, if Rachel wants to purchase €2,000 of lump sum, that will cost: 2,000 x 0.90 = **€1,800**

The maximum value of lump sum referable amounts that can be purchased by Rachel is €12,750. This would cost 12,750 x 0.90 = **€11,475**

, or a combination of both.