

Circular Number: Circular 11/2017

Circular Title: Death in Service Payments and related Survivor's and Children's Pension issues under the Single Scheme

To: All relevant authorities under the Single Public Service Pension Scheme

I am directed by the Minister for Public Expenditure and Reform to advise of the provisions for payments relating to Death in Service for Members of the Single Public Service Pension Scheme and related survivor's and children's pension issues.

Circular Application: All members of the Single Scheme

Date: 9 May 2017

Purpose: To clarify the payments relating to Death in Service for members of the Single Scheme.

Relevant Legislation: Public Service Pensions (Single Scheme and Other Provisions) Act 2012 (the 2012 Act)

Single Public Service Pension Scheme (Retirement on Medical Grounds) Regulations 2017 (S.I. No. 15 of 2017)

Status: This Circular is deemed effective from 1 January 2013

Circular 11/2017: Death in Service Payments and related Survivor's and Children's Pension issues under the Single Scheme

The arrangements set out in this Circular apply to Single Scheme members entitled to death in service benefits under Section 30 of the 2012 Act.

Death Gratuity

1. Under Section 30 of the Public Service Pensions (Single Scheme and Other Provisions) Act 2012 ("the 2012 Act"), where a Scheme member dies while serving as a pensionable public servant, his or her legal personal representative shall, subject to certain limits and conditions, be entitled to receive a "Death Gratuity" payable as a lump sum calculated in accordance with the provisions of this Circular.
2. The Death Gratuity is equal to twice the deceased member's pensionable remuneration in the 12 months prior to the date of death, less any superannuation lump sum previously paid (and not otherwise repaid) or payable either from a pre-existing public service pension scheme or from the Single Scheme and any death gratuity payable or already paid from a pre-existing public service pension scheme.
3. If the aggregate amount of public service superannuation lump sums (and death gratuity from a pre-existing public service pension scheme) previously paid or payable is more than twice the pensionable remuneration of the Scheme member in the 12 months prior to death, no Death Gratuity shall be awarded.
4. In accordance with the definition of "pensionable remuneration" in the 2012 Act, for the purpose of calculating a Death Gratuity, pensionable remuneration consists of basic pay (excluding overtime), pensionable allowances and pensionable emoluments paid to the Scheme member in the 12 months prior to his or her death, **expressed on a full-time basis**. That means that if a Scheme member was working on a part-time basis during the 12 months prior to his or her death, his/her pensionable remuneration for the purposes of the Death Gratuity, would be calculated on the basis of the full-time rate. Similarly, in the case of a Scheme member who was on sick leave without pay or on Temporary Rehabilitation Remuneration (TRR) etc. in the 12 months prior to his or her death, his/her pensionable remuneration for the purposes of the Death Gratuity would be calculated on the basis of the full-time rate.
5. Because the calculation of the Death Gratuity is specifically linked to the 12 months prior to the Scheme member's death, in cases where membership of the Single Scheme covers a period of less than 12 months prior to death, the Death Gratuity for that Scheme member should be calculated as twice the pensionable remuneration of the Scheme member in that shorter period, expressed on a full-time basis.

Single Scheme Lump Sum Referable Amounts

6. In calculating the Death Gratuity, Section 30(1)(a) of the 2012 Act and earlier paragraphs of this Circular refer to the required deduction of any superannuation lump sum payable

or already paid from the Single Scheme (or from a pre-existing public service pension scheme). Please note that the lump sum referable amounts total accrued at the time of a Scheme member's death should not be deducted in the calculation of the Death Gratuity. The Death Gratuity is the only lump sum benefit payable on death in service.

Preserved Death Gratuity

7. Consistent with Section 28(4) of the 2012 Act, and subject to Section 28(1) of the 2012 Act, where a former vested member, having previously left the public service (other than on the basis of cost neutral early retirement or retirement on medical grounds), dies without reaching normal retirement age, then a preserved Death Gratuity is payable to the member's legal personal representative, equal to the lump sum referable amounts accrued under the Single Scheme, adjusted for applicable CPI increases. No further enhancement of these amounts is payable.

Survivor's Pension following Death in Service

8. Where a vested Scheme member or former vested Scheme member dies, a survivor's pension may be granted, subject to Sections 33 and 34 of the 2012 Act. The survivor's pension is generally half the pension or preserved pension benefit of the deceased member. Conditions of payment are set out throughout the 2012 Act but most particularly in Sections 34 and 54.
9. In accordance with Section 33(2) of the 2012 Act, where a serving Scheme member dies in circumstances in which, had he or she retired on medical grounds on that day, the pension would have qualified for enhancement as provided for in the Single Public Service Pension Scheme (Retirement on Medical Grounds) Regulations 2017 (S.I. No. 15 of 2017) and in accordance with D/PER Single Scheme Guidance Note 01/2017 in relation to retirement on medical grounds, then any survivor's pension that may be payable subject to the conditions set out in the 2012 Act, will be calculated by reference to an amount of member pension enhanced in this way. The "application date" in respect of such a member pension is deemed to be the date of death of the Scheme member. For the avoidance of doubt, no such enhancement applies in the case of the Death Gratuity which is calculated and paid out as set out earlier in this Circular.
10. Where a former vested Scheme member dies having previously left the public service (other than on the basis of cost neutral early retirement or retirement on medical grounds), any survivor's pension that may be payable subject to the conditions set out in the 2012 Act will be based on the preserved benefits (i.e. no enhancement of survivor's pension will apply).

Children's Pensions following Death in Service

11. Any children's pensions that might be payable following the death in service of a Scheme member should be based on the rate of the deceased member's pension that would be used to calculate the survivor's pension (Paragraphs 8, 9 and 10 above refer).

Multiple Public Service Positions

12. In a case where a Scheme member who dies in service held 2 or more pensionable public service positions at different time periods in the 12 months prior to death, the death gratuity covering all employments should be paid by the Relevant Authority employing the member on the date of death.

Examples

13. Some examples of how a Death Gratuity and a survivor's pension might be calculated are provided in Appendix A to this Circular.

Effective date

14. The arrangements set out above are deemed to have come into force on 1 January 2013.

Circulation

15. This Circular is being issued to all Relevant Authorities with responsibility for the Single Public Service Pension Scheme. The Circular is also available at <http://circulars.gov.ie>.

Queries

16. Queries about this Circular may be pursued as follows:

- Individual public servants with queries should raise them with their Relevant Authority/employer.
- Relevant Authorities/employers wishing to raise queries should send them to singleschemequeries@per.gov.ie, writing "Circular 11/2017" in the subject line.

Colin Menton
Assistant Secretary

Appendix A: Examples of Calculations of the Death Gratuity and the Survivor's Pension in the Single Scheme

Example 1 – Less than 12 months service as a Scheme member prior to death

A 50 year old Scheme member works full-time with pensionable remuneration of €50,000 per year. The Scheme member dies after 7 months as a member of the Single Scheme and the deceased member's legal personal representative is awarded a Death Gratuity. No additional public service pension-related lump sum was previously paid or is payable. No survivor's/children's pensions payable (as the member had not completed the 2 year vesting period).

Calculation

The Scheme member had pensionable remuneration of €29,167 in the period of 7 months as a Scheme member prior to his/her death.

Death Gratuity = twice the pensionable remuneration in the 12 months prior to death (which in this case only amounted to 7 months) less any applicable public service pension-related lump sum paid or payable.

$$\begin{aligned}\text{Death Gratuity} &= 2 * \text{€}29,167 \\ &= \text{€}58,334\end{aligned}$$

Example 2 – 1½ years as Scheme member; salary changes in that period

A 50 year old Scheme member works full-time with pensionable remuneration of €50,000 per year, increasing to €55,000 per year after 12 months. The Scheme member dies after 1½ years as a public servant and the deceased member's legal personal representative is awarded a Death Gratuity. No additional public service pension-related lump sum was previously paid or is payable. No survivor's/children's pensions payable (as the member had not completed the 2 year vesting period).

Calculation

In the 6 months prior to death, the Scheme member had annual pensionable remuneration of €55,000 (€27,500 for 6 months). For the 6 months prior to that, the Scheme member had annual pensionable remuneration of €50,000 (€25,000 for 6 months).

Total pensionable remuneration in 12 months prior to death is €27,500 + €25,000 = €52,500

Death Gratuity = twice the pensionable remuneration in the 12 months prior to death less any applicable public service pension-related lump sum paid or payable.

$$\begin{aligned}\text{Death Gratuity} &= 2 * \text{€}52,500 \\ &= \text{€}105,000\end{aligned}$$

Example 3 – Survivor’s and Children’s Pensions Payable

NB: This example should be read in conjunction with Example 2 in Appendix A of D/PER Single Scheme Guidance Note 01/2017 (retirement on medical grounds) as the Survivor’s and Children’s pensions in this example qualify for enhancement as provided for in Paragraphs 9 and 11 of this Circular.

A Scheme member works full-time with pensionable remuneration of €50,000 per year for 5 years, increasing to €55,000 per year thereafter. He or she dies after 6 years as a Scheme member, aged 52 at death, and the normal retirement age for this member is 68. For simplicity ignore CPI adjustments. No additional public service pension-related lump sum was previously paid or is payable and the Scheme member had a surviving spouse who is entitled to a survivor’s pension and two children who are entitled to children’s pensions.

Calculations

Death Gratuity, Survivor’s Pension and Children’s Pensions

Death Gratuity = twice the pensionable remuneration in the 12 months prior to death less any applicable public service pension-related lump sum paid or payable

$$\begin{aligned} &= 2 * €55,000 \\ &= €110,000 \end{aligned}$$

Death Gratuity Payable: €110,000

Notional pension awarded had the deceased retired on Medical Grounds

$$\begin{aligned} &= €1,982 \text{ (accrued)} + €3,056 \text{ (enhancement)} \\ &= €5,038 \text{ (equivalent to Example 2 in Appendix A of Single} \\ &\quad \text{Scheme Guidance Note 01/2017)} \end{aligned}$$

Survivor’s Pension = One half of the deceased Scheme member’s pension, had he or she retired on Medical Grounds.

$$\begin{aligned} &= 50\% \text{ of } €5,038 \\ &= \mathbf{€2,519} \end{aligned}$$

Children’s Pensions: As the deceased Scheme member is survived by a spouse and 3 or fewer children who are entitled to pensions, under Section 39(2)(b)(i) each child is entitled to one-sixth of the deceased Scheme member’s pension. The deceased member’s pension had he or she retired on Medical Grounds = €5,038. Each child is, therefore, entitled to a pension of **€839.67**.

Example 4 - Treatment of Work-Sharer/Part-time Employee

NB: This example should be read in conjunction with Example 3 in Appendix A of D/PER Single Scheme Guidance Note 01/2017 (retirement on medical grounds) as the Survivor's pension in this example qualifies for enhancement as provided for in Paragraph 9 of this Circular.

A Scheme member works full-time with pensionable remuneration of €50,000 per year for 5 years, increasing to €55,000 per year thereafter. However at the beginning of the 6th year, the Scheme member changes to working part-time on a 50% basis. At the end of year 6, he or she dies, aged 65, the normal retirement age for this member is 66 and for simplicity ignore CPI adjustments. No additional public service pension-related lump sum was previously paid or is payable and the Scheme member had a surviving spouse who is entitled to a survivor's pension but no children's pensions are payable.

Calculations

Death Gratuity and Survivor's Pension

Death Gratuity = twice the pensionable remuneration in the 12 months prior to death less any applicable public service pension-related lump sum paid or payable

$$\begin{aligned} &= 2 * €55,000^1 \\ &= €110,000 \end{aligned}$$

¹ note that pensionable remuneration is expressed on a full-time basis – not reduced to take account of 50% work pattern

Death Gratuity Payable: €110,000

Notional pension awarded had the deceased retired on Medical Grounds

$$\begin{aligned} &= €1,791 \text{ (accrued)} + €139 \text{ (enhancement)} \\ &= €1,930 \text{ (equivalent to Example 3 in Appendix A of Single} \\ &\quad \text{Scheme Guidance Note 01/2017)} \end{aligned}$$

Survivor's Pension = One half of the deceased Scheme member's pension, had he or she retired on Medical Grounds.

$$\begin{aligned} &= 50\% \text{ of } €1,930 \\ &= \mathbf{€965} \end{aligned}$$

Example 5 – Member who has received previous public service pension-related lump sum

NB: This example should be read in conjunction with Example 2 in Appendix A of D/PER Single Scheme Guidance Note 01/2017 (retirement on medical grounds) as the Survivor's pension in this example qualifies for enhancement as provided for Paragraph 9 of this Circular.

A Scheme member works full-time with pensionable remuneration of €50,000 per year for 5 years, increasing to €55,000 per year thereafter. He or she dies after 6 years as a Scheme member, aged 52 at death, and the normal retirement age for this member is 68. For simplicity ignore CPI adjustments. This member received a pension-related lump sum of €90,000 when he retired from An Garda Síochána. The Scheme member had a surviving spouse who is entitled to a survivor's pension but no children's pensions are payable.

Calculations

Death Gratuity and Survivor's Pension

Death Gratuity = twice the pensionable remuneration in the 12 months prior to death less any superannuation lump sum paid or payable. In this case there was one superannuation lump sum paid from An Garda Síochána 10 years ago (€90,000).

Pensionable remuneration (€55,000) * 2 = €110,000

Less superannuation lump sum of €90,000

€110,000 less €90,000 = **€20,000**

Death Gratuity Payable: €20,000

Notional pension awarded had the deceased retired on Medical Grounds

= €1,982 (accrued) + €3,056 (enhancement)

= €5,038 (equivalent to Example 2 in Appendix A of Single Scheme Guidance Note 01/2017)

Survivor's Pension = One half of the deceased Scheme member's pension, had he or she retired on Medical Grounds.

= 50% of €5,038

= **€2,519**

Example 6 – Preserved Death Gratuity

A Scheme member ceases to be a public servant, other than under Section 27 (retirement on medical grounds) or Section 29 (cost neutral early retirement) of the 2012 Act and has a preserved pension and lump-sum entitlement. The former member dies before reaching his or her normal retirement age. No additional public service pension-related lump sum was previously paid or is payable and the Scheme member had a surviving spouse who is entitled to a survivor's pension but no children's pensions are payable.

Calculations

Preserved Death Gratuity

Lump sum referable amounts previously accrued are adjusted in accordance with CPI increases but with no enhancement – total say, €10,000 payable immediately after death of the former member in the form of a preserved Death Gratuity.

Survivor's Pension

Pension referable amounts previously accrued are adjusted in accordance with CPI increases but with no enhancement – total say, €5,000 to be divided by 2 to form the survivor's pension which would be payable immediately after death of the former member

= 50% of €5,000

= **€2,500**