The University of Dublin Trinity College Master Pension Scheme

Trinity College Pensions Office
Date 09/05/2017
What will be covered today?

- How is the pension calculated at normal retirement?
- Can I receive a lump sum at retirement?
- What are AVCs?
- What happens if I leave Trinity?
- Death Benefits
- Mercer Oneview system
- Other Pension Topics
- Contact Details
How is the pension calculated?

At Normal Retirement Age

– $\frac{1}{60^{th}} \times \text{Pensionable Salary} \times \text{Pensionable Service}$

– Traditionally called a ‘Defined Benefit’ pension
### How is the pension calculated?

**Pensionable Salary**

- Salary (un-coordinated or class ‘D’ PRSI), or
- Salary less 1.5 times the State Pension (coordinated or class ‘A’ PRSI)

<table>
<thead>
<tr>
<th>Example</th>
<th>Un-coordinated</th>
<th>Coordinated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Salary</td>
<td>€45,000</td>
<td>€45,000</td>
</tr>
<tr>
<td>State Pension times 1.5</td>
<td>€0</td>
<td>€18,587</td>
</tr>
<tr>
<td><strong>Pensionable Salary</strong></td>
<td><strong>€45,000</strong></td>
<td><strong>€26,413</strong></td>
</tr>
</tbody>
</table>

If you are in doubt please refer to your payslip which will indicate whether you are paying PRSI at class ‘D’ or class ‘A’.
How is the pension calculated?

**Pensionable Service**

- Eligible full time permanent service as an employee of the University
- Certain part time/job share and temporary service dependant on the date of service
- Accepted transferred in public sector service
- Service credits provided for transfer payment received
- Discretionary added years (only payable at NRA if active)
  - Must have completed 5 years full time service with the University
  - $1/3^{rd}$ of actual pensionable service with University
  - Maximum of 10 added years
- **Total Pensionable Service capped at 40 years**
## How is the pension calculated?

**Example 1**

<table>
<thead>
<tr>
<th></th>
<th>Un-coordinated</th>
<th>Coordinated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual University Service</td>
<td>27 years</td>
<td>27 years</td>
</tr>
<tr>
<td>Added Years (1/3&lt;sup&gt;rd&lt;/sup&gt;)</td>
<td>9 years</td>
<td>9 years</td>
</tr>
<tr>
<td>Service Credit (transfer)</td>
<td>4 years</td>
<td>4 years</td>
</tr>
<tr>
<td><strong>Total Pensionable Service</strong></td>
<td><strong>40 years</strong></td>
<td><strong>40 years</strong></td>
</tr>
<tr>
<td>Annual Salary</td>
<td>€45,000</td>
<td>€45,000</td>
</tr>
<tr>
<td>State Pension deduction</td>
<td>€0</td>
<td>€18,587</td>
</tr>
<tr>
<td><strong>Pensionable Salary</strong></td>
<td><strong>€45,000</strong></td>
<td><strong>€26,413</strong></td>
</tr>
<tr>
<td>Pension</td>
<td>€30,000</td>
<td>€17,609</td>
</tr>
<tr>
<td>State Pension</td>
<td>€0</td>
<td>€12,391</td>
</tr>
<tr>
<td><strong>Total Income (per annum)</strong></td>
<td><strong>€30,000</strong></td>
<td><strong>€30,000</strong></td>
</tr>
</tbody>
</table>
Can I receive a lump sum at retirement?

- A Tax Free lump sum is available on retirement
- You have to exchange part of your pension to fund the lump sum
- Or, partly/fully fund via AVC fund
- Maximum amount is $1 \frac{1}{2}$ times salary when *University service* is over 20 years.
- Current overall *tax free limit* of €200,000
- Reduction to your pension will depend on age and sex at retirement
- Will reduce the spouse’s pension payable on death
Can I receive a lump sum at retirement?

Example 2

<table>
<thead>
<tr>
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<tbody>
<tr>
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<td>€45,000</td>
</tr>
<tr>
<td>Pension</td>
<td>€30,000</td>
<td>€17,609</td>
</tr>
<tr>
<td>Lump Sum (salary x 1 ½)</td>
<td>€67,500</td>
<td>€67,500</td>
</tr>
<tr>
<td>Pension Reduction (9:1)*</td>
<td>€7,500</td>
<td>€7,500</td>
</tr>
<tr>
<td>Reduced Pension</td>
<td>€22,500</td>
<td>€10,109</td>
</tr>
<tr>
<td>State Pension</td>
<td>€0</td>
<td>€12,391</td>
</tr>
<tr>
<td><strong>Total Income (per annum)</strong></td>
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*Example uses 9:1 for a male at normal retirement
Females are calculated using 9.8:1 at normal retirement
How is the pension calculated?

Financial Emergency Measures in the Public Interest Act 2015

- Retirement “Grace Period” extended to 1 April 2019
- Applicable Salary is based on salary scales at 30 June 2013 with allowance also being made for any increments that would otherwise have been received had FEMPI2013 not been in place
- Where pension exceeds €32,500 the pension is subject to the application of a Public Service Pensions Reduction (PSPR)

1 January 2017:

<table>
<thead>
<tr>
<th>Annualised amount of public service pension</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to €39,000</td>
<td>Exempt</td>
</tr>
<tr>
<td>Any amount over €39,000 but not over €60,000</td>
<td>2%</td>
</tr>
<tr>
<td>Any amount over €60,000 but not over €100,000</td>
<td>5%</td>
</tr>
<tr>
<td>Any amount over €100,000</td>
<td>8%</td>
</tr>
</tbody>
</table>

1 January 2018:

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<thead>
<tr>
<th>Annualised amount of public service pension</th>
<th>Reduction</th>
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<tr>
<td>Up to €60,000</td>
<td>Exempt</td>
</tr>
<tr>
<td>Any amount over €60,000 but not over €100,000</td>
<td>5%</td>
</tr>
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What are AVCs?

– Additional Voluntary Contributions
– Invested in a choice of funds
– Income tax relief results in a €100 contribution costing either €80 or €60 depending on your marginal rate
– On retirement AVC can be used to fund your lump sum, purchase additional pension, invest in an ARF/AMRF or other options
– Can make payment through payroll
– Once off amounts payable for previous tax year up to 31 October
– Maximum contribution depends on age
– Earnings cap on which tax relief is granted is currently €115,000
What are AVCs?

Can I make AVC payments to increase my lump sum or pension?

– Yes, if you are retiring at normal retirement age with less than 40 years pensionable service

– Yes, if you are a co-ordinated member of the scheme

– Yes, if you have non pensionable allowances

– No, if you are un-coordinated with more than 40 years of pensionable service and no non pensionable allowances
## What are AVCs?

**Example 3**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension</td>
<td>€30,000</td>
</tr>
<tr>
<td>Lump Sum</td>
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</tr>
<tr>
<td><strong>AVC Fund</strong></td>
<td><strong>€67,500</strong></td>
</tr>
<tr>
<td><strong>Revised Pension</strong></td>
<td><strong>€30,000</strong></td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>€30,000</strong></td>
</tr>
</tbody>
</table>

**Un-coordinated**
What happens if I leave Trinity?

- Leaving service option statement from Mercer
- Pension calculated on same basis as at normal retirement \((1/60 \times \text{pensionable salary} \times \text{pensionable service})\)
- Pensionable service based on accrued service to date of leaving (no discretionary added years)
- Pensionable salary based on pay scale at date of leaving
- Possible to transfer to another public sector body
- On retirement the current equivalent pay scale will be used
- Mercer will contact you shortly before normal retirement with regards to your retirement options
- Contact us if you move home!
What is payable if I die in service?

- With dependants - 10 times your expected pension (based on pensionable salary at date of death)
- Subject to a minimum of 4 times pensionable salary at date of death
- The value of your AVCs (if any)
- Paid to the beneficiaries or your estate
- 4 times salary paid to beneficiaries or estate as a lump sum and balance used to purchase benefits for dependants (if any)
- If no dependants then 4 times lump sum plus AVCs (if any) is payable only
What is payable if I die in retirement?

– Pension guaranteed to be paid for 5 years or 60 monthly payments.

– Example: If you die after 40 monthly payments a balance of 20 payments is paid to your dependants or estate

– Spouse’s pension of 2/3rds of member’s pension at date of death

– Spouse’s pension will be reduced if the member commuted some pension to purchase a lump sum

– Have to be married before age 60 or retirement if earlier

– Spouse’s pension will be reduced if the spouse is more than 10 years younger than the member
What is payable if I die after leaving?

– The actuarial value of your pension at the date of death would be paid to your estate

– AVC (if any) fund also payable

Important to note that an expression of wish form are held on file, but are not legally binding. We would encourage you to make will.
Mercer OneView

- Online projection tool
- Linked to live data
- Enables members to model their benefits for possible changes in salary, working hours, career breaks etc
- Calculates different scenarios
- More information https://www.tcd.ie/hr/our-services/pensions/
Early Retirement

– Projections available on Mercer OneView
– Actuarially Reduced (for the lifetime of the pension)
– No discretionary years added
– Subject to approval from Line Manager, Head of School or Business
– Retirement “Grace Period” extended to 1 April 2019
What are Pension Related Deductions?

- A deduction from pay for public servants with a ‘pension interest’
- Financial Emergency Measures in the Public Interest Act 2009
- Modified in 2015

<table>
<thead>
<tr>
<th>Amount of remuneration</th>
<th>Rate of deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to €28,750</td>
<td>Exempt</td>
</tr>
<tr>
<td>Any excess over €28,750 but not over €60,000</td>
<td>10 per cent</td>
</tr>
<tr>
<td>Any amount over €60,000</td>
<td>10.5 per cent</td>
</tr>
</tbody>
</table>
How is the pension calculated?

State Entitlement

– A state pension may be paid in addition

– To qualify

  - Must be State Retirement Age
  - Started paying PRSI before 56 years
  - Paid at least 520 full rate contributions

- Based on yearly average (contributions/years)

- A yearly average of 10 or above to qualify for a state pension

- A yearly average of 48 or over to qualify for the full state pension
Contact Details

- Pensions Office located in House 4
- Extension: 2422
- 01 896 2422
- pensions@tcd.ie
- https://www.tcd.ie/hr/our-services/pensions/
Thank You