



Circular 8/2008

PPU/POL/86284

22nd December 2008

**To:** CEO's, Superannuation Officers

**Schemes:** The Local Government Superannuation Scheme (Health Sector)  
The Nominated Health Agencies Superannuation Scheme  
The Voluntary Hospitals Superannuation Scheme  
Model Superannuation Schemes of  
Agencies under the Aegis of the Department of Health and Children

**Revised method of reckoning variable pensionable allowances for  
pension purposes in the Public Health Sector**

Dear Chief Executive/ Scheme Administrator

I am directed by the Minister for Health and Children to draw your attention to a change in the method of reckoning variable pensionable allowances for pension purposes in the public service announced by the Minister for Finance. This circular is **effective from 1 April 2004**, and should be read in conjunction with the attached Department of Finance Circular: 10/2008 - Public Service Pension Reform: Revised method of reckoning variable pensionable allowances for pension purposes.

With regard to paragraph 9 of the Department of Finance circular, unless covered by an appropriately approved specific agreement to the contrary, for an allowance to be pensionable, it should be listed in the Consolidated Salary Scales and:

- (i) be the subject of an appropriately approved central written management-staff agreement which specifies that the allowance is pensionable and specifies that the allowance is in the nature of pay;
- (ii) meet the standard conditions governing the pensionability of allowances, namely that the allowance is in respect of specified duties which are permanent or quasi-permanent and are continuous or regular;

Cuirfear fáilte roimh chomhfhreagras i nGaeilge

- (iii) not be a payment for work of a casual or temporary nature; and
- (iv) not be a payment for or in lieu of overtime, travel, subsistence or other expenses.

The criteria at (i) to (iv) above are indicative only and are not exhaustive. If a public health sector body has any doubts about the pensionability of an allowance, they should consult the National Human Resources and Workforce Planning Section of the Department of Health and Children.

Paragraph 11 of the attached circular does not currently apply to the public health sector as there is at present no requirement to hold an acting-up allowance for twelve months for it to be pensionable.

Paragraph 17-18 of the Department of Finance circular deal with the identification of the best three consecutive years of allowances. Please note that in the case of VHSS and NHASS, the local superannuation officer must identify the most favourable three consecutive years within the last ten years prior to the date of retirement and notify Pension Management Unit, Manorhamilton.

The new arrangements will be implemented immediately for new retirees. Every effort will be made to deal with those who retired from 1<sup>st</sup> April 2004 to date. The Department may agree suitable alternative methods to process these cases, with the appropriate staff representatives, having regard to all the relevant circumstances and subject to the approval of the Department of Finance.

Queries from individual staff members in connection with the new arrangements should be directed to the local superannuation office. Queries from superannuation officers of public health service bodies should be referred in writing to the Pension Policy Unit, Department of Health and Children.

Yours sincerely



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**GUIDELINES FOR THE APPLICATION OF CIRCULAR 8/2008  
IN THE PUBLIC HEALTH SECTOR**

- (1) Has the person held any allowance in the ten-year period prior to retirement?
- (2) If yes, was that allowance held in the grade from which the person is retiring (or in their previous grade if promoted less than three years before retirement)?
- (3) If yes, was that allowance pensionable? [See paragraph 9 of the Department of Finance Circular, 10/2008. For example, Children's Allowance is not pensionable.]
- (4) If yes, was that allowance a variable allowance within the meaning of Circular 10/2008? [See paragraph 10 of Department of Finance Circular, 10/2008.]
- (5) If yes, does that allowance meet the other criteria set out in the Circular? [See paragraphs 11, 13, 14 and 15.]
- (6) Is the allowance increased by reference to general pay increases only or by reference to both general and special/grade pay increases?

**EXAMPLES OF THE APPLICATION OF CIRCULAR 8/2008  
IN THE PUBLIC HEALTH SECTOR**

**Example 1**

*An EMT retires on 17<sup>th</sup> July 2006 on the maximum point of the EMT salary scale.*

**Allowance earnings in the ten years before retirement**

From	To	Saturday	Three-year averages	Allowances directly related to Basic Pay	Three-year averages	Total Uprated averages
18-Jul-96	17-Jul-97	209.26		7752.59		
18-Jul-97	17-Jul-98	186.26		9698.00		
18-Jul-98	17-Jul-99	205.24	200.25	8349.00	8599.86	<b>15736.20</b>
18-Jul-99	17-Jul-00	215.21	202.24	9909.00	9318.67	<b>16295.96</b>
18-Jul-00	17-Jul-01	177.45	199.30	8946.00	9068.00	<b>14319.71</b>
18-Jul-01	17-Jul-02	151.80	181.49	9089.00	9314.67	<b>13104.88</b>
18-Jul-02	17-Jul-03	201.00	176.75	11577.00	9870.67	<b>13336.08</b>
18-Jul-03	17-Jul-04	201.00	184.60	11367.00	10677.67	<b>12304.08</b>
18-Jul-04	17-Jul-05	180.00	194.00	12915.00	11953.00	<b>12635.39</b>
18-Jul-05	17-Jul-06	135.00	172.00	10497.00	11593.00	<b>11765.00</b>

The Saturday payment is uprated on the 1<sup>st</sup> July each year whereas the Sunday/Night Duty etc. is uprated in line with pay increases on a point for point basis.

For each of eight three-year periods the allowance earning totals must be added and averaged. The averages are then uprated to the date of retirement using the increase in the basic pay at the end of each 3 year period and the relevant rate at date of retirement.

The highest uprated average (second calculation period) was for the three-year period, 18<sup>th</sup> July 1997 to 17<sup>th</sup> July 2000. So the uprated average allowance figure for that period of €16,295.96 is the most beneficial to the employee and is therefore the allowance component of final pensionable remuneration.

## Example 2

A CNM2 grade retired on 30<sup>th</sup> July 2006. Promoted to CNM2 post on 15<sup>th</sup> September 2000. Salary at retirement was at the maximum of the CNM2 scale.

Where a person is promoted 3 or more years before retirement, allowances held in the former grade do not fall within the scope within the circular.

### Allowance earnings in the ten years before retirement

From	To	General Allowances Paid	Three-year averages	Sunday/ Public Holiday	Three-year averages	Saturday Allowances Paid	Three-year averages	Total Uprated averages
31-Jul-96	30-Jul-97							
31-Jul-97	30-Jul-98							
31-Jul-98	30-Jul-99							
31-Jul-99	30-Jul-00	1067.86	355.95	329.34	109.78	10.44	3.48	644.73
31-Jul-00	30-Jul-01	545.25	537.70		109.78		3.48	824.84
31-Jul-01	30-Jul-02		537.70		109.78		3.48	777.47
31-Jul-02	30-Jul-03		181.75	7648.94	2549.65	278.36	92.79	3449.49
31-Jul-03	30-Jul-04			8911.09	5520.01	274.77	184.38	6309.46
31-Jul-04	30-Jul-05	7442.68	2480.89	8914.13	8491.39	285.15	279.43	11703.25
31-Jul-05	30-Jul-06	2562.49	3335.06	9566.13	9130.45	335.64	298.52	12764.03

General Allowances are made up of Nursing Allowance and Red Circle Allowance. Allowances related to Basic Pay were Sunday, Public Holiday, Unsocial Hours and Holiday Premium. The Saturday payment is uprated on the 1<sup>st</sup> July each year whereas the Sunday/Night Duty etc. is uprated in line with pay increases on a point for point basis.

For each of the eight three-year periods the allowance earning totals must be added and averaged. The averages are then uprated to the date of retirement using the increase in the basic pay at the end of each 3 year period and the relevant rate at date of retirement.

As the employee was promoted in 2000, four calculations (back to 2000) are required. The highest uprated average was for the three-year period - 31<sup>st</sup> July 2003 to 30<sup>th</sup> July 2006. Therefore the uprated average allowance figure for that period of €12,764.03 is deemed to be the allowance component of final pensionable remuneration. This circular has no financial impact in this case as the allowances paid in the last 3 years prior to retirement are still the best 3 in the last 10.

### Example 3

*A Child Care Worker retires on 11th May 2008*

#### Allowance earnings in the ten years before retirement

From	To	Saturday Allowance	Three-year averages	Sunday/Night Duty etc.	Three-year averages	Total Upated averages
11-May-98	10-May-99	197.48		5542.29		
11-May-99	10-May-00	167.92		4790.79		
11-May-00	10-May-01	230.72	198.71	7088.02	5807.03	<b>11528.95</b>
11-May-01	10-May-02	365.10	254.58	7446.52	6441.78	<b>9181.82</b>
11-May-02	10-May-03	251.10	282.31	4619.65	6384.73	<b>8521.50</b>
11-May-03	10-May-04	325.90	314.03	4220.03	5428.73	<b>6913.66</b>
11-May-04	10-May-05	296.26	291.09	4678.35	4506.01	<b>5549.46</b>
11-May-05	10-May-06	266.16	296.11	5840.66	4913.01	<b>5850.30</b>
11-May-06	10-May-07	379.47	313.96	7987.14	6168.72	<b>6769.74</b>
11-May-07	10-May-08	301.90	315.84	7016.70	6948.17	<b>7264.01</b>

The Saturday payment is uprated on the 1<sup>st</sup> July each year whereas the Sunday/Night Duty etc. is uprated in line with pay increases on a point for point basis.

For each of eight three-year periods the allowance earning totals must be added and averaged. The averages are then uprated to the date of retirement using the increase in the basic pay at the end of each three-year period and the relevant rate at date of retirement.

The highest uprated average was for the three-year period, 11 May 1998 to 10 May 2001. Therefore, the uprated average allowance figure for that period of €11,528.95 is deemed to be the allowance component of final pensionable remuneration. The circular in this instance has an impact in that the allowances paid in the last three years prior to retirement are less than the best 3 in the last 10.

#### Example 4

*A Senior Staff Nurse (Dual Qualified) Mental Health who retires 29<sup>th</sup> June 2008  
Appointed to Senior Staff Nurse effective 5<sup>th</sup> November 2001.*

As this is a promotion - allowances prior to 5<sup>th</sup> November 2001 do not count for the purpose of this circular (A Staff Nurse appointed on the initial creation of Senior Staff Nurse Grade is not considered a promotion).

All the service was wholetime

Except: 02/03/2006 02/09/2007 Pension Rate of Pay (Not reckonable)  
03/09/2007 02/12/2007 half time  
03/12/2007 03/02/2008 24hr week

#### Allowance earnings in the ten years before retirement

From	To	Allowances Paid	Three-year averages	Saturday	Three-year averages	Sundays	Three-year averages	Total Uprated averages
30-Jun-98	29-Jun-99							
30-Jun-99	29-Jun-00							
30-Jun-00	29-Jun-01							
30-Jun-01	29-Jun-02	1381.37	460.46	161.91	53.97	6496.83	2165.61	3556.23
30-Jun-02	29-Jun-03	726.06	702.48	111.42	91.11	2288.00	2928.28	4742.52
30-Jun-03	29-Jun-04	2837.50	1648.31	351.27	208.20	8798.38	5861.07	9255.28
30-Jun-04	29-Jun-05	2630.65	2064.74	337.69	266.79	11135.78	7407.39	10908.00
28-Dec-03	29-Jun-05	3684.80		483.38		15304.11		
30-Jun-05	29-Jun-06	1755.45	2407.87	251.10	313.35	5030.97	8321.71	11891.70
30-Jun-06	29-Jun-07		1462.03		196.26		5388.92	7222.35
30-Jun-07	29-Jun-08	771.98	2134.03	15.03	251.07	5616.33	9110.92	11496.02

General Allowances are made up of Qualification Allowance and Acting Allowance. Allowances related to Basic Pay were Sunday, Public Holiday, Unsocial Hours and Holiday Premium. The Saturday payment is uprated on the 1<sup>st</sup> July each year where as the Sunday/Night Duty etc. is uprated in line with pay increases on a point for point basis.

For each of eight three-year periods the allowance earning totals must be added and averaged. The averages are then uprated to the date of retirement using the increase in the basic pay at the end of each three-year period and the relevant rate at date of retirement. The year 30<sup>th</sup> June 2007 to 29<sup>th</sup> June 2008 is adjusted to bring the allowances to a wholetime equivalent rate.

As the employee was promoted in 2001, calculations (back to 2001) are required. The highest uprated average was for the three year period, 30<sup>th</sup> June 2003 to 29<sup>th</sup> June 2006. So the uprated average allowance figure for that period of €11,891.70 is the most beneficial to the employee and is therefore the allowance component of final pensionable remuneration. The circular in this instance has an impact in that the allowances paid in the last three-years prior to retirement are less than the best 3 in the last 10.

### Example 5

The terms of the circular do not apply to pensionable allowances that are not subject to averaging such as the following examples: allowances payable to members who are Officers in the LGSS 1956 Scheme, Extended Duty Liability, certain session payments, allowances that are not increased in line with General Pay Increases, etc.

### Example 6

*An EMT retires on 17<sup>th</sup> July 2006 in receipt of a cardiac allowance only.*

This Circular does make a difference to the method of calculation in this case, i.e. the comparison exercise provided for in the Circular must be carried out. The required calculations are set out below.

#### Allowance earnings in the ten years before retirement

From	To	Cardiac Allowance Paid	Three-year averages	Total Uprated averages
18-Jul-96	17-Jul-97	452.00		
18-Jul-97	17-Jul-98	495.00		
18-Jul-98	17-Jul-99	516.00	487.67	877.17
18-Jul-99	17-Jul-00	550.00	520.33	895.06
18-Jul-00	17-Jul-01	571.00	545.67	846.87
18-Jul-01	17-Jul-02	609.00	576.67	798.42
18-Jul-02	17-Jul-03	640.00	606.67	807.66
18-Jul-03	17-Jul-04	652.00	633.67	718.44
18-Jul-04	17-Jul-05	688.00	660.00	686.64
18-Jul-05	17-Jul-06	841.00	727.00	727.00

Cardiac allowance is linked for adjustment purposes to general and special pay round increases. For each of eight three-year periods the allowance earning totals must be added and averaged. The averages are then uprated to the date of retirement using the increase in the basic pay at the end of each three-year period and the relevant rate at date of retirement.

The table shows that the highest uprated average was for the three-year period 18<sup>th</sup> July 1997 to 17<sup>th</sup> July 2000. Therefore the uprated average allowance figure for that period of €895.06 is deemed to be the allowance component of final pensionable remuneration.



### Example 7

*A Clerical Officer retires on 31<sup>st</sup> December 2007, having been promoted more than ten years before retirement. No allowances were payable in the two years before retirement, but in the six years before that the officer held one variable pensionable allowance. This allowance increases in line with general pay round increases.*

This Circular does make a difference to the method of calculation in this case, i.e. the comparison exercise as set out in the Circular must be carried out. The required calculations are set out below.

This person's pensionable allowance earnings in the ten years before retirement were as follows:

#### Allowance earnings in the ten years before retirement

Year	Allowance Paid	3 Year Average	Uprated average
1 January – 31 December 1998	0		
1 January – 31 December 1999	0		
1 January – 31 December 2000	1,500	500	<b>665.25</b>
1 January – 31 December 2001	2,100	1,200	<b>1,483.70</b>
1 January – 31 December 2002	2,160	1,920	<b>2,282.61</b>
1 January – 31 December 2003	1,800	2,020	<b>2,401.50</b>
1 January – 31 December 2004	2,250	2,070	<b>2,296.48</b>
1 January – 31 December 2005	2,310	2,120	<b>2,282.95</b>
1 January – 31 December 2006	0	1,520	<b>1,550.40</b>
1 January – 31 December 2007	0	770	<b>770.00</b>

For each of eight three-year periods the above allowance earnings are added and averaged. The averages are then uprated to the date of retirement using appropriate multipliers as set out in the table below. (The allowance is linked for adjustment purposes to general pay round increases.)

The table shows that the highest uprated average was for the three-year period 1<sup>st</sup> January 2001 to 31<sup>st</sup> December 2003. So the uprated average allowance figure for that period of €2,401.50 is deemed to be the allowance component of final pensionable remuneration.

### Example 8

*A Staff Nurse retires on 11th May 2008, having reduced her commitment prior to retirement.*

The comparison exercise as set out in the Circular must be carried out. The required calculations are set out below. This member's pensionable allowance earnings in the ten years before retirement were as follows:

From	To	Nursing Allowance	Saturday	Sunday/Night Duty etc.	Yearly WTE Value	Total Uprated averages.
12-May-98	11-May-99	750.60	110.50	480.18	1.0000	
12-May-99	11-May-00	809.20	127.59	575.68	1.0000	
12-May-00	11-May-01	810.10	154.68	676.11	1.0000	<b>2207.45</b>
12-May-01	11-May-02	817.96	164.53	676.40	0.6472	<b>2545.72</b>
12-May-02	11-May-03	891.49	264.98	698.26	0.5819	<b>3113.71</b>
12-May-03	11-May-04	914.84	247.45	2127.40	0.5819	<b>4697.46</b>
12-May-04	11-May-05	906.36	175.75	1485.62	0.5542	<b>5267.85</b>
12-May-05	11-May-06	903.97	96.67	776.64	0.5318	<b>5049.15</b>
12-May-06	11-May-07	842.43	128.00	977.17	0.4820	<b>4180.91</b>
12-May-07	11-May-08	898.21	135.00	1499.38	0.5022	<b>4141.81</b>

For each of the eight three-year periods, the above allowance earnings are added and averaged. The averages are then uprated to the date of retirement using appropriate multipliers. The figures in the table include adjustments made for the reduced time worked from 2001 to 2008, with actual earnings being converted to wholtime equivalent amounts prior to being averaged.

The nursing allowance is linked for adjustment purposes to general grade pay increases. The Saturday allowance is linked for adjustment purposes to general grade pay increases effective from the 1<sup>st</sup> January the following year. The Sunday/night duty etc. payments are linked for adjustment purposes to general and special/grade pay increases.

The table shows that the highest uprated average was for the three-year period 12<sup>th</sup> May 2002 to 11<sup>th</sup> May 2005. Therefore, the uprated average allowance figure for that period of €5,267.85 is deemed the most beneficial to the member and therefore to be the allowance component of final pensionable remuneration.