

## **Briefing note on the outstanding agreed changes to the An Post Superannuation Schemes**

### **Ill Health Retirement – added years.**

The principle that employees superannuating on ill health can attain added years to their service, is a long-established fixture in An Post. Prior to the Pension Accord it was based on the Normal Retirement Age (60) and the Maximum Retirement Age (65). Following the Accord both the Normal Retirement Age and the Maximum Retirement Age were changed as follows:

- The Normal Retirement Age (NRA) for those paying Class D PRSI is 40 years after they start which could be any age between 60 and 66
- The Maximum Retirement Age (MRA) is the age at which someone qualifies for the State Pension Contributory – currently 66.

However, the Company when amending the scheme rules left in place Age 60 and 65. This means for example that if someone was superannuated with an NRA of 62 they would only have years added to age 60.

Under the Employment Equality Acts it is against the law to discriminate against anyone in employment based on their age. Any reference to age must be objectively justified. In relation to ill health retirement there is no basis to having age 60 or 65 in the employment contract and by only allowing added years up to 60 or 65 they are discriminating against the employee concerned.

The rules in relation to extra notional service in the case of employees who retire on medical grounds are set out in Section 5.2 of the Main Superannuation Scheme (as amended by the An Post Main Superannuation (Amendment) Scheme, 2015).

To address this we agreed the following:

1. The aggregate of full-time equivalent service and ill health notional service would not exceed 40 years full time equivalent service.
2. Any reference to age 60 should be replaced with “their minimum retirement age and any reference to age 65 be replaced with “the minimum age at which the State Pension (Contributory) is paid.

### **Actuarial Reduction- Early Retirement**

Actuarial reductions are applied when individuals seek to retire before their Normal Retirement Age (NRA). As a result, both their pension and their lump sum can be reduced. Some examples are

- If someone wished to retire at age 62, but their NRA is 65, then their pension would be reduced to 85.1% and their lump sum to 91.8%
- If someone wished to retire at age 60, and their NRA is 65 then their pension would be reduced to 76.9% and their lump sum 86.3%

The above examples are based on the 2013 Accord at a time there was a huge deficit in the fund. In the context of the surplus in we agreed in January 2023 the requirement to lessen the impact. Once Ministerial approval is finalised, the Scheme Actuary will recalculate the value of actuarial reduction to apply.