



**An Roinn Caiteachais  
Phoiblí agus Athchóirithe**  
Department of Public  
Expenditure and Reform

## **Spending Review 2018**

# **Projected Retirements from the Civil Service from 2019 to 2028**

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**PUBLIC SERVICE PAY AND PENSION POLICY DIVISION**

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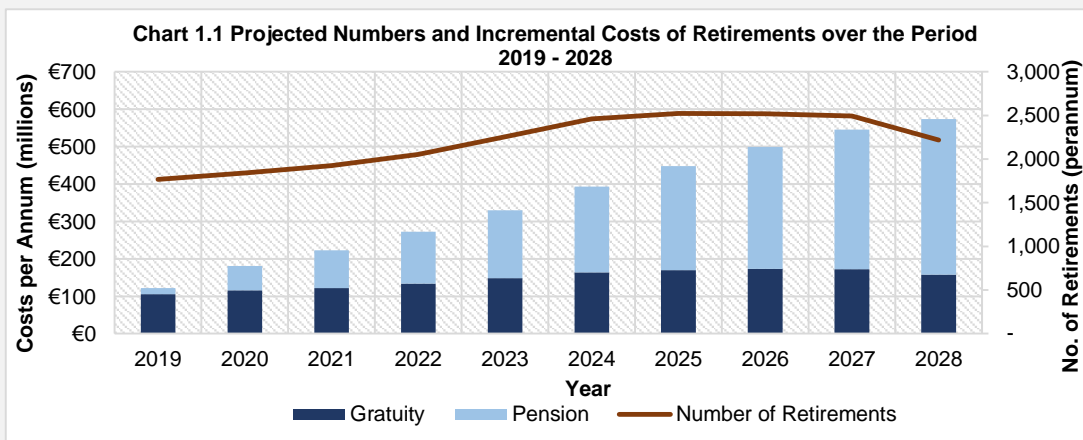
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# 1. Executive Summary

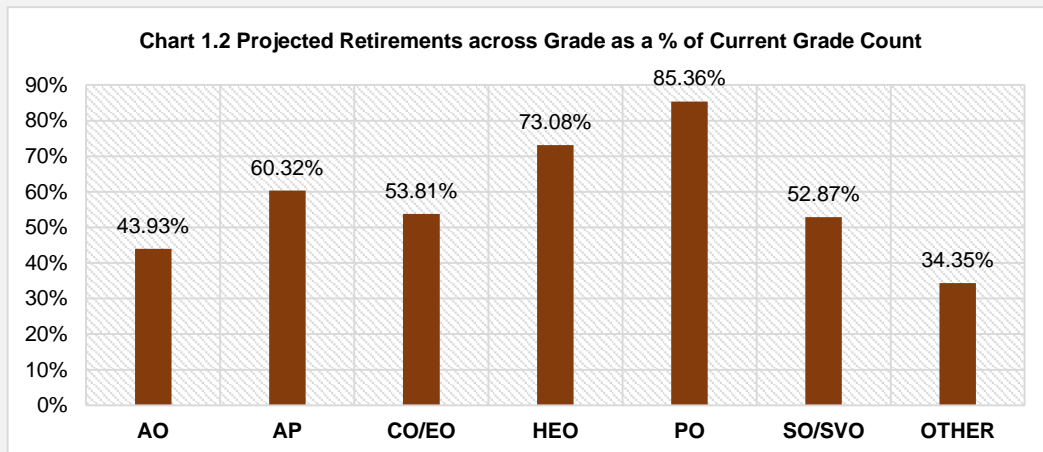
- 1.1. The present study provides a projection of retirements, and associated costs, in respect of the Civil Service over the period 2019 to 2028.
- 1.2. Retirement numbers are projected with the purpose of aiding our understanding of the effects of the ageing demographic profile underpinning the workforce, particularly in relation to workforce planning across department and grade, and the allocation of funds to the superannuation and retired allowances budget in respect of the Civil Service over future years.
- 1.3. Projections were prepared on an individual member basis using data as of 31<sup>st</sup> December 2017. The results presented are projections, not forecasts, which should be reviewed in light of updated information available.

## Main Findings

- 1.4. The number of retirements are expected to increase over the period, from approximately 1,750 in the year 2019 to a peak of 2,525 in 2025, and gradually fall thereafter to approximately 2,220 in 2028.
- 1.5. The incremental costs, in terms of pension and gratuity, are expected to increase each year over the projection period. The total cost is projected to increase from approximately €122 million in 2019 to €575 million by the year 2028 (See Chart 1.1).



- 1.6. A compositional analysis of the projected retirements show that a large proportion of current Principal Officers (85%), Higher Executive Officers (73%) and Assistant Principals (60%) are expected to retire over the coming decade.
- 1.7. A breakdown of retirements in each grade, as a % of current workforce, is presented in Chart 1.2.



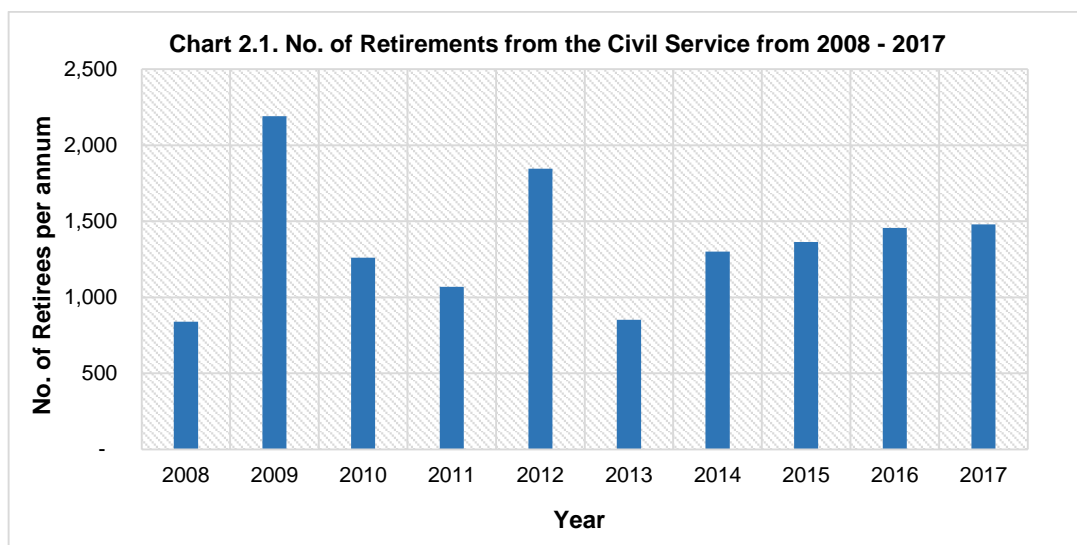
Note: The AO grade classification includes employees other than those on the standard AO scale. The most common AO employee categories in our sample who are expected to retire over the projection period are Probation & Welfare officers, Supervisory Agricultural Officers, HEO inspectors, Assistant Agricultural Officers and Statisticians.

- 1.8. A breakdown of retirements across each Department is also included in this paper.
- 1.9. The incremental cost of pensions is estimated to be in the region of €40-€50 million per annum, based on projected retirements over the projection period.

## 2. Introduction

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- 2.1. The progression of the civil service pension bill is an important expenditure consideration for the State. In 2017, 23,918 former employees of the Civil Service were in receipt of a pension, and the annual outturn amounted to approximately €535.48 million over the year. The 2018 Estimate is €569.9 million, with €94.2 million allocated for gratuities.
- 2.2. Notably, there exists significant uncertainty around the number of retirements, and corresponding level of pension costs, in each year. This uncertainty can be largely attributed to the variation in retirement ages across scheme members, particularly in relation to the flexible band of ages over which members can choose to retire under various schemes in the Civil Service.
- 2.3. Chart 1. below demonstrates the variation in the number of retirements from the Civil Service over the period 2008 - 2017.



- 2.4. The present study projects the number of retirements across the Civil Service, including the Prison Service, over a 10 year period. Specifically, retirement numbers are projected with the purpose of aiding our understanding of the trend in retirements over time, particularly in relation to the ageing demographic profile underpinning the work force. The projected retirements are presented across Department and Grade with a view to informing work-force planning of the relevant bodies over the coming period.
- 2.5. This paper also presents the annual incremental cost associated with projected retirements, in terms of pension and gratuity, over the projection period. These incremental costs correspond to only new retirees over the period and do not include the cost associated with existing retirees. The costings are aimed at informing the allocation of funds to the superannuation and retired allowances budget in respect of the Civil Service over future years.

## 3. Data

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### 3.1. Data Overview

- 3.1.1. A significant amount of data was required to project retirements, and the associated costings, in respect of the Civil Service over the ten year period 2019 – 2027.
- 3.1.2. Individual member data on all active employees in the Civil Service as at 31<sup>st</sup> December 2017 was extracted from the Department's Human Resource Management System (HRMS).
- 3.1.3. Checks on the reasonableness of the data were carried out, and minor adjustments were made accordingly.
- 3.1.4. A final data set pertaining to 38,553 active employees in the Civil Service was used in the present analysis.
- 3.1.5. The results of this review are critically dependent on the quality of the raw data used. The Department does not accept responsibility for any potential inaccuracies in the collated data.

### 3.2. Data Summaries

- 3.2.1. The data on all active employees in the Civil Service as at 31<sup>st</sup> December 2017 is summarised below.

**Table 3.1: Summary Data for Active Employees in the Civil Service**

	Count	Gender Breakdown	Average Age (Years)	Average Service (Years)	Average Basic Pens. Salary (€)
<b>Pre 1995</b>	16,571	45% Male 55% Female	52.7	28	52,379
<b>Post 1995</b>	9,734	36% Male 64% Female	45.95	15.3	49,896
<b>Post 2004</b>	5,543	40% Male 60% Female	42.83	9.6	45,140
<b>Single Scheme</b>	6,706	45% Male 55% Female	37.15	1.7	31,364
<b>Total</b>	<b>38,553</b>	<b>42% Male 58% Female</b>	<b>46.86</b>	<b>17.5</b>	<b>47,056</b>

**Table 3.2: Number of Current Employees in each Department across Age Bands**

<b>Department*</b>	<b>Total</b>	<b>&lt;35</b>	<b>35-44</b>	<b>45-54</b>	<b>55-64</b>	<b>≥65</b>
Employment Affairs & Social Protection	6,747	545	1,588	2,344	2,239	31
Revenue Commissioners	6,468	765	1,606	1,793	2,282	21
Agriculture, Food & the Marine	3,177	238	760	968	1,199	11
Prisons	2,952	291	1,112	1,338	205	6
Garda Civilians	2,403	315	593	752	702	41
Justice & Equality	2,289	438	714	631	497	8
Education & Skills	1,395	126	415	493	354	6
Foreign Affairs & Trade	1,095	195	293	297	306	4
Courts Service	1,074	181	235	289	358	11
Business, Enterprise & Innovation	872	94	210	304	263	1
Central Statistics Office	830	91	227	289	214	9
National Shared Services Office	738	219	209	181	127	2
Housing, Planning & Local Government	724	48	212	248	214	3
Finance & Public Expenditure & Reform	724	178	206	183	158	-
Office of Public Works	707	82	183	227	213	2
Other**	6,358	1,043	1,784	1,928	1,565	38
<b>All Departments</b>	<b>38,553</b>	<b>4,850</b>	<b>10,347</b>	<b>12,264</b>	<b>10,895</b>	<b>195</b>

\*Data relating to the 15 departments in the Civil Service with the greatest number of employees is presented.

\*\*Data relating to employees in all departments which come under the 'Other' category is provided in Appendix A.

**Table 3.3. Number of Current Employees in each Grade across Age Bands**

<b>Grade*</b>	<b>Total</b>	<b>&lt;35</b>	<b>35-44</b>	<b>45-54</b>	<b>55-64</b>	<b>≥65</b>
AO	2,393	654	752	422	562	4
AP	4,234	280	1,289	1,446	1,211	7
ASC	230	1	18	97	112	2
CO	11,872	2,143	3,274	3,435	2,948	73
DS	19	-	-	9	9	1
EO	8,343	961	2,057	2,442	2,872	11
HEO	5,544	239	1,378	2,196	1,722	8
NPP	2	-	1	1	-	-
PO	1,433	25	261	581	560	7
POL	3	-	1	1	-	1
SEC	32	-	1	14	16	-
SO	2,543	279	1,014	1,043	207	-
SSC	2	-	-	-	2	-
SVO	1,058	67	118	348	466	60
TCO	747	189	160	203	175	20
TEA	18	-	7	8	3	-
UKN	79	12	17	18	31	-
<b>All Grades</b>	<b>38,553</b>	<b>4,850</b>	<b>10,349</b>	<b>12,264</b>	<b>10,895</b>	<b>195</b>

\*A glossary of the abbreviated grade names is provided in Appendix B.

\*\* The AO grade classification includes employees other than those on the standard AO scale.



## 4. Assumptions & Methodology

### 4.1. Assumptions

- 4.1.1. A number of critical assumptions were made in order to project the number of retirements, and the associated costs, over the projection period.

#### Normal Retirement Age

- 4.1.2. Members of the post-2004 pension scheme and post-2013 Single Scheme were assumed to retire at their normal minimum retirement age (See table 4.2).
- 4.1.3. The projection of a precise retirement age was more subjective for those who joined the civil service before 1 April 2004 given the five year period within which they may retire on full pension (between age 60 to 65).
- 4.1.4. An analysis of the proportion of employees who retire at each age over the past 8 years therefore informed the present study. It was assumed that 20% of employees in the pre-1995 and post-1995 schemes retire at each age from 60-64 (See Table 4.1).

**Table 4.1. Retirements as a percentage of those eligible to retire**

Civil Servants and Prison Service	2010	2011	2012	2013	2014	2015	2016	2017	Average
% of the age category 60-64 who <i>opted to retire in the year</i>	21%	19%	23%	12%	18%	23%	19%	20%	<b>20%</b>

#### Ill-health and Cost Neutral Early Retirements

- 4.1.5. It was assumed that approximately 15.6% of employees retire on medical grounds and on cost neutral early retirement based on historical data.

#### General and Promotional Salary Inflation

- 4.1.6. Salary inflation of 3.5% per annum was assumed up to date of projected retirement. This assumption allows for both general salary increases and an element of promotional salary increases up to date of retirement.

#### Discount Rate

- 4.1.7. A discount rate of 3.5% per annum was used.

#### Pension in Payment Indexation

- 4.1.8. Pensions in payment were assumed to increase in line with general salary inflation.

#### Mortality Table

- 4.1.9. An allowance based on a standard mortality table was made for expected mortality among pensioners over the 10 year projection period.

#### 4.2. **Methodology underlying the Projection of Retirements**

- 4.2.1. Retirements were projected on an individual line by line basis in accordance with the estimated retirement age of each member.
- 4.2.2. Normal retirements, compulsory retirements, ill-health retirement and cost-neutral early retirements were allowed for in the projections.

#### 4.3. **Methodology underlying the Costings of Projected Retirements**

- 4.3.1. The benefits payable in respect of projected retirements were estimated as the incremental costings over the projection period.
- 4.3.2. Retirement benefits, pension and gratuity, were calculated on an individual line by line basis based on projected salary and service at the projected date of retirement.
- 4.3.3. Projections captured the idiosyncrasies in the rules and entitlements by membership category (Civil Servants and Prison Officers) and by cohort (pre-1995, post 1995, post 2004 and post 2013 Single Scheme entrants).
- 4.3.4. The rules of the pension schemes which apply to the generality of civil servants (approximately 93% of the data set) are outlined in table 1 below. The remaining employees in the data set, those in the prison service, are subject to fast-accrual of their retirement benefits and as such, a slight variation in pension scheme rules were applied.

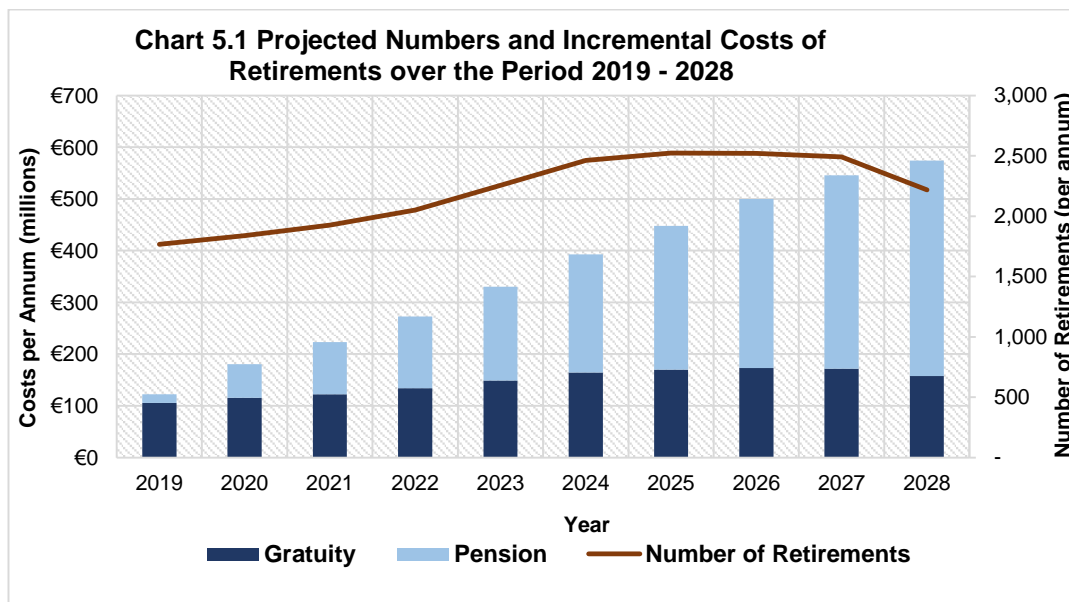
**Table 4.2. High Level Summary - Civil Service - General Pension Scheme Rules**

<b>Pension Schemes</b>				
	<b>Pre 1995</b>	<b>Post 1995</b>	<b>Post 2004</b>	<b>Single Scheme</b>
<b>Entrance Date</b>	Pre 6 April 1995	6 April 1995 - 31 March 2004	1 April 2004 - 31 Dec. 2012	Post 31 Dec. 2012
<b>Min. Retirement Age</b>	60	60	65	66,67,68 (In line with State Pension Age)
<b>Max Retirement Age</b>	65	65	70	70
<b>Pension Benefit</b>	Final Salary Pension	Final Salary - Integrated Pension	Final Salary - Integrated Pension	Career Average Salary - Integrated Pension
	$1/80 \times \text{Pensionable Salary} \times \text{Years of Reckonable Service}$	$(1/200 \times (\text{Pensionable Salary up to } 3.33 \times \text{State Pension}) + 1/80 \times (\text{Pensionable Salary over } 3.33 \times \text{State Pension})) \times \text{Years of Reckonable Service}$	$(1/200 \times (\text{Pensionable Salary up to } 3.33 \times \text{State Pension}) + 1/80 \times (\text{Pensionable Salary over } 3.33 \times \text{State Pension})) \times \text{Years of Reckonable Service}$	$0.58\% \times \text{Pensionable Salary}$ for each year of Pensionable Service with the referable amounts of each year uprating in line with CPI
	Max 40 years Reckonable Service	Max 40 years Reckonable Service	Max 40 years Reckonable Service	
<b>Gratuity Benefit</b>	$3/80 \times \text{Pensionable Salary} \times \text{Years of Reckonable Service}$	$3/80 \times \text{Pensionable Salary} \times \text{Years of Reckonable Service}$	$3/80 \times \text{Pensionable Salary} \times \text{Years of Reckonable Service}$	$1.25\% \times \text{Pensionable Salary}$ for each year of Pensionable Service with the referable amounts uprating in line with CPI
	Max 120/80 Salary	Max 120/80 Salary	Max 120/80 Salary	

## 5. Results

### 5.1. Overview of Results

5.1.1. The projected number of retirements, and associated incremental costings, over the period 2019 to 2028 are presented in Chart 5.1.



#### Projected Number of Retirements

5.1.2. The number of retirements are expected to increase over the period, from approximately 1,750 in the year 2019 to a peak of 2,525 in 2025, and gradually fall thereafter to approximately 2,220 in 2028.

5.1.3. The initial increase in projected retirements stems from the ageing of the Civil Service workforce, with almost 50% of those in the pre-1995 scheme expected to retire over the coming seven years.

5.1.4. The levelling off and later reduction in the number of retirements from 2025/2026 can be largely attributed to the later retirement age of members who joined the post-2004 scheme vis-à-vis the pre-2004 schemes in the Civil Service. This fall in the number of retirements can also be somewhat attributed to the higher retirement age of those who entered the Civil Service as members of the Single Scheme post 2013.

5.1.5. It should however be noted that there was no allowance made for the potentially longer working lives of civil servants following the recent increase in the compulsory retirement age from age 65 to age 70 for those recruited before April 2004, as provided for under The Public Service Superannuation (Age of Retirement) Bill 2018.

#### Projected Costs of New Retirements

5.1.6. The total costs associated with expected retirements are projected to increase each year over the projection period. Total outlay on pensions and gratuities, in respect of those who retire over the period, is expected to increase from approximately €122 million in 2019 to €575 million by the year 2028.

5.1.7. Specifically, annual gratuity costs are expected to rise by approximately €60 million between 2019 and 2027, before reducing by approximately €16 million in 2028. This trend in gratuity costs is consistent with the trend in the number of expected retirements over the 10 years.

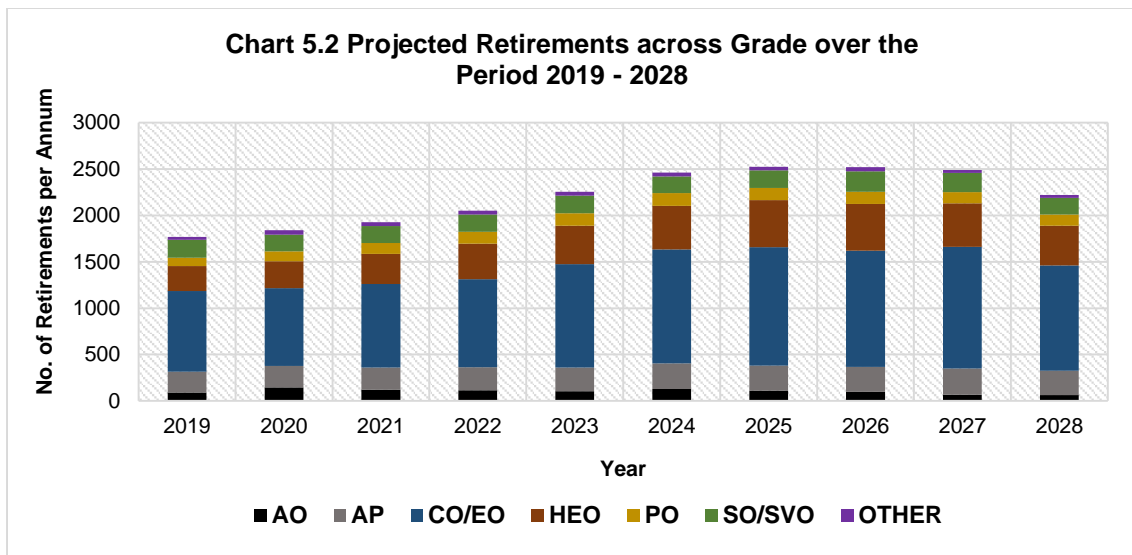
5.1.8. Annual pension payments in respect of new retirees are expected to rise by approximately €450 million between 2019 and 2028. This surge in pension costs above that expected from increasing

retirements is due to the carry over cost of pensions-in payments of those who retire over the period. This carry over cost also underlies the continuing increase in pension costs despite falling numbers of retirements in the later years.

- 5.1.9. The indexation of pensions-in-payment with salary inflation is also a significant contributor to the increasing costs associated with pensions in payments over time. According to the Society of Actuaries in Ireland, a male and a female aged 65 in 2017 have a life expectancy of 21.2 years and 23.7 years respectively, and thus the compound effect of uprating pensions in line with salary inflation will result in significantly increasing costs to the exchequer over the lifetime of these pensions in payment.

**5.2. Projected Retirements across Grade**

- 5.2.1. The projected number of retirements across each grade in the Civil Service over the period 2019 to 2028 is presented in Chart 5.2.
- 5.2.2. The largest number of retirements is expected from the grade of Clerical Officer, Executive Officer and Higher Executive Officer with approximately 15,000 retirements expected from these cohorts collectively over the next ten years.



\*The AO grade classification includes employees other than those on the standard AO scale. The most common AO employee categories in our sample who are expected to retire over the projection period are Probation & Welfare officers, Supervisory Agricultural Officers, HEO inspectors, Assistant Agricultural Officers and Statisticians.

\*\* The 'Other' grades are provided in Appendix B.

- 5.2.3. However, the materiality of the projected retirements for workforce planning is better understood by looking at the number of retirements as a % of current members in a particular grade.

- 5.2.4. The number of retirements is therefore presented below as a % of current workforce in Table 5.3.

**Table 5.3. Projected Retirements across Grade as a % of Current Grade Count**

Grade	Total	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>AO*</b>	43.93%	3.85%	6.05%	5.17%	4.88%	4.37%	5.32%	4.71%	4.14%	2.85%	2.59%
<b>AP</b>	60.32%	5.28%	5.47%	5.62%	5.81%	6.02%	6.58%	6.34%	6.31%	6.63%	6.27%
<b>CO/EO</b>	53.81%	4.30%	4.15%	4.45%	4.70%	5.51%	6.07%	6.32%	6.21%	6.49%	5.61%
<b>HEO</b>	73.08%	4.81%	5.23%	5.82%	6.92%	7.48%	8.46%	9.12%	9.09%	8.47%	7.69%
<b>PO</b>	85.36%	6.31%	7.60%	8.39%	8.86%	9.30%	9.64%	9.23%	9.12%	8.47%	8.44%
<b>SO/SVO</b>	52.87%	5.36%	4.95%	5.06%	5.12%	5.34%	5.02%	5.28%	6.06%	5.71%	4.98%
<b>OTHER</b>	34.35%	2.86%	4.11%	3.53%	3.88%	3.63%	3.49%	3.31%	4.02%	2.89%	2.63%

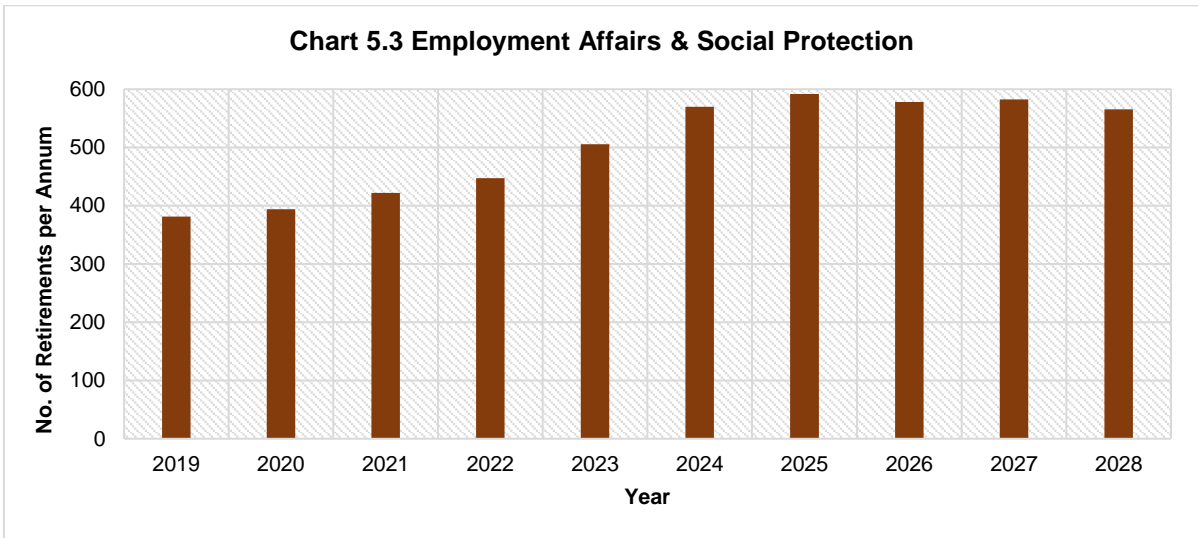
\*The AO grade classification includes employees other than those on the standard AO scale. The most common AO employee categories in our sample who are expected to retire over the projection period are Probation & Welfare officers, Supervisory Agricultural Officers, HEO inspectors, Assistant Agricultural Officers and Statisticians.

5.2.5. This compositional analysis shows that a large proportion of current Principal Officers (85%), Higher Executive Officers (73%) and Assistant Principals (60%) are expected to retire over the ten year projection period.

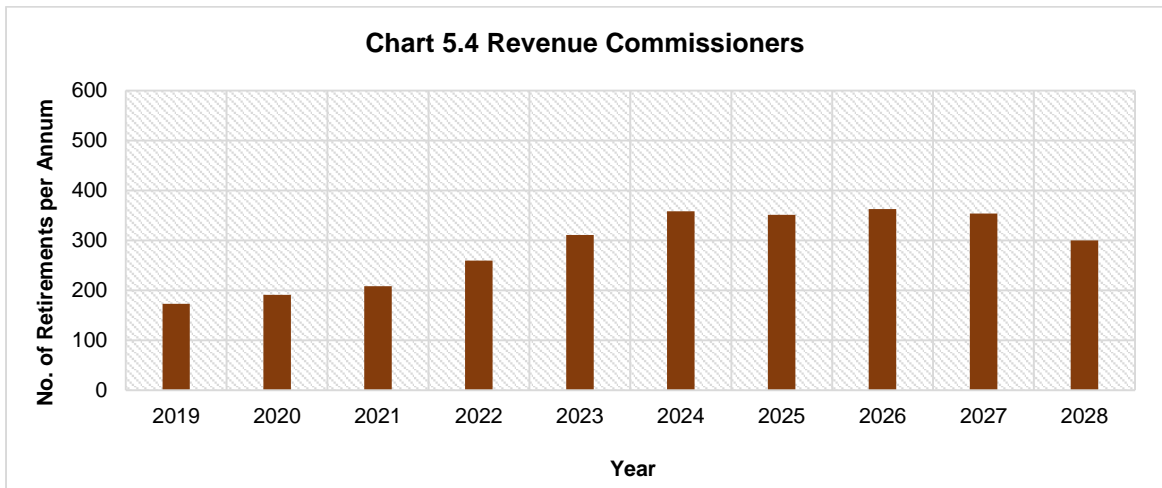
### 5.3. Projected Retirements across Department

5.3.1. The number of retirements were projected across each of the main departments in the Civil Service over the ten year period. The three departments with the largest workforce are presented below, and the remaining are presented in Appendix C.

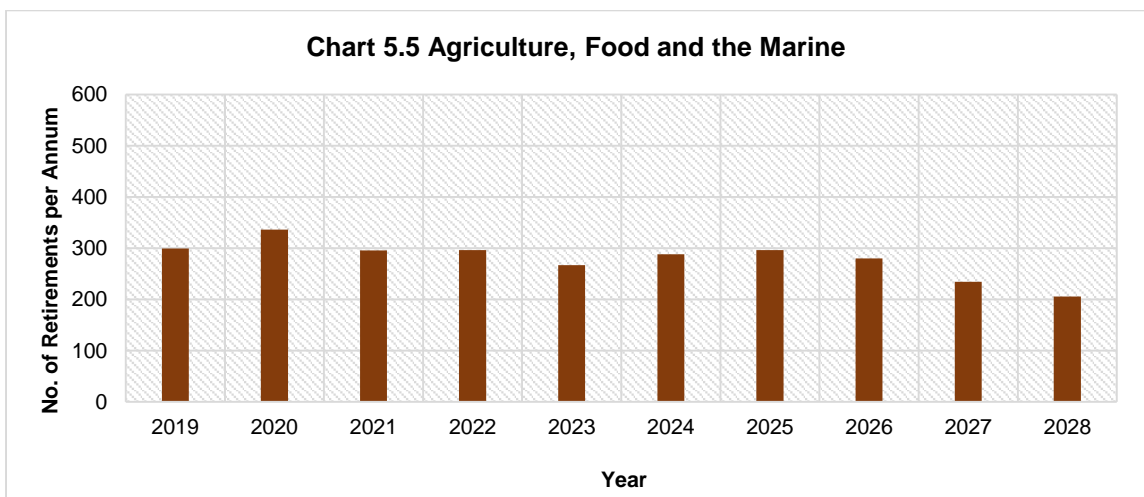
5.3.2. The number of retirements from the Department of Employment Affairs & Social Protection is expected to amount to approximately 5,040 over the ten year period and are shown in Chart 5.3.



5.3.3. The number of retirements from the Revenue Commissioners is expected to amount to 2,870 over the projection period and is shown in Chart 5.4.



5.3.4. The number of retirements from the Department of Agriculture, Food and the Marine is expected to amount to approximately 2,800 over the period and is shown in Chart 5.5.



#### 5.4. **Conclusions**

- 5.4.1. The number of retirements from the Civil Service, and associated expenditure, is expected to increase over the coming years as a consequence of the ageing demographic profile of the workforce.
- 5.4.2. The incremental cost of pensions is estimated to be in the region of €40-€50 million per annum, based on projected retirements over the projection period.



## 6. Appendix A – Data Analysis

6.1. A breakdown of employee count, across age band, for 28 departments with less than 610 employees is presented below. These employees fall under the 'Other' category in the body of this paper.

Department	Total	<35	35-44	45-54	55-64	≥65
Culture, Heritage & the Gaeltacht	619	81	183	178	175	2
Property Registration Authority	548	53	165	159	168	4
Transport, Tourism & Sport	522	61	117	190	148	5
Oireachtas	510	100	120	143	138	8
Health	438	71	113	137	116	2
Legal Aid Board	438	57	129	151	98	2
Communications, Climate Action & Environment	395	72	121	120	82	1
Defence	349	23	54	134	138	-
Chief State Solicitor's Office	268	49	92	75	50	2
Children & Youth Affairs	242	62	71	64	45	-
Taoiseach	215	47	50	74	41	3
Director of Public Prosecutions	200	28	69	58	44	1
Office of Government Procurement	191	34	81	51	24	2
Public Appointments Service	174	65	45	32	32	-
International Co-Operation	172	32	57	51	32	-
State Exams Commission	163	6	39	60	57	-
Comptroller & Auditor General	146	48	46	42	10	-

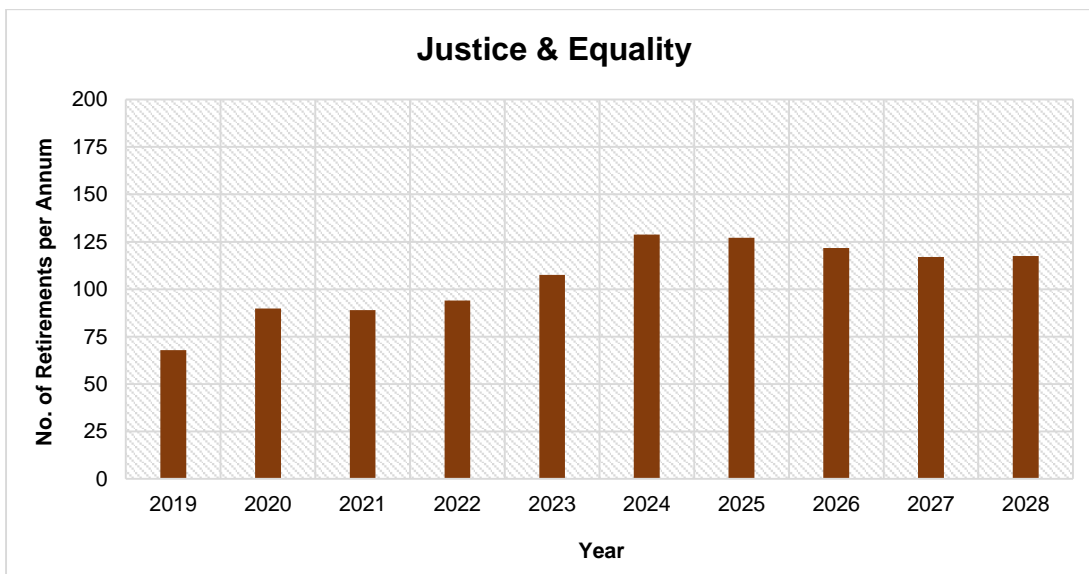
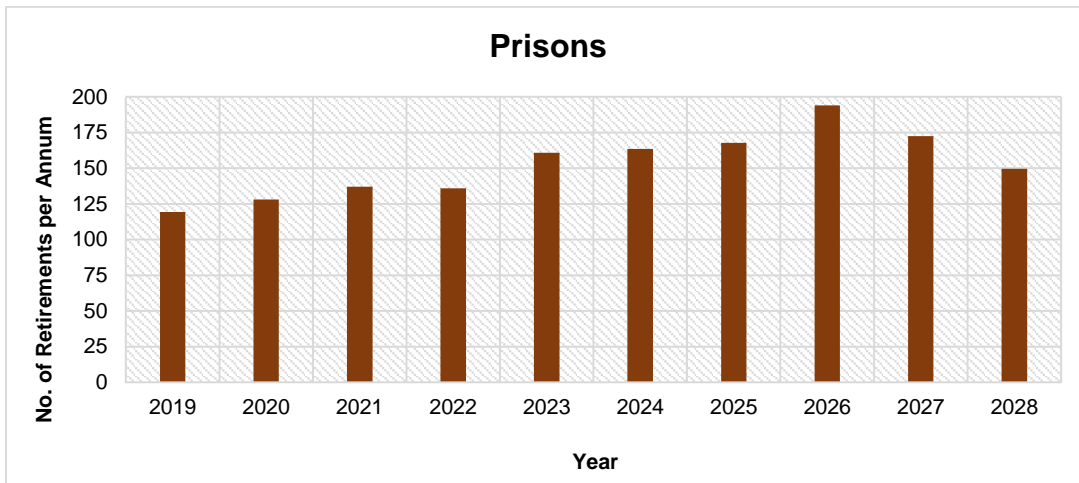
Attorney General	133	25	39	41	27	2
Valuation Office	127	34	41	19	33	-
Ombudsman	121	32	28	35	26	1
National Council for Special Education	102	2	23	39	38	1
State Laboratory	97	16	41	19	20	-
Garda Ombudsman	86	20	30	21	13	1
Irish Human Rights & Equality Commission	39	13	14	10	1	-
Policing Authority of Ireland	29	8	9	9	2	-
Presidents Establishment	28	2	8	9	8	-
Appeal Commissioners	6	1	2	3	-	-
Army Pensions	1	-	-	1	-	-
<b>All 'Other' Departments</b>	<b>6,358</b>	1043	1784	1928	1565	38

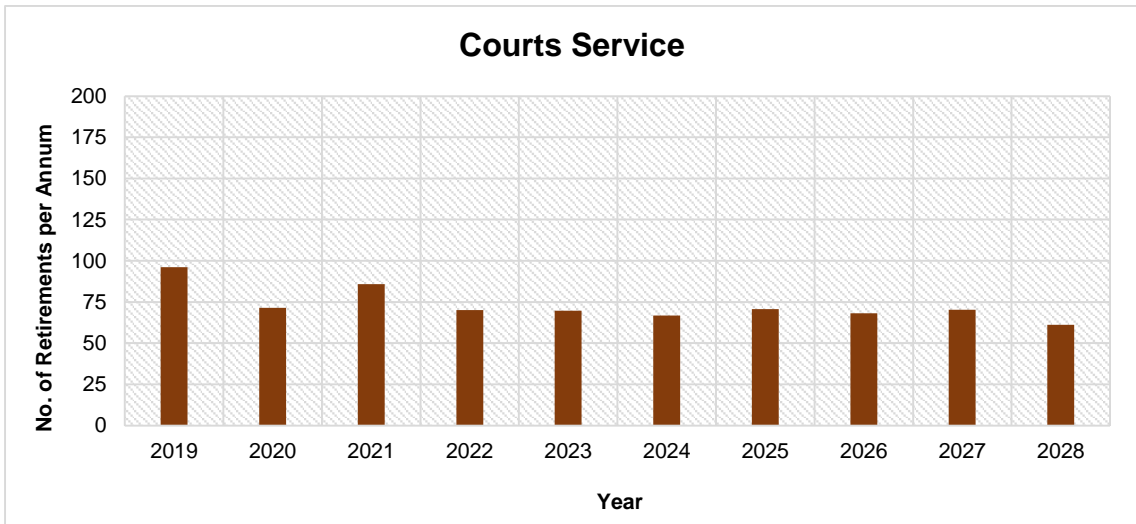
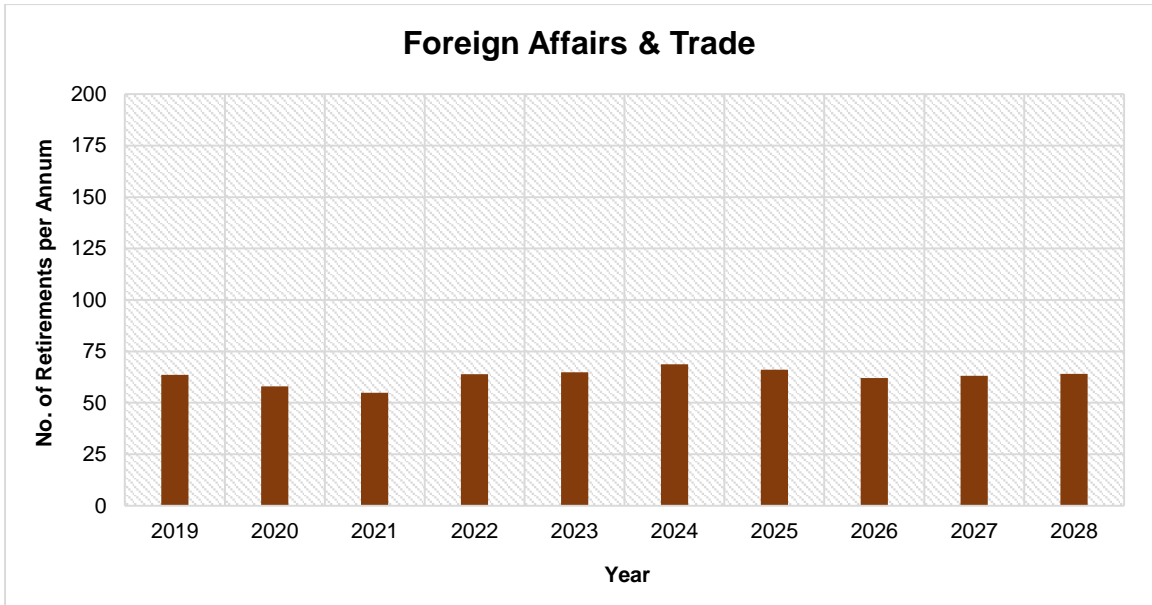
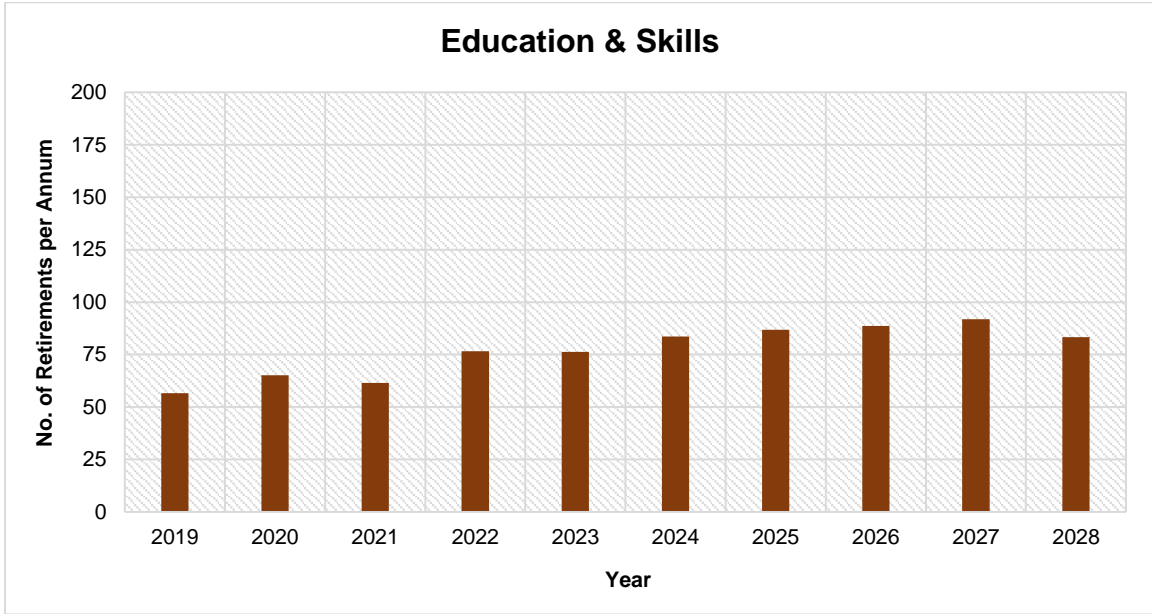
## 7. Appendix B – Glossary of Grade Names

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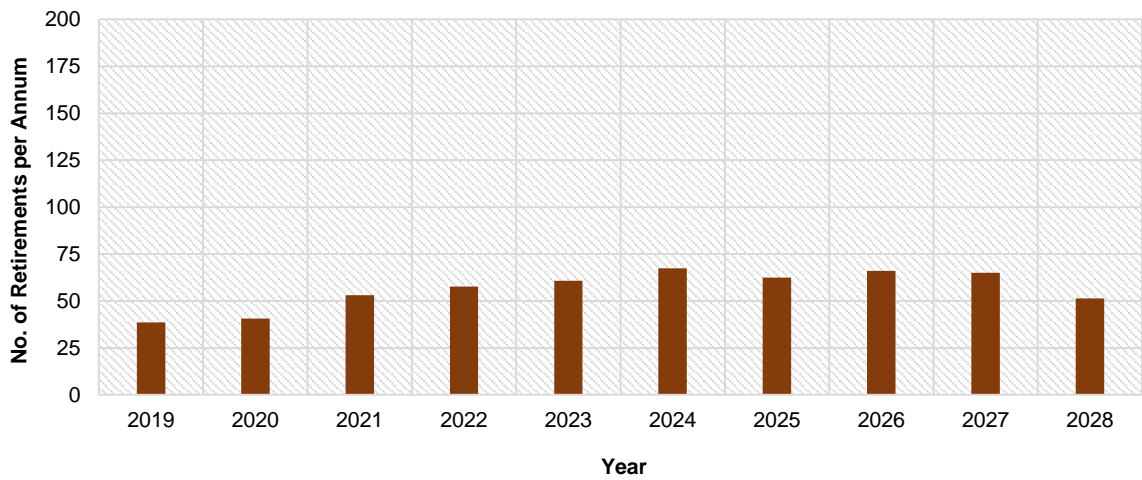
<i>Grade</i>	
<i>AO</i>	Administrative Officer
<i>AP</i>	Assistant Principal
<i>ASC</i>	Assistant Secretary
<i>CO</i>	Clerical Officer
<i>DS</i>	Deputy Secretary
<i>EO</i>	Executive Officer
<i>HEO</i>	Higher Executive Office
<i>NPP</i>	Non Pay Scales Political
<i>PO</i>	Principal Officer
<i>POL</i>	Personal Assistant
<i>SEC</i>	Secretary General
<i>SO</i>	Staff Officer
<i>SSC</i>	Second Secretary
<i>SVO</i>	Services Officer
<i>TCO</i>	Temporary Clerical Officer
<i>TEA</i>	Teacher
<i>UKN</i>	Unknown

## 8. Appendix C – Retirements across Departments

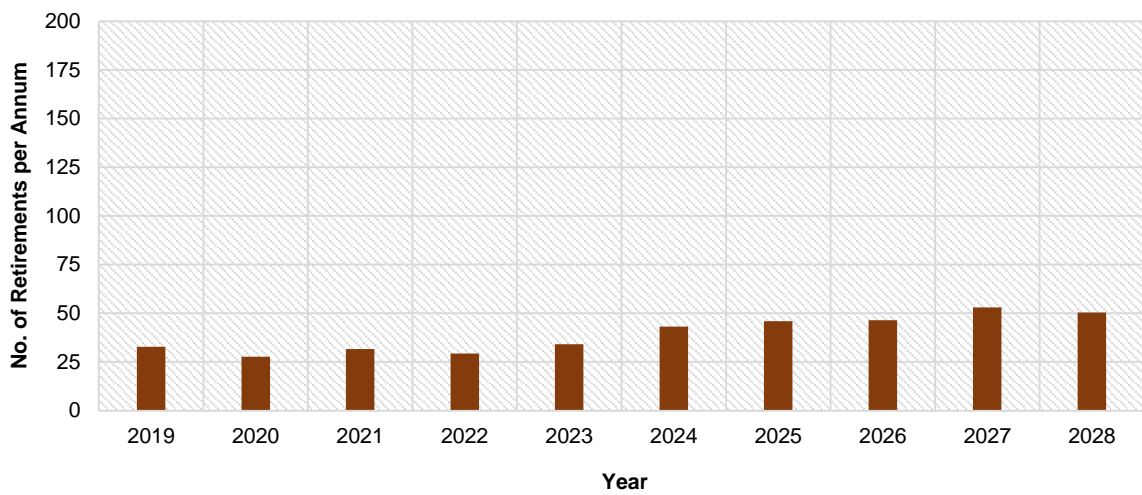




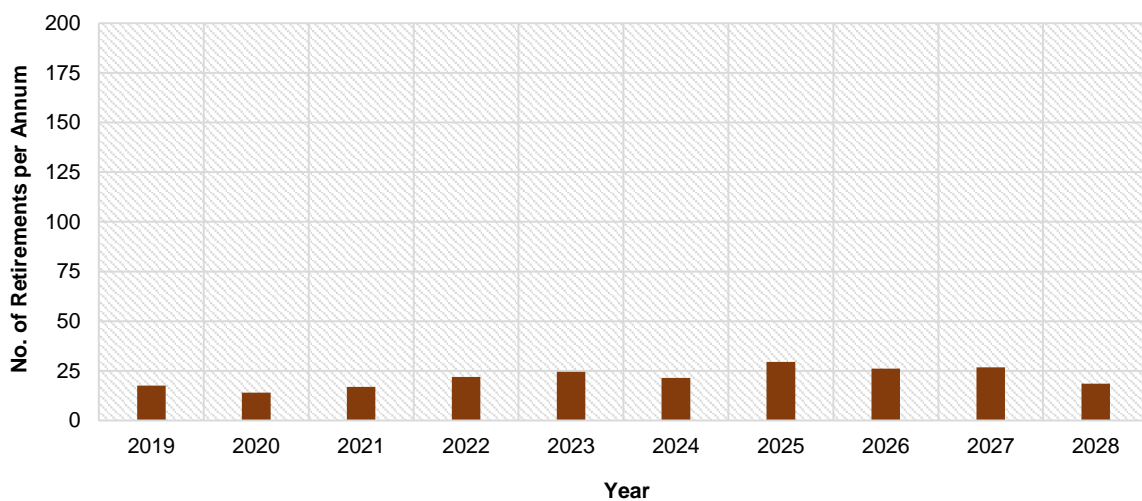
### Business, Enterprise & Innovation



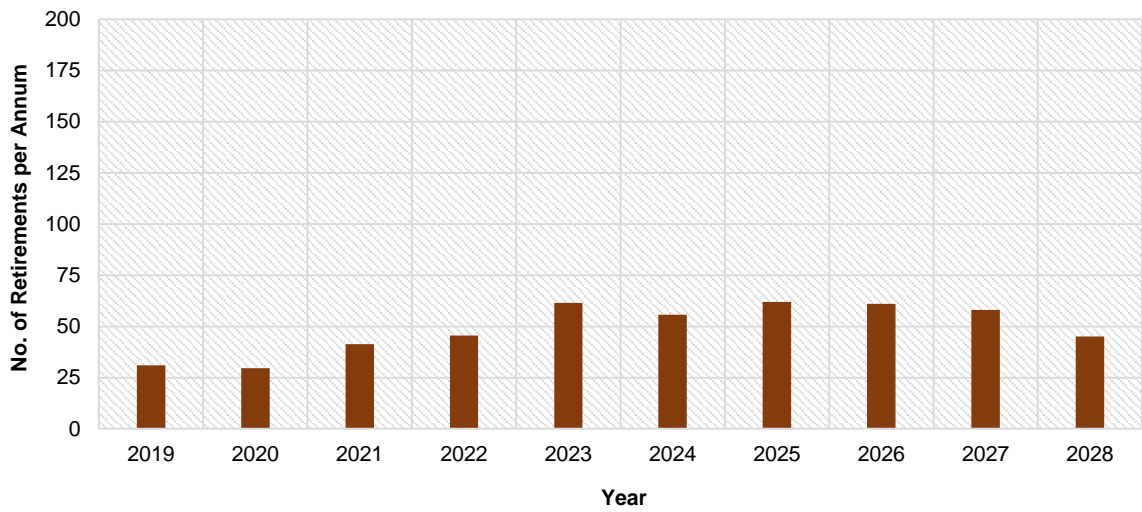
### Central Statistics Office



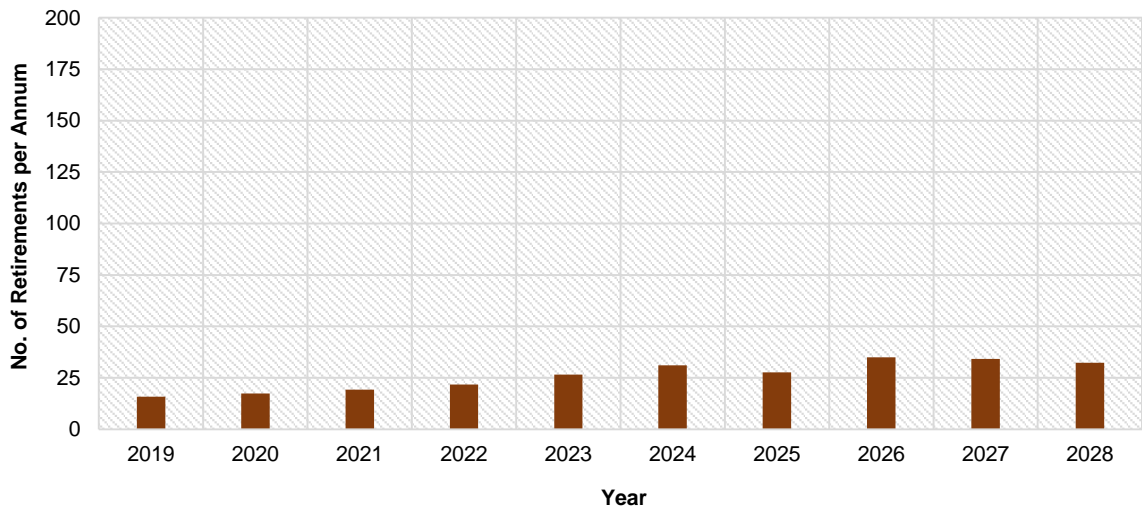
### National Shared Services Office



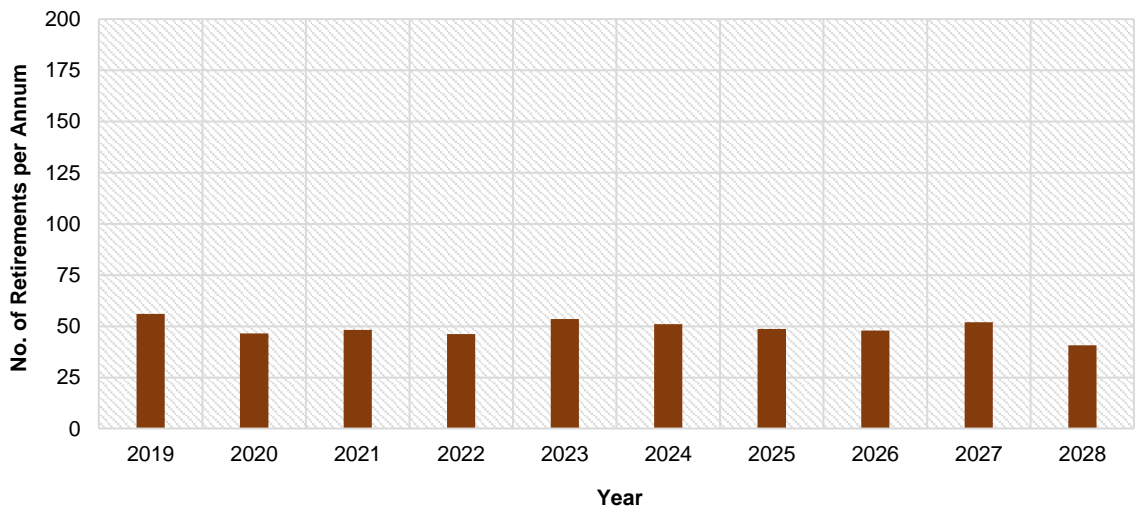
### Housing, Planning & Local Government

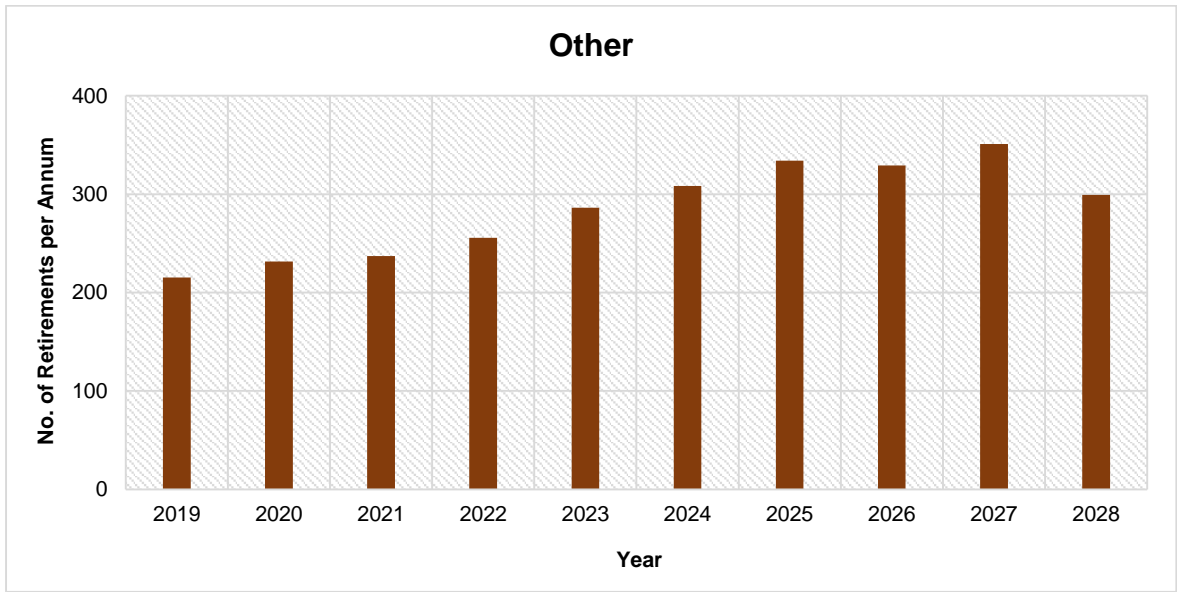


### Finance & Public Expenditure & Reform



### Office of Public Works







### Quality assurance process

To ensure accuracy and methodological rigour, the author engaged in the following quality assurance process.

- ✓ Internal/Departmental
  - ✓ Line management
  - ✓ Spending Review Steering group
  - Other divisions/sections
  - Peer review (IGEES network, seminars, conferences etc.)
- External
  - Other Government Department
  - Steering group
  - Quality Assurance Group (QAG)
  - Peer review (IGEES network, seminars, conferences etc.)
  - External expert(s)
- Other (relevant details)