

24/365 FRONT LINE SERVICES ALLIANCE

Taking the Risk Paying Our Share

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FACT SHEET 3

Exploding the myth of the cost of Public Service Pensions

Public Service Pensions are paid from current revenue. Contributions paid by public servants are added to current revenue. Exchequer returns for the years 2003 to 2008 demonstrate the following:

Year	Pensions Paid Out	Contributions from Serving Staff	Nett Employer Cost
2003	8.6% of total pay bill	6.5%	2.1%
2004	9.13% of total pay bill	6.5%	2.63%
2005	10.15% of total pay bill	6.5%	3.65%
2006	9.97% of total pay bill	6.5%	3.47%
2007	9.63% of total pay bill	6.5%	3.13%
2008	10.00% of total pay bill	6.5%	3.5%

Points to Note:

1. The actual cost of the employer contribution (general taxation) ranged from a low, in 2003, of 2.1% to a high, in 2005, of 3.65%.
2. Employer contributions to private sector pension schemes are normally expected to be twice the employee contribution. Given the contribution rate for public servants (*which is compulsory*) the employer contribution could be 13%. The actual contribution falls well short of that.
3. Serving staff therefore fund the majority of the cost of public service pensions.