

Employees with Part- Time Service

Chapter 20

This manual should be read in conjunction with Part 30 Taxes Consolidation Act 1997.

Document last reviewed June 2025



Table of Contents

20.1 General.....	3
20.2 Converted service.....	3
20.3 Early retirement benefits on change to part-time employment.....	5
20.4 Employee contributions	5
20.5 Death-in-service	5
20.6 Final remuneration.....	6
20.7 Calculating retirement benefits – alternative methods	6
20.8 Employees with part-time service only.....	7

20.1 General

This Chapter deals with the methods of calculating maximum benefits where an employee has a combination of full-time and part-time service, including periods of job-sharing. The contents should assist in scheme design where part-time employees are included as scheme members. The Chapter should be used as a guide in calculating funding rates where employees have changed status while remaining with the same employer. The normal method of calculating maximum benefits for jobsharers is by conversion of part-time service to the full-time equivalent.

20.2 Converted service

Where an employee moves from part-time to full-time service or *vice versa*, benefits may be based on final remuneration in the full-time employment. Part-time service should be converted into its full-time equivalent using the formula:

$$\text{Years of part-time service} \times \frac{\text{Part-time working hours}}{\text{Full-time working hours}}$$

In Examples 1 and 2 below, part-time service is followed by full-time service. In Examples 3 and 4, full-time service is followed by part-time service.

Please note that the examples below show the maximum pension benefit and tax-free lump sum. The amounts paid in practice may be lower.

Example 1:

An employee has:

- 8 years part-time service (20 hours per week) to age 58, final salary €26,000
- 7 years full-time service (40 hours per week) to age 65, final salary €52,000

To calculate the employee's service for pension purposes, the first thing to do is to convert the part-time service into the full-time equivalent (FTE) service. Using the formula above this gives us: 8 years x (20/40) = 4 years. This gives a total service of 11 years (4 years FTE + 7 years full time).

The maximum pension benefit, using the uplifted scale in Pension Manual [Chapter 6](#) is 40/60 x €52,000, which gives a pension of €34,666. Where the pension is appropriately commuted, using the uplifted scale in Pension Manual [Chapter 7](#), the maximum tax-free lump sum is 42/80 x €52,000, which gives a lump sum of €27,300.

Example 2:

An employee has:

- 6 years part-time service (20 hours per week) to age 61, final salary €24,000
- 7 years full-time (40 hours per week) to age 65, final salary €58,000

As with example 1, the first thing to do is to convert the part-time service into the FTE. $6 \times (20/40) = 3$ years. This gives total service of 10 years (3 years FTE + 7 years full time).

The maximum pension benefit, using the uplifted scale, is $40/60 \times 58,000$, which gives a pension of €38,666. The maximum tax-free lump sum using the uplifted scale, where pension is appropriately commuted, is $36/80 \times 58,000$, which gives a lump sum of €26,100.

Example 3:

An employee has:

- 8 years full-time service (40 hrs) to age 56, final salary €40,000
- 9 years part-time service (20 hrs) to age 65, final salary €21,000

Firstly, convert part-time service to FTE: $9 \times (20/40) = 4.5$ years. This gives total service of 12.5 years (4.5 years FTE + 8 years full time).

The maximum pension benefit is the greater of:

- (i) $12.5/60 \times 40,000 = €8,333$
- or
- (ii) Using the uplifted scale: $2/3 \times 40,000 = €26,667$

Assuming dynamization/indexation at 1.25, the maximum pension benefit is $€26,667 \times 1.25$, which gives a pension of €33,334. The maximum tax-free lump sum, using the uplifted scale, when pension is appropriately commuted is $51/80 \times 40,000 = €25,500$. Assuming dynamization/indexation @ 1.25, this gives a maximum lump sum of €31,875.

Example 4:

An employee has:

- 3 years full-time service (40 hrs) to age 59, final salary €46,000
- 6 years part-time service (20 hrs) to age 65, final salary €22,000

Firstly, convert part-time service to FTE: $6 \times (20/40) = 3$ years. This gives total service of 6 years (3 years FTE + 3 years full time).

The maximum pension benefit is the greater of:

- (i) $6/60 \times 46,000 = €4,600$
- or
- (ii) Using the uplifted scale: $24/60 \times 46,000 = €18,400$.

Assuming dynamization/indexation of 1.15, the maximum benefit is $18,400 \times 1.15$, which gives a pension of €21,160. The maximum tax-free lump sum, when pension is appropriately commuted, is $6 \times 3/80 \times €46,000 = €10,350$. Because the converted service totals less than nine years, the uplifted scale is not applicable. Assuming dynamization/indexation of 1.15, the maximum lump sum benefit is $€10,350 \times 1.15$, which gives a lump sum of €11,903.

20.3 Early retirement benefits on change to part-time employment

Section 772(3)(a) TCA provides that “any benefit for an employee is a pension **on retirement**” (emphasis added). This means early retirement benefits are not payable to an employee who remains in the service of an employer in a part-time capacity following a change from full-time employment. For the purposes of obtaining retirement benefits for the purposes of section 772 TCA, “retirement” means retirement from service with the employer, with no expectation of return with the same or associated employer.

20.4 Employee contributions

Tax relief for employee contributions (ordinary annual contributions and additional voluntary contributions (AVCs)) is restricted to the age-related percentage limit of remuneration (set out in section 774(7)(c) TCA) in the year of payment and subject to the upper income limit (currently €115,000, as provided in section 790A(2) TCA). The age-related percentage limits are:

Under 30	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%
55 – 60	35%
60 or over	40%

20.5 Death-in-service

Spouses, civil partners and/or dependents’ pensions should be calculated on the basis that the terms of employment, full-time or part-time, at the time of death would have remained unchanged until normal retirement date.

For the purposes of maximum lump sum death-in-service benefits, the normal definitions of final remuneration apply. However, in a change from full-time to part-time service, for the purposes of calculating lump sum death-in-service benefits, final remuneration may be calculated by reference to a year ended not earlier than 36 months prior to the date of change.

20.6 Final remuneration

As an alternative to calculating final remuneration by reference to full-time remuneration prior to the changeover with appropriate dynamization/indexation, either of the following options may apply:

- (a) Final remuneration in relation to previous full-time service or converted service may be calculated by reference to current remuneration of a full-time jobholder, if it can be clearly established that an equivalent full-time position continues to exist.
- (b) In relation to converted service only, final part-time remuneration may also be converted into its full-time equivalent. In Example 3 in paragraph 20.2 above, conversion of part-time final remuneration is as follows:
$$€21,000 \times 40 \text{ hours} / 20 \text{ hours} = €42,000$$

The maximum pension benefit is then the greater of:

- (i) $12.5/60 \times 42,000 = €8,750$
or
- (ii) $2/3 \times 42,000 = €28,000$

(Dynamization/indexation does not apply in this instance.)

20.7 Calculating retirement benefits – alternative methods

Benefits can still be calculated based on the traditional method of final remuneration and actual service where the final service is part-time.

In Example 4, final remuneration (which was part-time) is €22,000; the service is 9 years (three years full-time and six years part-time). The pension benefit is $36/60 \times 22,000$, which gives a pension of €13,200.

If, in Example 4, full-time service followed part-time service, it would not be acceptable to apply the uplifted scale to a full-time salary of €46,000. Benefits should be calculated based on the converted service, as shown in the example.

Please note, as mentioned at paragraph 20.2 above, that the amounts shown are maximum benefits and the amounts paid in practice may be lower.

20.8 Employees with part-time service only

If all service is on a part-time basis, two options are available:

- (i) convert the service to its full-time equivalent and calculate benefits using the uplifted scale based on the final remuneration applicable to the full-time equivalent, or
- (ii) calculate benefits based on the unconverted service and final remuneration using the uplifted scale.