



Definitions

- A gratuity is a one – time payment that is due upon retirement.
- A pension is a regular (monthly) payment to provide former employees with an income when they are no longer earning a regular income from employment.

Eligibility

- An employee is eligible to receive a gratuity after completing 10 years of pensionable service.
- An employee must complete at least 15 years of pensionable service in order to receive a pension.

Types of Gratuities (No Pension)

- Contract Gratuity
- Death Gratuity
- Marriage Gratuity (<10 years, >5 years)
- Compassionate Gratuity

Compassionate/Long-Service Gratuity

- Less than 10 years service = 1 week's pay x number of years worked
- 10 years service = 25 week's pay
- 11 years service = 29 week's pay
- 12 years service = 33 week's pay
- 13 years service = 37 week's pay
- 14 years service = 41 week's pay
- 15 years service = 45 week's pay
- 16 years service = 49 week's pay
- 16 ½ + years service = 52 week's pay

Types of Pensions and Gratuities

- Full Pension and Gratuity
 - Years of service is 15 or more but less than 25
 - Officer must be under the age of 50
 - Pension is not paid until the age of 50

$$\text{Full Pension} = \frac{\# \text{ of months of service}}{600} \times \text{pensionable emoluments}$$

$$\text{Gratuity} = 5 \times \text{full pension}$$

Types of Pensions and Gratuities

- Reduced Pension and Gratuity – Section 25
 - Years of service is greater than 25 OR
 - Employee is 50 years of age or older

$$\text{Reduced Pension} = 75\% \text{ of the Full Pension Amount}$$

$$\text{Gratuity} = 15 (\text{full pension} - \text{reduced pension})$$

Example 1

- Name: Kevin Smith
- Years of Pensionable Service = 18
- Age = 37
- Salary Scale = K38 = \$5,525.00 (66,300 p.a.)
- Full Pension = $(216/600) * 66,300 = \$23,868 \text{ p.a. } (\$1,989 \text{ p.m})$
- Gratuity = $\$23,868 * 5 = \$119,340$

Example 2

- Name: Daniel Anderson
- Years of Pensionable Service = 35
- Age = 55
- Salary Scale = K38 = \$5,525.00 (\$66,300 p.a)

- Full Pension = $(400/600) * 66,300 = \$44,200$
- Reduced Pension = $\$44,200 * 0.75 = \$33,150 \text{ p.a. } (2,762.50 \text{ p.m})$
- Gratuity = $15 * (44,200 - 33,150) = \$165,750$

Example 3

- Name: Mary Adams
- Years of Pensionable Service = 24 yrs 11m
- Age = 42 years
- Salary Scale = K38 = \$5,525.00

- Full Pension = $(299/600) * 66,300 = \$33,039.50 (2,753.29 \text{ p.m})$
- Gratuity = $5 * \$33,039.50 = \$165,197.50$

Difference Between Full & Reduced

What you need to Know

- Pensions and gratuities are calculated based on the Pension Act Chapter 22,06
- The maximum number of years used to calculate benefits is 33 1/3 years (400 months)
- If the present post is less than 3 years old, then pensionable emoluments have to be averaged.
- Break of Service is taken into consideration
- Period of Service under age 18 shall not be counted as pensionable service

■ What you need to Know

- Leave without salary is taken into consideration
- Retirement benefits are computed based on your BASIC SALARY.
- Period of service prior to your initial appointment are due to you.
- Three (3) months notice of resignation must given.
- One (1) month notice of retirement must given.
- Credit Checks

■ THE END!