Oracle Fusion Cloud Human Resources

How do I set up pensions for Ireland?

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G42339-01

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Chapter 1
An Introduction to Pensions for Ireland

1 An Introduction to Pensions for Ireland

This playbook covers the set up and configuration of private pensions and public sector pensions for Ireland.

The element template for pensions enables you to have a combination of cash and percentage deductions for employees, employers, and additional contributions.

You need to select the pension category as either private or public sector for reporting purposes.

> **Note:** The default value is **Not Applicable**, you must change this to set the appropriate value.

These pension arrangements are available for the private sector pensions:

- Pan European Personal Pension Product
- Payroll Related Savings Account
- Additional Voluntary Contributions
- Payroll Related Savings Account Additional Voluntary Contribution
- Retirement Annuity Contract
- Occupational Retirement Benefit Scheme

These pension arrangements are available for the public sector pensions:

- Nonestablished Civil Servants
- Post 1995 Contributory Scheme Established Civil Servants

  Pre1995 Noncontributory Scheme Established Civil Servants
- Spouses' and Children Pension Scheme
- Single Public Service Pension Scheme Faster Accrual
- Single Public Service Pension Scheme Judiciary
- Single Public Service Pension Scheme Standard Accrual
- Public Service Added Years or Notional Service
- Additional Voluntary Contributions

> **Note:** All Public Sector employee contributions calculations are based on the rules relating to their respective legislation except Public Service Added Years or Notional Service, and Additional Voluntary Contributions. Although these are included in the public sector, their processing is the same as with the Private Sector types, where you can define the flat rate or a percentage.

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Set Up Pension Elements

You need to set up the pension elements for prestatutory deductions or voluntary deductions.

When you define a pension scheme, the application automatically creates a balance based on the name of the new pension scheme. For example, <User Entered Name> Pensionable Earnings.

Based on when you create the pension scheme, the balance is either automatically created against all recurring earnings, or it will need to be added to them. Where an element is nonrecurring but must be calculated in the pension scheme, the balance needs to be associated with the elements.

Here are the steps to configure the pension element:

> **Note: My Client Groups** > **Payroll** > **Elements**

1. Create an element. On the Create Element window, specify the values as shown here:

Field	Value
Legislative Data Group	Relevant LDG
Primary Classification	Prestatutory Deductions or Voluntary Deductions
Secondary Classification	For prestaturoy deductions, select Pension Plan Prestatutory. For voluntary deductions, select Pension Plan After Tax
Category	Retirement and Benefit

2. Continue to the Basic Information page and enter the information as show below:

Field	Value
Effective Date	Date from when the element is valid. You can assign the element to an employee only from this date. Ensure that you set this date the earliest from when you need to wish to apply it to an individual record.
Name	Name of the element.
Reporting Name	Name used in the payslip and reports.
Description	Describe the purpose or the usage of this element.
Input Currency	Default currency
What is the earliest entry date for this element?	**First Standard Earning Date** indicates the earliest date when the employee can be assigned this element.

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Field	Value
What is the latest entry date for this element?	**Last Standard Earning Date**, indicates the date on which the employee assignment ends. It's recommended to not select this option because proration rules don't apply to pension. Select the **Last Standard Process Date** option for the payroll period end date. This isn't necessarily the date when the employee is terminated. For example, if the payroll period was monthly and the employee was terminated on the 15th of the month , then the application sets this date to the end of the payroll period date. This implies that there's no proration of the calculation
Final Close	A date after the employee assignment was ended, but their record was kept open to make payments after leaving. For example, 3 months after the end of the Last Standard Earning Date. You can use this if your organization has rules to deduct pension directly from any pensionable payments made after leaving. This enables the element to continue to process until this date is reached, and all calculations are completed for the employee. Although normal payments or calculations might have ended from either of the previous 2 options, it's possible that one-off payments made later can be paid and attract pension contributions.

3.

4. Continue to the Additional Details page to display the pension rules. Their interaction with the pensions scheme will change based on whether the pension scheme is Private or Public. This table summarizes your choices.

Rules	What you can enter
What is the calculation rule for employee contributions?	Fixed amount or percentage, or both can apply. ○ For private pensions, you can use any combination. Percentage entries must be in decimal format, for instance 5% must be entered as 0.05. ○ The percentage field doesn't apply to public sector pensions. This is provided based on the scheme type unless the Public Scheme isn't related to an actual Public Sector body. For example, AVC. The application ignores any values entered as percentage and only allows Fixed Amount where the Public Sector rules don't restrict the employee pension contribution to zero. when defining a public sector Pension scheme, it's best to not use this section and allow it to default.

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Rules	What you can enter
What is the employee percentage?	Enter a fixed amount that applies to all employees enrolled into this pension scheme. You can enter a percentage for private scheme, but this won't apply to public sector pensions.
What is the time basis for employee contributions?	Select the option depending on your payroll configuration. If you've multiple payrolls with differing time frequencies, select periodically. Otherwise, choose the specific frequency of the payroll. ○ For private sector, select the appropriate option. ○ Don't set this field for public sector pension.
What is the calendar basis of the selected time basis?	Select the appropriate option based on the time basis you've earlier selected.
Do age limits apply to this deduction?	Use this to apply the minimum and maximum age limits to your pensions scheme deductions. For example, not before 17th birthday, or not after 65th birthday for employee contributions.
Does a maximum contribution limit apply to this deduction	Use this to set a maximum (for the period) that the employee can contribute into their pension scheme. This doesn't impact employers contributions. The process uses this to stop the deductions beyond this value.
Do pensionable earnings limits apply to this deduction?	Enables you to set periodical maximum pensionable earnings that can be used in the pension calculation process. You can check if the employees pensionable earnings in any given period exceed this amount. This would only take contributions for an amount up to this value.
Additional Contribution Rules	
Are additional contributions allowed for this element?	You can select fixed amount or percentage or both. If you use a percentage, the entries must be in decimal format. For example, for instance 5% must be entered as 0.05. ○ For private pensions, you can use any combination. ○ For public sector pensions, this is the preferred method adding any additional contribution to the main deduction.
Employee Contribution Rules	
Are employer contributions allowed for this deduction?	Select Yes or No.

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Rules	What you can enter
What is the calculation rule for the employer contribution?	You can select fixed amount or percentage or both. ○ For private pensions, you can use any combination. ○ For public sector pensions, there's no default employer contributions. You can use this, if required.
What is the employer percentage?	Enter a percentage here, if applicable.
What is the time basis for employer contributions?	Select the option depending on your payroll configuration.
Does an employer maximum contribution limit apply to this deduction?	Use this to set a maximum value for the period that the employer can contribute into their pension scheme. This doesn't impact the employee contributions. The process uses this to stop the deductions beyond this value.
Third-Party Provider	
Which third party pension provider are the contributions paid to?	Select a value from the given options. This is a required field. You need to have set up a third-party payment method. Select the third parties that you've configured earlier and save the record.
Special Rules	
Can limits vary by employees?	Select Yes or No. ○ If you select No, only the value definitions linked to the Contribution component can be overridden on the calculation card. On the Limits and Overrides component, only Payee and Reference will be overridden. ○ If you select Yes, all value definitions will be overridden at employee level.
Stop processing when total contribution has reached the annual limit?	This affects the employee contributions where it's set to an Annual Amount. It would impact both the main and any additional employee contributions made. The process uses this to stop the deductions beyond this value.
What is the Employer Type for Pension Calculations?	Select Private or Public Sector.
What is the Pension Category?	Select from the list of values based on whether it's a public or private sector pension. This is used for reporting purposes to differentiate between the various categories. This would impact the calculations performed against the employees pensionable earnings based on the rules of the Category.

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Rules	What you can enter
Does Additional Superannuation Contribution apply?	You can only select this for public sector pensions. Use this to specify if this pension scheme should be used to identify if the employee should have Additional Superannuation Contributions (ASC) deducted, when configured against the employee assignments.
What is the Pension Tracing Number?	Enter a value starting with PB followed by 6 numbers in the format PBNNNNNN. This is required for reporting purposes.
Does this Pension Have Reduced Pensionable Pay?	You can either select No or enter a value less than 100. This is used where the business rule allows the Pensionable Pay used in pension calculations to be different to the actual pensionable pay, based on percentage. For example, if the employee's pensionable pay was 1,000.00 Euros, but this field has a value of 95 (no decimal), then the value used in the pension calculation would be 950.00 Euros which is 95% of the value.

5. Submit your changes.
    1. You need to create the element eligibility for all the pension elements that you create. On the Element Summary page, you can create eligibility records as required.
6. In the Element Overview section, click the Element Eligibility link.
7. Select **Create Element Eligibility** from the Actions menu.
8. Enter a name for the eligibility record.
9. Select any criteria to restrict who can pay this deduction.
10. Submit and save the record.

Manage the Retirement Plans Calculation Card

Personal payroll calculation cards capture information specific to a particular payroll relationship.

The **Retirement Plans** calculation card has 3 main components that's generated by the element template.

- <Scheme Name>
- <Scheme Name> Summary
- <Scheme Name> Contributions

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Each component holds the details needed for employee assessment for pension enrolment and stores the results of the assessment. The Contributions component contains the benefits value definitions and can be associated with assignments.

The employee overrides only apply to the Private calculated Pension Types, and not the Public, legislation driven pension types. Employer overrides affect all.

There's an additional component <Scheme Name> Limits and Overrides. You need use this if you wish to override the Third-Party Payee for a specific employee in the Pension Scheme.

Here's what to do:

> **Note:** **My Client Groups** > **Person Management**

1. Search for and select the employee.
2. Got to **Payroll** > **Calculation Cards**.
3. Select the Retirement Plans calculation card. This is under the Benefits component group.
4. Select Pension Plan, Pension Plan Summary, then Pension Plan Contributions.
5. In Contributions, go to the **Enterable Calculation Values on the Calculation Cards** tab. You get the values for these fields:

   ◦ Flat Amount for Employee Contributions – Total amount

   ◦ Percentage for Employee Contributions - Rate

6. Click Add for additional calculation values such as employee or employer overrides, flat amount or percentage for additional contributions. You can create entries to affect and override against the actual plan details for the employee, or additional contributions, or employer.

   The values here override the default values from the pension scheme configuration. For example, if the pension scheme has a standard 250.00 euros deduction for the employee contributions, you can override it at this level with a different value. For example, an entry of 270.00 Euros will apply only to this employee and others would continue to with a deduction of 250.00. You might also record this into the additional contributions instead (if the scheme has been configured to allow that entry or calculation type).

   > **Note:** Reduced liability reduction percentage enables the pension calculation card to override where there are business rules for percentage and there's a need to override for employees who don't fit the rule. You need to configure any rule based calculations according to your requirements.

7. Select Associations. Ensure that the employee assignments are appropriately associated with the pension scheme. This displays the scheme name contributions.
8. Save and submit your changes.
9. Run the **Calculate Payroll** task to check and verify the results.

Balances and Value Definitions for Pension Schemes

Balances are predefined based on the types for pension schemes. These provide the basis for the returns to show the correct total amounts for employees and employers

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As the template generates the elements, regardless of the scheme name, these balances are associated with the elements for their respective input values. Based on pension scheme type, for example PEPP, the name is PEPP Employees Pension Additional Contributions.

- <Template Pension Category> Employees Pension Additional Contributions
- <Template Pension Category> Employees Pension Contributions
- <Template Pension Category> Employees Pension Deductions
- <Template Pension Category> Employers Pension BIK
- <Template Pension Category> Employers Pension Contributions
- <Template Pension Category> Pensionable Pay Employees
- <Template Pension Category> Pensionable Pay Employers
- <Template Pension Category> Reduced Liability Employees
- <Template Pension Category> Reduced Liability Employers

These balances are applied regardless of scheme type:

- In Scheme Pensionable Earnings Employers
- In Scheme Pensionable Earnings

These are the predefined value definitions:

- Pension Contribution Percentage Limit
- Pension Contribution Total Earnings Limit
- Pension Retirement Age Bracket
- Pension Employer Max Contribution Percentage

These value definitions are generated by the element templates:

- <Scheme Name> Reduced Liability Percentage
- <Scheme Name> Plan Opt-Out Date
- <Scheme Name> Pension Tracing Number