State Pension (Transition) & State Pension (Contributory)

Frequently Asked Questions

1. What new rates of State Pension (Transition) and State Pension (Contributory) were announced in Budget 2012 and when do they take effect?

From 1st September 2012, the rate band 20-47 is being replaced by the bands 20-29 (SPC), 24-29 (SPT), 30-39 and 40-47. These bands are used to determine the rate of pension payment.

State Pension (Contributory) Rates (2012)

Yearly Average	Personal Rate (weekly)	Increase for Qualified Adult aged under 66* (maximum weekly rate)	Increase for Qualified Adult aged 66 or over* (maximum weekly rate)
48 or over	€230.30	€153.50	€206.30
40-47	€225.80	€146.00	€196.00
30-39	€207.00	€139.00	€186.00
20-29	€196.00	€130.00	€175.00
15-19	€150.00	€100.00	€134.00
10-14	€92.00	€61.00	€83.00

State Pension (Transition) Rates (2012)

Yearly Average	Personal Rate (weekly)	Increase for Qualified Adult aged under 66* (maximum weekly rate)	Increase for Qualified Adult aged 66 or over* (maximum weekly rate)
48 or over	€230.30	€153.50	€206.30
40-47	€225.80	€146.00	€196.00
30-39	€207.00	€139.00	€186.00
24-29	€196.00	€130.00	€175.00

*Increase for Qualified Adult is a means-tested payment

2. I am already in receipt of one of these pensions; will this change to the rates affect me?

No. There will be no change to the payments rates for existing recipients of these pensions.

3. What are State Pension (Transition) and State Pension (Contributory)?

State Pension (Transition) and State Pension (Contributory) are social insurance payments made when you reach age 65 (for State Pension (Transition)) and 66 (for State Pension (Contributory)). They are based on your social insurance (PRSI) record.

The pensions are not means-tested, so your personal rate is not affected by other income you may have such as an occupational pension. However, the Increase for a Qualified Adult is means-tested.

State Pension (Transition) is only paid for one year from age 65. You must be retired from insurable employment to qualify for State Pension (Transition). When you reach age 66 you will be automatically transferred to State Pension (Contributory). The amount of pension you get does not change.

You qualify for State Pension (Transition) if you:

- are aged between 65 and 66 **and**
- are retired from insurable employment* **and**
- satisfy certain social insurance contribution conditions.

*You do not need to give up employment completely. You can be employed part time and earn less than €38 a week paying PRSI at Class J or earn less than €5,000 a year if you are self employed.

You can claim State Pension (Contributory) from age 66. You can continue working while receiving State Pension (Contributory).

You qualify for State Pension (Contributory) if you:

- are aged 66 or over **and**
- satisfy certain social insurance contribution conditions.

You can continue to work fulltime after age 66 and collect your State Pension (Contributory).

If you are getting the maximum rate of Invalidity Pension, you automatically transfer to State Pension (Contributory) when you are aged 66. The amount of pension you get does not change.

4. What are the social insurance conditions I must satisfy to qualify for State Pension (Transition)?

To qualify for State Pension (Transition) you must have

- started paying social insurance before reaching age 55 **and**
- **paid** at least 520 full rate social insurance contributions (if you turn 65 before 6th April 2012 you need 260 **paid** full rate contributions) **and**
  - a yearly average of at least 48 **paid and/or credited** full rate contributions from 1979 to the end of the contribution year before you reach age 65 **or**
  - a yearly average of at least 24 **paid and/or credited** full rate contributions from 1953 (or the time you started insurable employment, if later) to the end of the contribution year before you reach age 65.

Note: You need a yearly average of 24 full rate contributions to get the minimum rate State Pension (Transition). You need an average of 48 full rate contributions to get the maximum rate.

5. What are the social insurance conditions I must satisfy to qualify for State Pension (Contributory)?

To qualify for State Pension (Contributory) you must have

- started paying social insurance before reaching age 56 **and**
- **paid** at least 520 full rate social insurance contributions (if you turn 66 before 6th April 2012 you need 260 **paid** full rate contributions) **and**
  - a yearly average of at least 48 **paid and/or credited** full rate contributions from 1979 to the end of the contribution year before you reach age 66 **or**
  - a yearly average of at least 10 **paid and/or credited** full rate contributions from 1953 (or the time you started insurable employment, if later) to the end of the contribution year before you reach age 66.

Note: You need a yearly average of 10 full rate contributions to get the minimum rate State Pension (Contributory). You need an average of 48 full rate contributions to get the maximum rate.

6. What is the change that is taking place to the minimum number of paid contributions required for State Pension (Transition) and State Pension (Contributory) and from what date will this change take effect?

From 6th April 2012, the minimum number of **paid** contributions required for both State Pension (Transition) and State Pension (Contributory) will be 520.

7. Who is affected by this change?

If your date of birth is on or after 6th April 1947 for State Pension (Transition) or on or after 6th April 1946 for State Pension (Contributory), you must have 520 full rate **paid** contributions to satisfy the minimum requirement regarding paid contributions.

8. How do I know what type of contribution I am paying?

The type of contribution, or PRSI Class, you pay is shown on your P60. See Question 39 and 40 for an explanation of the different PRSI Classes.

9. What is a "Contribution Year"?

A "contribution year" is a year of assessment within the meaning of the Income Tax Acts, and is generally referred to as the "tax year".

10. What are "full rate contributions"?

Full rate social insurance contributions are PRSI contributions at Classes A, E, F, G, H and N. This category also covers contributions paid at the 'ordinary' rate before 6th April 1979.

11. What are "modified contributions"?

Modified rate social insurance contributions are PRSI contributions at Classes B, C and D. This category also covers contributions for Widow's, Widower's or Surviving Civil Partner's Contributory Pension rate before 6th April 1979.

12. What are "self-employed contributions"?

Self-employed rate social insurance contributions are PRSI contributions at Class S. These contributions are counted as full rate contributions for State Pension (Contributory) but not for State Pension (Transition).

If you were self-employed and started paying Class S PRSI contributions on 6th April 1988, your entitlement to State Pension (Contributory) may be calculated based on your social insurance record from that date, provided you satisfy the other conditions for that pension.

You must have paid self-employment contributions for at least one year before reaching the age of 66.

It is important to ensure any PRSI liabilities are paid on time, to avoid possible loss of pension payment.

13. I have less than 520 full rate social insurance contributions paid, but I have also paid modified rate contributions. Can these be used to satisfy this requirement?

Modified rate social insurance contributions can be used to satisfy this requirement, provided you have **paid** at least 260 full rate contributions. If so, you may be assessed for what we call a 'mixed insurance' pension.

14. I do not have 520 paid Irish social insurance contributions, but I worked abroad. Can my social insurance contributions from another country be used to satisfy this requirement?

Social insurance in a country covered by EC Regulations or a country with which Ireland has a Bilateral Social Security Agreement can be used to satisfy this requirement. For a list of these countries, see Question 38.

Note: You must have 52 Irish social insurance contributions/credits, of which at least one must be a full rate paid contribution.

15. Do the social insurance contributions paid in a country covered by EC Regulations or with which Ireland has a Bilateral Social Security Agreement count towards State Pension (Transition)/(Contributory)?

If you do not qualify for a State Pension (Transition) or State Pension (Contributory) based on your Irish social insurance record alone, these contributions may help you qualify for a pro-rata State pension under EC Regulations or under a Bilateral Social Security Agreement. You may also qualify for a pension from the other country or countries.

When applying for your pension here, you should give details on your application form of any employment or periods of residence abroad. We will send the required papers, on your behalf, to the authorities in the country or countries in question, if among the countries listed at Question 38.

16. I have less than 520 full rate social insurance contributions paid, but I have also paid voluntary rate contributions. Can these be used to satisfy this requirement?

High rate and special rate voluntary contributions can be used to satisfy this requirement, provided you have **paid** at least 260 full rate contributions.

For further information on voluntary contributions, see www.welfare.ie or contact:

Voluntary Contributions
Department of Social Protection
Cork Road
Waterford
LoCall 1890 690 690

17. I have a gap in my social insurance record because I spent time caring for a child aged under 12 or for an ill person. Will this affect my State pension contributory entitlement?

From 6th April 1994, any period spent as a homemaker caring for either a child under 12 or an ill person may be disregarded when calculating a person's 'yearly average'. A maximum of 20 years can be disregarded.

This means that the fact that you do not have any contributions in these years will not affect your entitlement to pension. (The disregard of homemaker periods does not apply to State pension transition.)

18. How can I get a copy of my social insurance record?

You can request a copy of your social insurance record

- online in the Online Services area of our website www.welfare.ie **or**
- by writing to our Central Records Section (address below), and telling us your:
  - PPS Number
  - Name
  - Address
  - Date of Birth
  - Birth Surname (if you are a married woman)
  - Mother's Birth Surname
  - Pre-1979 Insurance Number (if you worked in Ireland pre-1979)
  - Telephone number (in case we need to contact you)

Central Records
Department of Social Protection
McCarter's Road
Ardarvan
Buncrana
Co. Donegal
LoCall 1890 690 690

19. Can I qualify for credits if I retire early?

You may be entitled to Jobseeker's Credits or Illness Benefit credits if you satisfy the conditions for these schemes. Please contact your local Social Welfare Local Office for further information.

Otherwise, voluntary contributions may be an option for a person who wishes to protect their social welfare entitlements.

For further information on voluntary contributions, see www.welfare.ie or contact:

Voluntary Contributions Section
Department of Social Protection
Cork Road
Waterford.
LoCall: 1890 690 690

20. I am self-employed and was not liable to pay social insurance for the last contribution year. What can I do to maintain my social insurance record?

You may be able to pay voluntary contributions to maintain your social insurance record.

For further information on voluntary contributions, see www.welfare.ie or contact:

Voluntary Contributions Section
Department of Social Protection
Cork Road
Waterford
LoCall: 1890 690 690

21. How do I calculate my 'Yearly Average'?

Count your number of contribution years, beginning with the year you first started paying social insurance up to and including the last full contribution year before you reach age 66 for State Pension (Contributory) or age 65 for State Pension (Transition). Call this '*Total Contribution Years*'.

Count all your full rate paid contributions and credits over the same period (see Questions 8 & 10 above). Call this '*Contributions and Credits*'.

Your '*Yearly Average*' is calculated as follows:

$$\text{Yearly Average} = \frac{\textit{Contributions and Credits}}{\textit{Total Contribution Years}}$$

Use your yearly average to get your weekly rate of pension as set out in the table at Question 1.

Example – State Pension (Contributory):

A person is paying social insurance since 7th August 1962. They reach the age of 66 on 12th March 2012. The last full contribution year before they turn 66 is 2011. They have a total of 1,260 contributions and credits which count towards State Pension (Contributory).

Total Contribution Years = 50

Contributions and Credits = 1,260

$$\text{Yearly Average} = \frac{\textit{Contributions and Credits}}{\textit{Total Contribution Years}} = \frac{1{,}260}{50} = \mathbf{25}$$

22. How do I calculate my 'Yearly Average' using the Alternative Contribution Test (ACT)?

If you have a 'Yearly Average' of at least 48 full rate contributions (paid or credited) from April 1979, you may qualify for a maximum rate pension.

Count your number of contribution years, from 1979/80 up to and including the last full contribution year before you reach age 66 for State Pension (Contributory) or age 65 for State Pension (Transition). Call this '*Total Contribution Years*'.

Count all your full rate paid contributions and credits over the same period (see Questions 7 & 9 above). Call this '*Contributions and Credits*'.

Your '*Yearly Average*' is calculated as follows:

$$\text{Yearly Average} = \frac{\textit{Contributions and Credits}}{\textit{Total Contribution Years}}$$

Example – State Pension (Contributory):

A person reached the age of 66 on 28th November 2009. The last full contribution year before they turn 66 was 2008. They have a total of 1,434 contributions and credits which count towards State Pension (Contributory).

Total Contribution Years = 30

Contributions and Credits = 1,434

$$\text{Yearly Average} = \frac{\textit{Contributions and Credits}}{\textit{Total Contribution Years}} = \frac{1{,}434}{30} = \mathbf{47.8\ (rounded\ to\ 48)}$$

23. Can my spouse, civil partner or cohabitant get a State Pension (Transition) or State Pension (Contributory) based on my record?

No. A person can only qualify for one of these pensions based on their own social insurance record.

24. Can I get paid on my pension for my spouse, civil partner or cohabitant?

You can apply for an Increase for a Qualified Adult on your pension. A qualified adult is your spouse, civil partner or cohabitant. This increase is subject to a means test.

You will not get this increase if your spouse, civil partner or cohabitant

- has gross weekly means of more than €310 **or**
- is getting a higher rate social welfare payment in their own right (except Disablement Pension, Supplementary Welfare Allowance, Guardian's Payment or Child Benefit) **or**
- is disqualified from getting Jobseeker's payments while taking part in a trade dispute **or**
- is taking part in either a full-time FÁS/Solas non-craft training course or a VTOS course.

If your spouse, civil partner or cohabitant has gross weekly means of €100 or less you will receive the full increase for them.

If they have gross weekly means of between €100 and €310, you may get a reduced rate of increase. Where joint means (e.g. a joint bank account), half of such means is assessable.

25. What other benefits or allowances can I get?

In addition to your pension, you may also qualify for the following weekly payments:

- Increase for a Qualified Child – this means a child normally living with you and aged under 18 or aged up to 22 if they are in full time education and are being supported by you;
- Living Alone Increase – if you are aged 66 or over and live alone or mainly alone;
- Island Allowance – if you are aged 66 or over and live on one of certain Irish offshore islands;
- Age 80 Allowance – automatically paid once you reach age 80;
- Fuel Allowance – a means-tested payment, payable if you live alone or with certain other people;
- Household Benefits – Electricity or Gas Allowance, Telephone Allowance and Free TV Licence. Available to people aged 70 or over resident in the State and to people aged under 70 resident in the State, in certain circumstances. Only one person in a household can qualify for the package at any time.

For more information on all of these allowances, see www.welfare.ie.

26. When and how do I apply for my pension?

If you retire before age 65, you should apply for State Pension (Transition) three months before your 65th birthday.

If you retire between age 65 and 66, you should apply for State Pension (Transition) three months before you retire.

If you wish to apply for State Pension (Contributory) you should do so three months before your 66th birthday.

If you worked in one of the countries listed at Question 38, you should apply for pension 6 months before reaching pension age to allow the other country or countries time to decide your application.

Note: From April 2012, if you do not apply for your pension within 6 months of becoming eligible, you could lose some payment.

To apply for either pension, complete the application form SPT/C1 and send it with any relevant supporting documentation to:

State Pension (Contributory)
Department of Social Protection
College Road
Sligo
LoCall 1890 500 000

For more information, see www.welfare.ie

27. I am not happy with the decision made by the Department on my application for pension. What can I do next?

You can request a review by the Deciding Officer by writing in to us and telling us why you think the decision we made was incorrect. The address you should write to is:

State Pension (Contributory)
Department of Social Protection
College Road
Sligo

If, following the review, you are still unhappy with the decision, you can appeal the decision by contacting the Appeals Office, within 21 days of the date of the review, at:

Social Welfare Appeals Office
D'Olier House
D'Olier Street
Dublin 2

28. How will I get my payment?

State Pension (Transition) and State Pension (Contributory) are paid weekly:

- At your local Post Office by Social Service Card / Public Services Card **or**
- By direct payment into your current, deposit or savings account in a financial institution.

You must notify the Department immediately of any change in your circumstances.

29. Does the Department of Social Protection deduct income tax from my State Pension?

No. The Department does not deduct income tax from your pension.

However, your pension, including Increase for a Qualified Adult, Increase for Qualified Child, Living Alone Increase, Island Allowance and Age 80 Allowance, is regarded as income for income tax purposes and your liability for tax will depend on your overall circumstances.

You should contact your local tax office if you have any questions about your tax liability.

30. If I go to live abroad, will I continue to receive my State Pension (Transition) or State Pension (Contributory)?

If you live or intend to live outside the State, you can get your pension by direct payment to your account in a financial institution either in Ireland or the country you choose to live in.

If you intend going abroad to live please send in details of your new address in writing, together with any change you want made to your payment arrangements to:

Maintenance Section (SPT/SPC)
Department of Social Protection
College Road
Sligo

If you move abroad, remember that you must notify this Department immediately of any change in your circumstances.

31. I will be pension age after 6th April 2012 and I will not have 520 paid contributions by then. What can I do?

You can apply for State Pension (Non-Contributory), which is a **means-tested** payment for people aged 66 or over who do not qualify for State Pension (Contributory) based on their social insurance record. Your means are any income/capital belonging to you or your spouse, civil partner or cohabitant and property (except your own home) or an asset that could provide you with an income. You will qualify for a State Pension (non-Contributory) if your weekly means are at or below €245.00

This pension is taxable but you are unlikely to pay tax if it is your only income. Your means are assessed using specific rules under the following headings:

Cash income (including income from work) which you or your spouse, civil partner or cohabitant may have e.g. earnings from employment, self-employment, an occupational pension, a British or other foreign pension. A specific earnings disregard of €200.00 applies to pensioners in employment.

Value of capital refers to savings, investments, cash-on-hands and property (excluding your own home) that you have. The value of all these items is added together and a special formula (see table below) is applied to their total value to calculate your weekly means. If you are married, in a civil partnership or cohabiting with another person, then each of you will be assessed with half of your joint capital, using the following formula:

Capital Weekly Means Assessed

Amount of savings and investments	Weekly means assessment
First €20,000.00	Nil
Next €10,000.00	€1.00 per €1,000.00
Next €10,000.00	€2.00 per €1,000.00
Balance	€4.00 per €1,000.00

You should apply three months before your 66th birthday.

For more information on this pension, see www.welfare.ie or contact:

State Pension (Non-Contributory)
Department of Social Protection
College Road
Sligo
LoCall 1890 500 000

32. What new arrangements are being introduced regarding late claims and from when?

From 5th April 2012 late claims for State Pension (Transition) may be backdated for a maximum period of 6 months.

From 6th April 2012 late claims for State Pension (Contributory) may be backdated for a maximum period of 6 months.

33. What does this mean for a person applying for these pensions?

A person applying for State Pension (Transition) or State Pension (Contributory) should do so as soon as possible.

If a claim is submitted more than six months late, it will be accepted and, if eligible, payment will only be backdated for a maximum of six months prior to the date the claim is received by the Department.

34. I am already in receipt of one of these pensions; will the change to the backdating rules affect me?

No. These changes only apply to new claims received on or after the dates mentioned in Question 32 above.

35. Are there any circumstances where the Department will backdate a claim for more than 6 months?

In certain circumstances it may be possible to backdate claims for a period beyond six months:

- Where you failed to claim at the date of entitlement because of false or misleading information given to you, or a person acting on your behalf, by staff of the Department. If this is the case, you must give full details of the false or misleading information you got, including the name of the officer who gave the incorrect information (if known), the office where they gave the incorrect information and the date they gave it.

- Where you failed to claim at the date of entitlement because you were so incapacitated by illness or infirmity that you could not apply or instruct another person to apply on your behalf. If this is the case, you must supply medical evidence from your doctor explaining why the illness or incapacity prevented you from applying yourself or appointing someone to apply for you.

Where illness or incapacity is claimed, your claim to pension must have been made before or within 6 months of the date you ceased to be ill or incapacitated.

Note: Your lack of knowledge of entitlement to pension or the lack of knowledge of entitlement to pension of an agent/person acting for you is not regarded as satisfying the criteria to backdate your claim.

The lack of knowledge by third parties, incorrect information or advice which is supplied to you, or failure to act by an individual or agency other that an employee of the Department will not be regarded as a basis for a further backdating of pension payment.

36. What new arrangements are being introduced regarding the half-rate Increase for a Qualified Child and from when?

If a person claims State Pension (Transition) or State Pension (Contributory) on or after 5th July 2012, they are not entitled to claim half-rate Increase for a Qualified Child, if their spouse, civil partner or cohabitant has an income of over €400 a week.

37. Where can I get more information?

For more information on these pensions:

- See www.welfare.ie
- Contact your local Citizens Information Centre or Social Welfare Local Office
- LoCall 1890 500 000

38. What countries are covered by either EC Regulations or a Bilateral Agreement with Ireland?

Australia
Austria
Belgium
Bulgaria
Canada
Channel Islands
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Isle of Man
Italy
Japan
Latvia
Liechtenstein
Lithuania
Luxembourg
Malta
The Netherlands
New Zealand
Norway
Poland
Portugal
Republic of Cyprus (Cyprus South)
Republic of Korea
Romania
Slovakia
Slovenia
Spain
Sweden
Switzerland
The United Kingdom
The United States of America

39. What are the different PRSI Classes people currently pay?

PRSI Class	Who pays this Class PRSI?*	Does it count towards State Pension (Transition)?	Does it count towards State Pension (Contributory)?
A	Most people working in the private sector; Civil and Public Servants recruited on or after 6th April 1995	Yes	Yes
B	Doctors and dentists working in the Civil Service; permanent and pensionable Civil Servants and Gardaí recruited before 6th April 1995	No	No
C	Commissioned Army Officers and members of the Army Nursing Service recruited before 6th April 1995	No	No
D	Other permanent and pensionable employees in the public service recruited before 6th April 1995	No	No
E	Ministers of Religion employed by the Church of Ireland Representative Body	Yes	Yes
H	Non-Commissioned Officers and enlisted personnel of the Defence Forces	Yes	Yes
J	People with reckonable pay of less than €38 per week; people aged over 66; people in subsidiary employment	No	No
K	People on occupational pensions; certain office holders; people aged over 66 who previously paid Class S	No	No
M	Employees under age 16; people within Class K who have no contribution liability	No	No
P (optional)	Share Fishermen/Fisherwomen already paying Class S	No	No
S	Self-employed people, including certain company directors and certain people with income from investments and rents	No	Yes

* This table shows a very general description of the PRSI Classes and who pays them. For more information, see www.welfare.ie.

40. What other PRSI Classes could people have paid?

PRSI Class	Who paid this Class PRSI?*	Does it count towards State Pension (Transition)?	Does it count towards State Pension (Contributory)?
E	Up until 1991, part-time share fishermen/fisherwomen and outworkers not employed under a contract of service	Yes	Yes
F	Up until 1991, outworkers employed under a contract of service	Yes	Yes
G	Up until 1991, outworker male weavers not employed under a contract of service	Yes	Yes
N	Up until 1991, Non-Commissioned Officers and enlisted personnel in the Defence Forces	Yes	Yes

* This table shows a very general description of these PRSI Classes and who paid them. For more information, see www.welfare.ie