

## What is the Contributory State pension?

The Contributory State pension is a social insurance payment made when you reach 66 years. It is based on your Pay Related Social Insurance (PRSI) record. This pension is not means tested. Your personal rate is not affected by other income you may have, such as private pension etc. The pension is taxable but you are unlikely to pay tax if it is your only income.

## What are the qualifying criteria for the Contributory State pension?

To qualify an individual must:

- Be aged 66 or over\*.
- Have started paying PRSI contributions before reaching the age of 56 years.
- Have made at least 520 full rate PRSI contributions.
- Have a yearly average of 10 for a minimum pension and 48 for the maximum pension paid.

\* The qualifying age for pension will rise to 67 in 2021 affecting those born between 1<sup>st</sup> January 1955 and 31<sup>st</sup> December 1960 and will rise to 68 in 2028 affecting those born after 1<sup>st</sup> January 1961.

## What are the PRSI contribution types for self-employed?

PRSI for the self-employed was introduced in 1988. All self-employed people aged between 16 years and 66 with earnings more than a specified amount (currently €5,000 per annum)

must pay PRSI. The class of PRSI contribution paid by self-employed people is Class S.

If your income falls below the €5,000 limit and you are under 66 years, you may apply to make voluntary contributions. Payment of voluntary contributions can help maintain or improve your contributory pension entitlements. From April 2015, to qualify to make a voluntary contribution you must:

- Have at least 520 weeks PRSI contributions paid under compulsory insurance in either employment or self-employment.
- Make a voluntary contribution within 12 months of the end of the year during which you have last paid compulsory insurance. If you were previously self-employed the voluntary contribution is €500.

## How do I calculate my yearly average contributions?

The calculation is made by counting the total number of contribution years, beginning with the year you first started paying PRSI up to and including the last full contribution year before you reach the age of 66 - this is called your Total Contribution Years. Then you count your entire full rate paid contributions and credits over the same period - this is called your Contributions and Credits.

Your yearly average is calculated as follows:

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

## How can I find out the number of PRSI contributions I have made?

To request a copy of your PRSI contribution record contact: Central Records Department, Department of Social Protection, McCarter's Road, Ardaran, Buncrana, Co. Donegal or Local 1890 690 690

## I have a gap in my PRSI record as I was caring for a child or for an ill person, will this affect my Contributory State pension entitlement?

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

You do not need to apply if you are getting Child Benefit (and are providing the child with fulltime care), Carer's Allowance, Carer's Benefit or Carer's Support Grant. The Department will treat any claim for Child Benefit, Carer's Allowance, Carer's Benefit or Carer's Support Grant as an application to become a homemaker and will note this on your insurance record automatically.

If you are not getting any of these payments, but you have cared for a child under the age of 12 or an ill or disabled person aged 12 or over at any time from 6 April 1994, you should apply to become a homemaker. Registration should happen before the end of the contribution year after the year you became a homemaker.

An application may be backdated if there is a delay in submitting the claim. For further information, contact: Homemaker's Scheme Section, Department of Social Protection, McCarter's Road, Buncrana, Donegal or Local 1890 690 690.

## I have a gap in my PRSI record, however I was working in partnership with my spouse on the farm enterprise but we have not claimed this when making our annual take returns, can I retrospectively make PRSI contributions in my own right?

Possibly. The Department of Social Protection and the Revenue Commissioners use the following criteria to determine if a partnership exists:

- There is a written partnership agreement (there is no legal requirement to have a written agreement).
- Each partner writes cheques on the business accounts in his/her own right.
- There is a joint business account.
- It is apparent to those doing business with the partnership that a partnership exists.
- Business accounts/activities are in joint names of the partners.
- Each partner makes a significant contribution to the running of the business.
- The business is owned jointly by the partnership, the farm does not have to be jointly owned, although it is a positive factor where it is jointly owned.
- The profits and losses of the partnership are shared by each partner. They do not have to be shared on a 50:50 basis; it is up to the partnership to decide, but clearly each must have an income of €5,000 at least.

You should be able to meet some of these criteria if you are claiming to have been in a partnership with your spouse. It is very important to get professional legal and tax advice before you make any formal arrangements.

To get more information contact the Scope Section, Department of Social Protection, Gandon House, Amiens Street, Dublin 1 or call (01) 673 2585. If you are happy that you satisfy the criteria you can retrospectively apply to have your business partnership recognised. A Social

Welfare Inspector will interview you and your spouse, examine relevant documents and report your case to the Scope Section.

**I assist in the farm enterprise with my spouse/civil partner, but am not an employee or in a farm business partnership, so I do not have any PRSI contributions in my own right. Are there any steps I can take to qualify to make PRSI contributions?**

Possibly. Certain spouses and civil partners of people who are self-employed are able to access social insurance by paying PRSI, to build up entitlement to social insurance benefits as a self-employed worker. Prior to 2014 these categories of spouses or civil partners were excluded from social insurance. To qualify they must demonstrate:

- That she/he performs similar tasks as their self-employed spouse/civil partner; and
- That her/his income from all sources exceeds the minimum self-employed insurability threshold of €5,000. The income from her/his contribution to the farm must be shown as trading income or a share of the profits in the pay and file return made under Revenue's self-assessment system of tax collection.

**Can my spouse, civil partner or cohabitant get a Contributory State pension based on my record?**

No, a person can only qualify for a Contributory State pension based on their own PRSI record.

However, if your spouse or civil partner does not qualify for a contributory pension in their own right, or qualifies for a lower rate, you can apply for an Increase for Qualified Adult on your pension. This increase is subject to a means test. You will not get an increase if your spouse, civil partner or cohabitant:

- Has gross weekly earnings of more than €310.
- Is getting a higher rate social welfare payment in their own right (except Disablement pension, Supplementary Welfare Allowance, Guardians Payment or Child Benefit).

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 earnings of between €100 and €300 you will get a reduced rate.

**What are the Contributory State pension rates?**

As of January 2016 the rates are the following:

State Pension (Contributory) Rates			
Yearly Average Contributions	Personal Rate Per Week (€)	Increase for Qualified Adult (€) (under 66 years)*	Increase for Qualified Adult (€) (66 years or over)*
48 or over	230.30	155.50	209.00
40-47	228.70	147.90	198.60
30-39	209.70	140.80	188.40
20-29	198.60	131.70	177.30
15-19	152.00	101.30	135.70
10-14	93.20	61.80	84.10