



An Roinn Coimirce Sóisialaí
Department of Social Protection

Irish Farmers Association (IFA)
Information Webinar

Farmers & State Pension Policy/ Reform of the State Pension System in Ireland

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Contents

- State Pensions
- Farmers & State Pensions
- Farm Assist & State Pension (Non-Contributory)
- Farmers' Spouses
- Homemakers' Scheme
- HomeCaring Periods & Total Contributions Approach
- Farmers' Employees
- Autoenrolment/Private Pension Provision

State Pensions



- State Pension (Contributory) (SPC)
- Claim at 66 years of age. Need a minimum of 10 years' contributions (520). Based on rate bands.
- To claim the maximum SPC – currently €253.30 per week – require an average of 48 to 52 contributions yearly.
- State Pension (Non-Contributory) (SPNC)
- Means tested. Significant disregards. Depending on means amount varies. Maximum is €242 per week.
- Increase for a Qualified Adult – SPC and SPNC. The means of the qualified adult are subject to a means test, unless the primary payment is a social assistance payment, in which case the means test has been satisfied. For those under 66 on SPC, the IQA rate is €168.70 and if over 66, €227. For those on SPNC the maximum IQA rate is €156.60.
- For most social welfare payments, your adult dependant cannot have gross weekly earnings or income (before tax and PRSI deductions) of more than €310. If your adult dependant earns less than €100 you will get a full Increase for a Qualified Adult (IQA). If your adult dependant earns between €100 and €310 you will get a reduced rate of IQA, If your adult dependant earns more than €310 you will not get an IQA.
- In the case of Jobseeker's Allowance Disability Allowance and Farm Assist, your household income is assessed in the means test. Your total household means are deducted from the maximum payment (the personal rate including any increases for adult and child dependants) to find the actual amount of JA, DA or FA you are entitled to.

State Pensions ctd.



- For those 80 years and over in receipt of SPC or SPNC, they receive an additional payment of €10 weekly. However, the IQA rate is not increased at age 80.
- Widow(er)'s or Surviving Civil Partner's Contributory Pension
- Weekly payment to the husband, wife or civil partner of a deceased person. Either you or your deceased spouse or civil partner must have enough social insurance contributions (PRSI). To qualify you must be a widow, widower or surviving civil partner and not be cohabiting with another person. Those under 66 receive €213.50 per week, while those over 66 receive €253.30.
- If you are divorced and you would have been entitled to a Widow(er)'s or Surviving Civil Partner's (Contributory) Pension had you remained married, you keep your entitlement to the Widow(er)'s or Surviving Civil Partner's (Contributory) Pension.
- The pension is payable regardless of other income.
- Widow(er)'s or Surviving Civil Partner's Non-Contributory Pension
- A means-tested payment payable to a widow, widower or surviving civil partner who does not qualify for a contributory widow's, widower's or surviving civil partner's payment. It is a payment for widows, widowers or surviving civil partners who **do not have dependent children**. People with dependent children should apply for the One-Parent Family Payment or Jobseekers' Transitional Payment. Those under 66 years of age receive €208 per week.
- It is not paid to people aged 66 and over, but you can apply for a State Pension (Non-Contributory) at that stage.

State Pensions ctd.



- Widowed or Surviving Civil Partner Grant
- The Widowed or Surviving Civil Partner Grant is a once-off payment to widows, widowers or surviving civil partners with dependent children. It is available to widows, widowers or surviving civil partners who have one or more dependent children living with them at the date of death, or a widow or surviving civil partner whose child is born within 10 months of the date of death of her spouse or civil partner.
- A qualified child is a child up to age 18, who is normally resident in the State and who is living with you. A child aged between 18 and 22 who is normally resident in the State continues to be a qualified child once they are in full-time education at a recognised school or college.
- The claimant must also qualify for one of the following payments:
 - Widow(er)'s or Surviving Civil Partner's Contributory Pension
 - One-Parent Family Payment
 - Death Benefit under the Occupational Injuries Scheme
 - A Widow(er)'s or Surviving Civil Partner's (Contributory) Pension under EU regulations or under a bilateral social security agreement between Ireland and another country.
 - State Pension Non-Contributory
- This grant is a once-off payment of €8,000. Payment of the Widowed or Surviving Civil Partner Grant is made by cheque, payable to the widow, widower or surviving civil partner.

Farmers and State Pensions



- State Pension (Contributory) (SPC)
- Farmers are normally self-employed. PRSI contributions – paid either as an employee or self employed (Class S) count towards the State Pension.
- To claim the maximum SPC – currently €253.30 per week – need an average of 48 to 52 contributions yearly average.
- State Pension (Non-Contributory) (SPNC)
- Must pass a means test and be habitually resident in Ireland. Means tests covers cash income, capital and property (excluding the value of the house lived in).
- Increase for a Qualified Adult (IQA) – SPC and SPNC. To claim an IQA must be in receipt of a social welfare personal payment. Adult dependant must not have a social welfare payment in own right except Child Benefit, Disablement Benefit, Domiciliary Care Allowance, Foster Care Allowance, Guardian's Payment, Half Rate Carer's Allowance, Occupational Injuries Death Benefit in respect of an orphan or Supplementary Welfare Allowance.
- For most social welfare payments the adult dependant cannot have gross earnings of more than €310 per week. Between €100 and €310 the rate is tapered. Rate for those 66 and over is €227 per week (maximum rate).

Farm Assist and State Pension (Non-Contributory)



- Farm Assist is a means-tested payment for low-income farmers. To qualify for Farm Assist, you must be a farmer, be farming land in the State, be aged between 18 and 66 and satisfy a means test.
- The Farm Assist and the State Pension (Non-Contributory) (SPNC) means tests are different. But if you are moving from Farm Assist to the State Pension (Non-Contributory), and the different means tests would result in you getting a lower pension payment, you keep the higher payment.
- The Department conducted a technical review of the means test disregards for the Farm Assist Scheme, in line with a commitment under the Programme for Government and in 'Our Rural Future, Rural Development Policy 2021 – 2025'.
- The means test for Farm Assist and the SPNC were adjusted in Budgets 2022 and 2023.
- In Budget 2022, several agri-environmental schemes would be included in the list of schemes contained in Part 2 of Schedule 3 to the Act which attract the disregard of €2,540 and 50% of remaining balance for Farm Assist and the State Pension Non-Contributory..
- In Budget 2023, the disregard applicable to the agri-environmental schemes included in the list of schemes contained in Part 2 of Schedule 3 to the Act was further increased to €5,000 and 50% of remaining balance.

Farmers' Spouses



- The common practice is that a person will apply to Scope section in the Department of Social Protection for a determination concerning their PRSI status in advance of applying for a State pension. Scope section will determine whether a person worked in a partnership and is able to demonstrate that that was the case. Where retrospective commercial partnership status is approved, persons are in a position to apply for a State pension (Contributory), subject to satisfying the qualification criteria.
- If a person is not satisfied with the decision of the Deciding Officer in Scope section, the person may appeal the decision to the Social Welfare Appeals Office.

Homemaker's Scheme



- The Homemaker's Scheme can make it easier for a homemaker to qualify for the SPC.
- A homemaker, for the purposes of the Scheme, is a man or woman who provides full-time care for a child under age 12 or an ill or disabled person aged 12 or over.
- Under the Homemaker's Scheme any years that you spent as a homemaker (since 6 April 1994) are ignored or *disregarded* when working out your yearly average contributions for a State Pension (Contributory). To be eligible, you must:
 - Permanently live in the State (except where provisions under EU or posted worker regulations apply)
 - Be aged under 66
 - Have started insurable employment or self-employment on or after the age of 16 and before the age of 56
 - Not work full-time but you can work and earn less than €38 gross per week
 - Care full-time for a child under 12 or an ill or disabled person
- Only one person can be regarded as the homemaker at any one time.
- A homemaking year is a year in which you are out of the workforce for the full tax year (only a full year can be disregarded). Up to a maximum of 20 homemaking years can be disregarded for SPC purposes.
- You should register before the end of the contribution year after the year in which you first become a homemaker. You do not need to register if you are in receipt of Carer's Allowance, Carer's Benefit, Carer's Support Grant or Child Benefit and providing children with fulltime care.

HomeCaring Periods & Total Contributions Approach



- The HomeCaring Periods Scheme makes it easier for people who take time out of their working life to care for children or adults to qualify for the SPC. Under the Scheme, periods of time when you were caring for someone can be included in your social insurance record.
- The HomeCaring Periods Scheme is part of a way of calculating the State Pension (Contributory) for people who applied after 1 September 2012. This new way of calculating pension rates is called the (interim) Total Contributions Approach.
- Please note that the HomeCaring Periods Scheme and the Homemaker's Scheme cannot be used together to calculate pension entitlement. The Homemaker's Scheme will continue to be used when the yearly average number of social insurance contributions is being used to calculate the rate of pension.
- The Total Contributions Approach (TCA) means that the total number of PRSI contributions you paid, instead of when they were paid, are taken into account when the DSP assesses your application for a pension. The Yearly Average (YA) method is a calculation where the number of reckonable weekly PRSI contributions are divided by the number of years between entering social insurance and state pension age. Entitlement is then banded, with a YA of 48 or more required for a full rate pension. The YA system measures the frequency rather than the number of contributions.
- The TCA calculation includes the HomeCaring Periods Scheme. The changes benefit people who spent time outside the paid workplace, while raising a family or in a caring role. If you reached pension age on or after 1 September 2012, your pension rate can be calculated in two ways: using the YA method or using the TCA. The DSP carries out both calculations and choose whichever gives the better rate of pension.

Farmers' Employees



- If you employ full-time workers on your farm you are bound by legislation that applies to all employers. Employees should receive among other things:
- Contract of employment.
- Payslip. This should include a breakdown of gross pay which should include: hours worked, hourly rate of pay, holiday pay, sick pay, Sunday premium and premium days pay. In addition it should include such deductions as: tax, **social insurance (PRSI contributions)**, board and lodgings (where applicable), and pension (where applicable).
- Part-time or seasonal employees are treated on a pro rata basis.

AutoEnrolment/Private Pension Provision



- At present, the new AutoEnrolment Scheme, due to come into effect in 2024, does not cover the self-employed.
- Those who are self-employed and wish to have additional pension cover, over and above the State Pension, can seek financial advice and invest in a Personal Retirement Savings Account or a Personal Pension Plan or a Self-Administered Pension Scheme.



State Pension Reforms

- Background – Reform of Irish Pension System in Ireland
- Pensions Commission's Report
- Reforms announced in September 2022
- Implementation
- Concluding Remarks
- Questions

Background

General Election 2020

- Key Issues

- State Pension Age
- #Stop67
- Dáil Arithmetic

- Programme for Government

- Repeal SPA Increases
- Establish Pensions Commission



MAIN TAKEAWAYS

Compared to GE2016, the main changes are:

SF Sinn Féin got the most first preference votes (FPV) in this election (24.5%, +10.7pp) and won 37 seats (the second highest), a gain of 14 seats (+61%). The party is now the second largest in terms of Dáil representation.

GP The Green Party got 7.1% of FPVs (+4.4pp) and won 12 seats, a gain of 10 seats (+500%).

FF Fianna Fáil got 22.2% of FPVs (-2.1pp) and won 38 seats, a loss of 6 seats (-13.6%). The party is now the largest in terms of Dáil representation.

FG Fine Gael got 20.9% of FPVs (-4.6pp) and 35 seats, a loss of 15 seats (-30%). The party is now the third largest in terms of Dáil representation (at 36 seats).

SD The Social Democrats doubled their representation from 3 to 6 TDs (+100%) with a slight decrease in its FPV (-0.1pp).

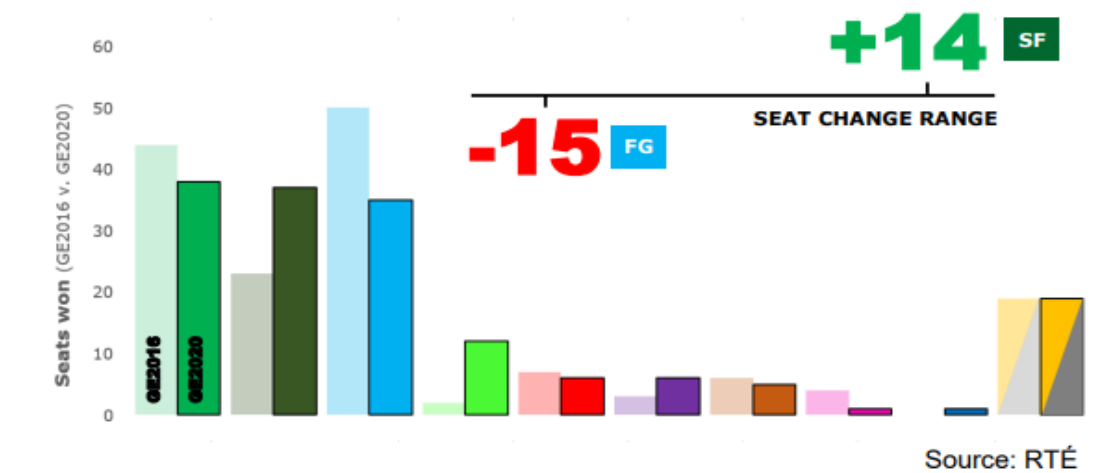
IND OTH Independents and Others combined got the fourth highest FPV and won 19 seats in all (no change).

Glossary

FPV First preference vote

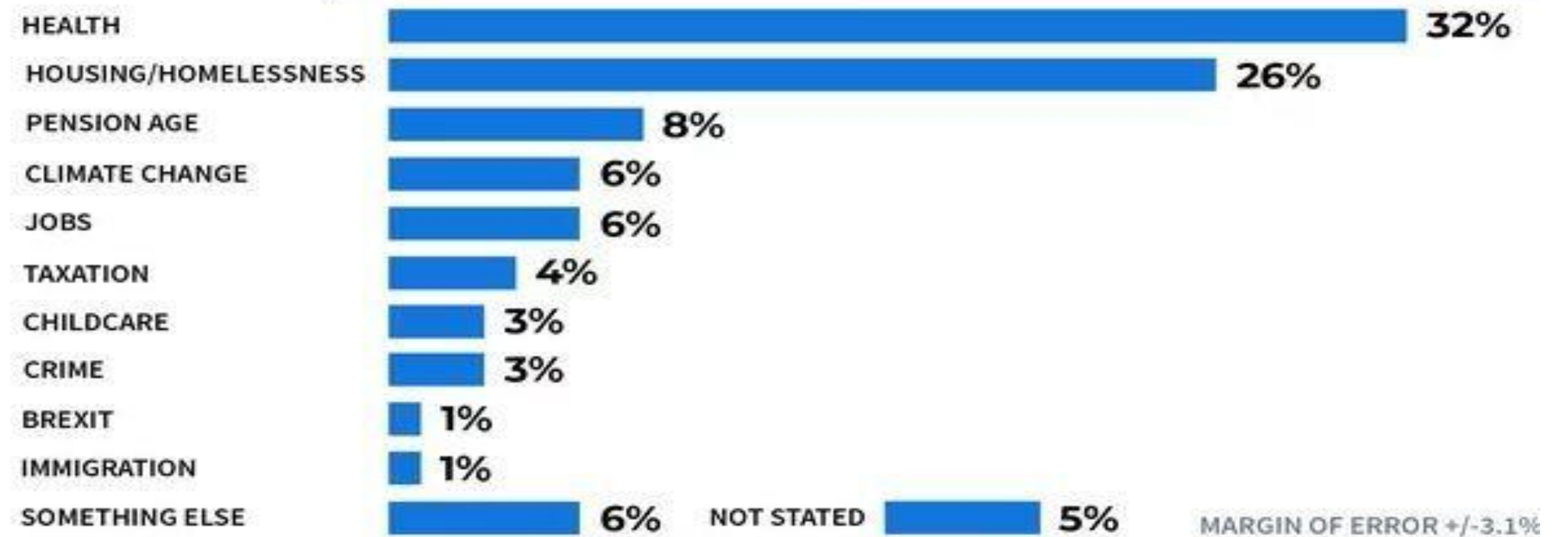
TDs ELECTED
GE2020 compared to GE2016

	FF	SF	FG	GP	Lab	SD	PBP-AAA / Sol.	I4C	Aontú	IND	OTH.
GE2016	44	23	50	2	7	3	6	4	-	19	158
FPV %	24.3	13.8	25.5	2.7	6.6	3.0	3.9	1.5	-	18.5	100
GE2020	38	37	35	12	6	6	5	1	1	19	160
FPV %	22.2	24.5	20.9	7.1	4.4	2.9	2.6	0.4	1.9	13.1	100
Change	-6	+14	-15	+10	-1	+3	-1	-3	NEW	NC	NC
TDs (%)	-13.6	+60.9	-30.0	+500	-14.3	+100	-16.7	-75	NEW	NC	NC
FPV (pp)	-2.1	+10.7	-4.6	+4.4	-2.2	-0.1	-1.3	-1.1	NEW	NEW	-5.4



EXIT POLL

WHICH ONE OF THESE WAS MOST IMPORTANT TO YOU IN DECIDING HOW TO VOTE TODAY?





Pensions Commission's Report

- Published on 7th October 2021 - It established that the current State Pension system is not sustainable into the future and set out a wide range of recommendations including gradual increases to the State Pension Age
- Government considered the far-reaching recommendations in the Pensions Commission's Report very carefully including consultation through Cabinet Committee system and views sought from the Joint Committee on Social Protection and Commission on Taxation & Welfare



Reforms Announced in September 2022

- The Minister for Social Protection announced a series of landmark reforms to the pension system in Ireland on the 20th September 2022
- The measures, which were approved by Government, are in response to the Pensions Commission's recommendations
- The set of measures represent the biggest ever structural reform of the Irish State Pension system



The set of measures include:

- State Pension age to remain at 66 years of age
- Flexibility (deferred access) will be introduced to the State Pension (Contributory) from January 2024 allowing a person to defer drawing down pension until age 70
- Enhanced State Pension provision for long-term carers (in excess of 20 years) will be introduced from January 2024



- Long-term sustainability of the State Pension system to be addressed through gradual, incremental increases in social insurance (PRSI) rates
 - Next year, the Department of Social Protection will present a proposal for Government to consider the changes required to social insurance contribution rates or the social insurance revenue base from 2024 and for the following decade
 - Based upon new data from the latest statutory Actuarial Review of the Social Insurance Fund
 - The level and rate of increase in social insurance contribution rates will be determined on a structured basis every 5 years informed by the outcome of a statutory actuarial review



- There will be a 10-year phased transition to the Total Contributions Approach (methodology for calculating State Pension (Contributory) payment rate) and abolition of the Yearly Average approach to commence from January 2024
 - 40 year model with provision for 10 years of PRSI Credits and 20 years of HomeCaring Periods but with a cap of 20 years combined PRSI Credits and HomeCaring Periods



- A smoothed earnings method to calculating a benchmarked/indexed rate of State Pension payments will be introduced as an input to the annual budget process and will be submitted to Government in September each year (from 2023)
- Workers will be provided with access to a social insurance contribution statement service each year in a manner that enables them to understand their entitlements (target date for introducing this reform is from January 2024)



- Officials in the Department of Social Protection will explore the design of a scheme that would modify the current Benefit Payment for 65-year-olds to provide a benefit payment for people with a long social insurance history (40 years or more)
- Measures to be introduced to address retirement ages below State Pension Age in employment contracts



Implementation

- Officials in the Department of Social Protection are working to implement the reforms, including the drafting of legislation and development of administrative and IT systems as necessary
- Officials in the Department of Enterprise, Trade and Employment will introduce measures that allow, but do not compel, an employee to stay in employment until the State Pension Age

In Conclusion



- The State Pension is the bedrock of the pension system in Ireland
- It is extremely effective at ensuring that our pensioners do not experience poverty
- Commitment to ensure that this remains the case for current pensioners, those nearing State Pension Age and today's young workers, including those who are only starting their careers