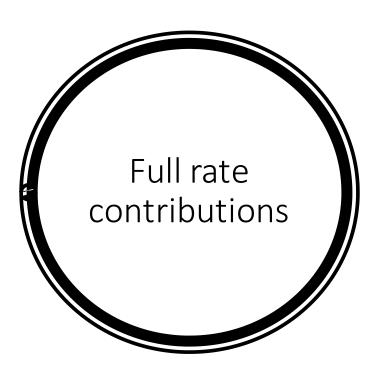


# Irish Farmers Association (IFA) Information Webinar

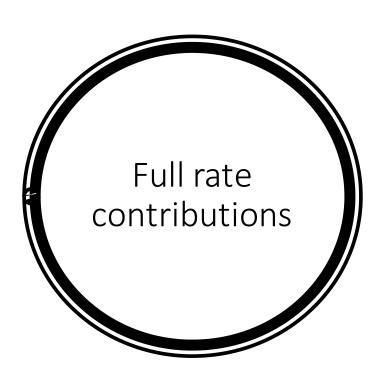


# Pension Entitlements

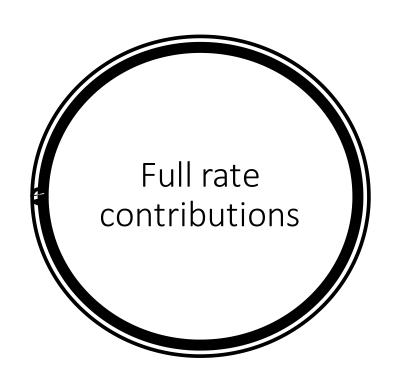
- Clíodna Ní Mhurchú, CCSU
- 16<sup>th</sup> November 2022



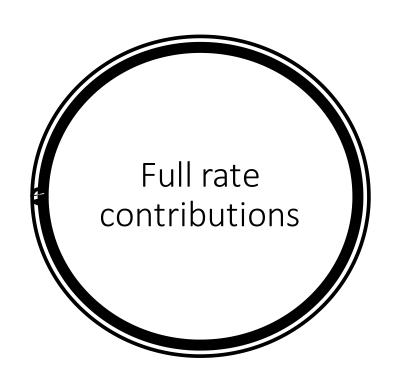
- Payable from the age of 66
- SPC is based on paid and credited PRSI contributions the customer has accumulated over their working lifetime
- Customers must complete an SPC1 form to apply for their pension – late applications can only be backdated 6 months
- Customers can continue to work and receive their SPC at the same time
- SPC is not a means tested scheme, but some allowances attached to it are means tested



- Entered into Social Insurance before reaching the age 56
- Have a minimum of 520 Full- Rate Contributions paid, or have at least 260 full rate contributions and the balance of the 520 can be made up of High- Rate Voluntary contributions
- Have a Minimum Yearly average to 10 contributions or more



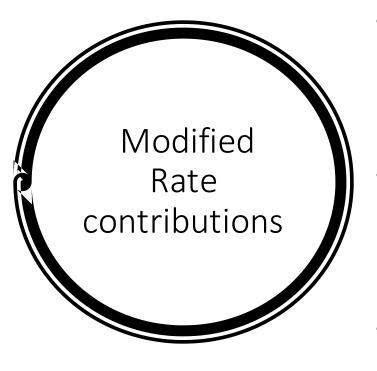
- For each week that a customer is in Insurable employment they pay a PRSI contribution towards their pension
- Contributions at PRSI classes A,E,F,G,H & N are reckonable for the State Pension Contributory
- The more contributions a customer has the better the rate of State Pension Contributory the customer will receive



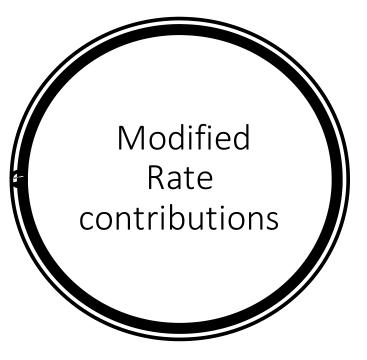
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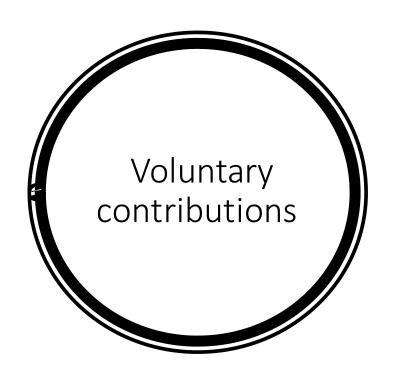
- Customers engaged in Self Employment are liable to pay Class S PRSI contributions which are reckonable towards their pension
- SPC cannot be awarded and put into payment until all outstanding Tax & PRSI liabilities for Class S contributions have been paid
- Therefore, it is important to have all these liabilities paid prior to the customer reaching age 66
- Delays in paying these liabilities will result in loss of pension if paid after the customer reaches age 66



- Modified rate contributions are reduced rate PRSI contributions paid by Civil & Public Servants employed prior to April 1995 at Classes B, C & D
- They are not reckonable for SPC in their own right. However, they can be combined with Full Rate Contributions for a Pro Rata Pension
- The customer must have at least 260 Full Rate contributions and the balance of the required 520 paid contributions can be made up with their modified rate contributions



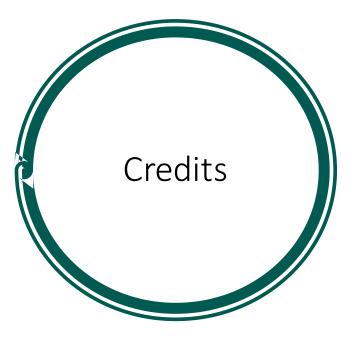
- Change of status credits are awarded when a person changes from a modified rate contribution to a full rate contribution (except class S contributions).
- Change of status credits are awarded from the date of change of status back to the start of the contribution year in which the change of status occurred plus 52 change of status credits for the previous contribution year
- If a customer pays full rate contributions after modified contributions and then either claims for a SW payment or signs for credits, the credits will be full rate credits



- Voluntary contributions can be used in the calculation of State Pension Contributory. Customers must have at least 520 full rate contributions paid in order to be eligible to buy Voluntary Contributions
- For any queries regarding purchasing Voluntary Contributions customers should be advised to contact Voluntary Contribution section in Waterford



- Customers who have Social Insurance contributions in an EU/Bilateral country with whom we have a reciprocal agreement can have their pension entitlement examined using a combination of their Irish and EU/Bilateral contributions/credits for a proportional rate
- Customers need a minimum of 52 Irish paid contributions of which 1 must be a paid contribution and the balance of the 520 required contributions can be made up with their foreign ones
- If a customer indicates on their application form that they worked in another country with whom we have an agreement, we will apply to that country for a pension on our customers behalf



- Credits (Credited contributions) are social insurance contributions which can be awarded to insured persons who are unable to continue paying social insurance (PRSI) contributions from employment
- For example: if a person has a break in their insurance record because of illness, unemployment or other eligible scenarios and are on a Social welfare scheme a credit may be awarded for each week they are on that scheme

# **SPC Calculation**

SPC
entitlement is
currently
examined
under 2
different types
of calculation

Yearly Average –
the rate of
pension depends
on the Yearly
average number
of contributions
the customer has



Aggregated Contribution Method - Based on customers needing 2080 contributions for a maximum rate pension. SPC reduces proportionately if less than 2080. No Yearly average applies.

### SPC rates for customers who qualify for SPC from 01 September 2012



Yearly Average	Personal Rate (weekly)	Increase for Qualified	Increase for Qualified
From January 2023		Adult aged under 66*	Adult aged 66 or over*
From 06/01/2023		(maximum weekly rate)	(maximum weekly rate)
48 or over (100%)	€265.30	€176.70	€237.80
40-47 _(98%)	€260.10	€168.20	€225.90
30-39 _(90%)	€238.50	€160.00	€214.20
20-29(85%)	€225.90	€149.70	€201.60
15-19 _(65%)	€172.90	€115.20	€154.40
10-14 _(40%)	€106.00	€70.20	€95.60

Aggregated contributions method (SPC)	Personal weekly Rate	Qualified Adult	Increase for Qualified Adult Aged 66 or over
2,080 or over	€265.30	€176.70	€237.80

Rates of payment reduce proportionately for contributions of less than 2,080

2023 Rates of Payment for Other allowances

#### Allowance Rates from January 2023:

Full Rate increase for qualified child: Under 12 = €42.00; Over 12 = €50.00

Half Rate increase for qualified child: Under 12 = €21.00; Over 12 = €25.00

Increase for Living Alone: €22.00

Fuel Allowance: €33.00

Telephone Support Allowance: €2.50 (Paid Automatically with Fuel & ILA)

Increase for living on an Island: €20.00

Over 80 Allowance: Additional €10.00

# Calculating the Yearly Average

- Count the number of full rate contributions (both paid and credited) up to the last full tax year before the customer reaches age 66
- 2. Divide this figure by the number of years from when the customer entered insurance to the year they are reaching pension age
- 3. Full rate contributions are paid under the PRSI classes A,E,F,G, H, N & S

Examp	ole
LAGITIE	$\mathcal{I}$

John will be 66	31 <sup>st</sup> January 2023
Date of entry into insurance	01 <sup>st</sup> February 1973
Total number of full Rate Contributions (Paid & Credits) Up to end of 2022	1358
Total number of contribution years 1973 to 2023	50
Yearly Average calculation	1358 ÷ 50 = 27
Yearly Average Band	(20 -29)

€225.90 per week

SPC Entitlement from 31st January 2023

# **Aggregated Contribution Method**

#### **Background**

- 1. Only applicable to customers born on or after 1<sup>st</sup> September 1946
- 2. Includes taking account of time spent out of the workplace for parenting children under age 12 or caring for individuals of any age in need of full time care and attention in the State

#### To qualify you need to have

- 1. 520 full rate paid contributions (or 260 minimum full rate paid and the balance of the 520 can be made up of High Rate Voluntary Contributions)
- 2. Have entered into Social Insurance before the age of 56
- 3. Born on or after the 01/09/1946

#### Home Caring Periods (HCP) and credits

- 1. A maximum of **520** credits can be used in the calculation
- 2. A maximum of 1,040 HCP can be used in the calculation
- 3. When a customer has both credits and HCP; **1040** is the maximum number of combined HCP and credits that can be used in the calculation (subject to a maximum of **520** credits)

If a customer has 2080 subject to the above conditions max rate of SPC is payable.

Less than 2080 the pension is paid at a proportional rate of the max rate

# **Aggregated Contribution Method**

#### **Calculation**

Example

Mary will be 66 04<sup>th</sup> February 2023

Entered into insurance 17<sup>th</sup> February

1973

Full Rate Contributions (Paid and credited) 1435

Mary has 1399 full rate contributions, 36 full rate credits and 397 Home Caring Periods

**1399 + 36 + 397 = 1832** 

1832 ÷ 2080 x 100 % = 88.08%

€265.30 x 88.08% = €233.70

**SPC entitlement from 04<sup>th</sup> February 2023 €233.70 per week** 

# **Pension Calculations**

When examining a customer entitlement to SPC we check their entitlement using both the Yearly Average and Aggregated Contribution Method and pay the customer whichever is more favourable to them

Example

Mary will be 66 04<sup>th</sup> February 2023

Date of entry into insurance 17<sup>th</sup> February 1973

Full Rate Contributions (Paid & Credits) 1435

Up to end of 2022

Total number of contribution years 50

1973 to 2023

Yearly Average calculation  $1435 \div 50 = 29$ 

Yearly Average Band (20 -29)

SPC Entitlement from 04<sup>th</sup> February 2023 €225.90 per week

In this case Mary will be better off on the Aggregated Contribution Method at €233.70 per week

# **Fuel Allowance**

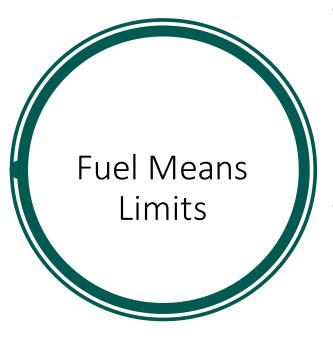


#### Payable if you are:

- in receipt of SPC / State Pension from another country
- living alone or only with a qualified person
- resident in the State

and

your household satisfies a means test



- Currently a customer can have household income of up to €120 per week plus Max rate SPC and still have a possible entitlement to Fuel Allowance
- From January 2023 this household income limit is being increased to €200 per week for customers under 70
- And increasing for Over 70's to €500 per week for a single person and €1000 per week for a couple from January 2023. Note: this figure also includes SPC or any other Social Welfare payments to the customer/couple



#### **2022 (Current)**

If they have no other means an applicant may have capital of €62,999 which is equivalent to €120 pw under current capital means assessment rules

#### **6 January 2023**

If they have no other means an applicant may have capital of €82,999 which is equivalent to €200 pw under current capital means assessment rules

Formula for Circulating Weekly Means		
Formula	Weekly Means	
First €20,000	Nil	
Next €10,000	€1 per €1,000	
Next €10,000	€2 per €1,000	
Excess of €40,000	€4 per €1,000	

# Increase for Qualified Adult (IQA)



#### **Means Limits**

- The spouse/civil partner or co-habitant (IQA) must have weekly income of less than €100 per week in order to qualify for the maximum rate payable
- If the spouse/civil partner or co-habitant (IQA) has income between €100 and €310 per week they may get a reduced/tapered rate of IQA
- If IQA has no other income then capital must be under €57,999.99 to get the maximum IQA, between €58,000 and €109,999.99 for reduced IQA. Any capital over €110,000.00 there is no entitlement IQA



- Any income the IQA has from a private pension, employment, self-employment, maintenance, savings, investments and capital (for example, any property except their own home) is taken into account
- If the IQA has joint income, savings or investments or joint ownership of property with the pensioner or any other person only half is taken into account
- Any outstanding mortgage on the property is off-set against the value of the property. However, if the property is rented the rental income is assessed

# **Other Allowances**



- Increase for Living Alone payable to customers who live alone or mainly alone
- Payable at €22.00 per week
- Telephone Support Allowance is automatically payable to a customer in receipt of both Living Alone Allowance and Fuel Allowance
- Payable at €2.50 per week



- This is payable if a pensioner is ordinarily resident on one of the specified islands off the coast of Ireland
- Payable at €20.00 per week



- IQC is payable up to the age of 18 if child in second level education and age 22 if in 3<sup>rd</sup> level and is payable at 2 different rates - Half rate and Full rate
- Spouse/Civil Partner/Co-Habitant means is only assessed
- Full Rate IQC is payable if:
- Customer lives alone
- Customer lives with a Spouse/Civil Partner/Co-Habitant and their income is under €310 per week
- Payable at €42.00 per week for child under 12
- Payable at €50.00 per week for child over 12



#### **Half Rate IQC** is payable if:

- Customer lives with a Spouse/Civil Partner/Co-Habitant and their income is between €310 & €400 per week
- Payable at €21.00 per week for child under 12
- Payable at €25.00 per week for child over 12
- Half Rate IQC is not payable if means are greater than €400 per week



A higher rate of pension is payable to a pensioner aged 80 or over. The increase is paid automatically - there is no need to apply. It is paid the Friday following the 80<sup>th</sup> Birthday

• Payable at €10.00 per week

Note: This allowance is not payable to the Qualified Adult



Best advice for customers in order to safeguard their record:

- Continue to pay contributions to age 66
- Or sign for credits (if eligible)
- Or Pay Voluntary Contributions (if eligible)
- For Self Employment customers ensure all their outstanding
   Tax & PRSI liabilities are paid up to date prior to the age 66



 Request a copy of their contribution record prior to applying for their pension to identify any gaps in their record ahead of applying for their pension

Records can be requested/viewed on Mywelfare.ie if the customer has a verified account

• Or can be requested from Records Section in Buncrana

 If a customer feels they may not qualify for a maximum rate of SPC they should apply for both SPC and State Pension Non-Contributory and whichever if more financially beneficial to the customer will be put into payment



Customers should fully complete an SPC1 to apply for their pension and send it to our office at least 6 months before they reach the age of 66

Applications can be found on gov.ie

gov.ie - State Pension (Contributory) Application Form (SPC1) (www.gov.ie)

Apply for Household Benefits Package by competing HHB1 form

gov.ie - Household Benefits Package (www.gov.ie)

# **Useful Contact Details**

Address: Social Welfare Services, Department of Social Protection, College Road, Sligo, Co. Sligo, F91

T384

Phone number:

<u>071 9157100 / 0818 200400</u>

**State Pension (Contributory) Section** 

www.gov.ie/SPC

Email: state.con@welfare.ie

**State Pension (Non-contributory) Section** 

www.gov.ie/SPNC

Email: State.NonCon@welfare.ie

**Household Benefits Package Section** 

householdbenefits@welfare.ie

#### **Records Section**

#### Address:

Department of Social Protection, McCarter's Road, Buncrana, Donegal,

Co. Donegal, F93 CH79

Phone number: <u>01 4715898</u> / <u>0818 690690</u>

#### **Client Eligibility Services - Waterford**

#### Address:

Department of Social Protection, Social Welfare Services Office, Cork Road, Waterford Phone number: 0818 690 690 / +353 1 471 5898

Self employment liability queries - Customers should check with their Local Tax / Revenue office with any enquiries they may have relating to Outstanding Liabilities

Further information on State Pension Contributory and subsequent allowances can be found on mygov.ie

gov.ie - State Pension (Contributory) (www.gov.ie)



# Thank You Questions & Answers?