

## **3. Pensions**

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## 3. Pensions

### Introduction

There are 3 different types of pensions you may be entitled to. There are two pensions that are based on the amount of social insurance contributions you've paid, **State Pension (Transition)** and **State Contributory Pension**. If you do not have enough contributions you may apply for the means tested **State Non-Contributory Pension**.

#### What types of social insurance contributions are there?

Social insurance contributions fall into the four groups.

- **Full rate social insurance contributions** are PRSI contributions at classes A, E, F, G, H and N or at 'ordinary' rate before 6 April 1979.
- **Modified rate** social insurance contributions are PRSI contributions at classes B, C and D. This category also covers contributions for Widows and Orphans Pension known as the 'WOPS' rate before 6 April 1979.
- **Voluntary Contributions (VCs)** are made by people under age 66 who are no longer covered by compulsory PRSI provided they satisfy certain conditions.
- **Credited contributions ('credits')** are similar to the social insurance contributions you pay while employed and are usually awarded at the same rate as your last paid social insurance contribution. You may get credits when you are claiming a social welfare payment. Credits are not allowed after self-employed contributions (Class S).

## 3. Pensions

### Introduction

#### What is State Pension (Transition)?

State Pension (Transition) is payable to people in Ireland aged 65 who have retired from work and who have enough social insurance contributions. It is not means tested. In general, you must have been an employee and paying full-rate social insurance contributions.

If you are self-employed you may also qualify. You should contact the Department of Social and Family Affairs for further information.

#### How do I qualify?

You must:

- Be aged 65
- Satisfy certain social insurance contributions
- Be retired from full-time employment (you may earn up to €38 per week)

At age 66, you will transfer to the State Contributory Pension (please read **Factsheet 3-B**). You cannot be employed or self-employed while receiving a State Pension (Transition). At age 66 when you transfer to the State Contributory Pension you may earn an income from any source.

#### How many social insurance contributions do I need?

You must have:

- Started paying social insurance before reaching age 55
- Paid at least 260 full rate employment contributions
- A yearly average of at least 48 full rate contributions paid or credited from 1953 (or the time you started insurable employment) to the end of the tax year before you reach age 65

**Or**

- A yearly average of at least 24 full rate contributions paid or credited from 1953 (or the time you started insurable employment, if later) to the end of the tax year before you reach age 65

## 3. Pensions

### 3A. State Pension (Transition)

#### What if I paid my social insurance contributions abroad?

If you worked in a country covered by EC Regulations or a country with which Ireland has a Bilateral Social Security Agreement you may qualify for a pro-rata pension. This pension combines your Irish social insurance record and your social insurance record in the other country. You should contact the Department of Social and Family Affairs to find out how much you are entitled to.

#### What countries are covered by EC regulations?

Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, The Republic of Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, The Netherlands, The UK (excluding the Channel Islands and the Isle of Man)

#### What countries are covered by the Bi-Lateral Social Security Agreement?

The countries are: Australia, Canada, Quebec, New Zealand, and The US. The Department of Social and Family Affairs can only count Contributions paid in the Channel Islands and the Isle of Man can only be counted after October 2007.

#### How much am I entitled to?

You must contact your nearest social welfare office or the Department of Social and Family Affairs. To find out the **maximum** amount you may be entitled to if you meet all the qualifying conditions, please read **Factsheet 3-F**.

#### When should I apply?

You should apply 4 months before reaching the age of 65. If you worked in a country covered by EC Regulations or a country with which Ireland has a Bilateral Social Security Agreement you should apply 6 months before reaching pension age so that the other country or countries can decide on your application in time.

#### How do I apply?

You must complete **Form SPT/SCP1**. This is available from your local social welfare office or from the Department of Social and Family Affairs. You must send the **SPT/SCP1 Form** to the address clearly marked on the form.

## 3. Pensions

### 3B. State Contributory Pension

#### What is State Contributory Pension?

The State Contributory Pension is payable to people in Ireland from the age of 66 who have enough social insurance contributions. It is not means tested and you may have income from any other source while receiving it. It is taxable.

#### How do I qualify?

You will qualify for the State Contributory Pension if:

- You are aged 66 or over
- You satisfy certain social insurance contributions

#### How many social insurance contributions do I need?

You must have:

- Started paying PRSI contributions before reaching the age of 56
- **At least 260 full rate employment contributions**
- A yearly average of at least 48 full rate contributions paid or credited full-rate contributions from 1979 to the end of the tax year before you reach age 66

**Or**

- A yearly average of at least 10 full rate contributions paid or credited from 1953 (or the time you started insurable employment, if later) to the end of the tax year before you reach age 66

#### **If you reach pension age on or after 6 April 2012**

- You must have at least 520 full-rate employment contributions paid

**Or**

- If you have paid at least 260 full-rate employment contributions, you can make up the balance of the required 520 with high or special rate Voluntary Contributions
- Regarding the 260/520 contributions paid condition, there are special provisions for people who paid High Rate Voluntary Contributions on or before 6 April 1997
- The Department of Social and Family Affairs recognises social insurance paid before 1953 under the National Health Insurance Acts. Please read **Factsheet 3-C** for more information on Pre-53 Pensions.

## 3. Pensions

### 3B. State Contributory Pension

#### What if I paid my social insurance contributions abroad?

If you worked in a country covered by EC Regulations or a country with which Ireland has a Bilateral Social Security Agreement you may qualify for a pro-rata pension. This pension combines your Irish social insurance record and your social insurance record in the other country. You collect your pro-rata pension in the country you are resident in.

#### How do I qualify for a pro-rata pension?

To qualify, you must have at least:

- 260 weeks full rate PRSI paid and
- An average of at least 10 weeks social insurance paid or credited per year based on a combination of Irish social insurance and social insurance in a country covered by EC Regulations or a country with which Ireland has a bilateral relationship.

#### What countries are covered by EC regulations?

Austria, Belgium, Bulgaria, Czech Republic, The Republic of Cyprus (Cyprus South), Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland The Republic of Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, The Netherlands, The UK

#### What countries are covered by the Bi-Lateral Social Security Agreement?

The countries are: Australia, Canada, Quebec, New Zealand, and The US. The Department of Social and Family Affairs can only count Contributions paid in the Channel Islands and the Isle of Man can only be counted after October 2007.

#### Can I transfer my State Contributory Pension from another country to Ireland?

Yes. You can transfer your State Contributory Pension.

#### How much am I entitled to?

You must contact your local social welfare office to clarify exactly how much you may be entitled to. To find out the maximum amount you may be entitled to if you meet all the qualifying conditions, please read **Factsheet 3-F**.

## 3. Pensions

### 3B. State Contributory Pension

#### Am I entitled to any other payments?

You may also qualify for the following payments when aged 66 or over

- Living Alone Allowance (Please see **Factsheet 2-M**)
- Over 80 Allowance
- Household Benefits Package (Please read **Factsheet 2-K**)
- Free Travel (Please read **Factsheet 2-L**)

#### How do I check if I have enough social insurance contributions?

You should check your social insurance record with the PRSI Records Section in the Department of Social and Family Affairs. In order to check your social insurance record you will need your PPS number (formerly known as RSI number). If you cannot remember your PRSI number you should contact your nearest Social Welfare office or the Department of Social and Family Affairs.

#### When should I apply?

You should apply 4 months before reaching 66. You do not have to be retired from work to make your application. If you worked in a country covered by EC Regulations or a country with which Ireland has a Bilateral Social Security Agreement you should apply 6 months before reaching pension age so that the other country or countries can decide on your application in time.

#### How do I apply?

You must complete **Form SPT/SCP1**. This is available from your local social welfare office or from the Department of Social and Family Affairs. You must send the RP/CP1 Form to the address clearly marked on the form.

#### Where can I get more information?

If you would like more information you should contact your local social welfare office or the Department of Social and Family Affairs. The Pension Services Office also has a Pensions Forecast unit which gives advice to **people over 55** on the pension contributions they may need to make to ensure they get a State Contributory Pension.

#### What if I do not qualify to a State Contributory Pension?

If you do not qualify for a State Contributory Pension, you can apply for a State Non-Contributory Pension (Please read **Factsheet 3-D** for more information).

## 3. Pensions

### 3C. Pre-53 Pensions

**Before** May 2000 only **full contributions** paid after 1953 were counted when the Pensions Office was calculating a person's yearly average contributions to see what Contributory Pension they should receive. Any contributions they had made before 1953 were not considered. 'Pre 53' contributions mean contributions made before January 1953 in the case of a man and before July 1953 in the case of a woman. This changed in May 2003 when a special Pre-53 Pension was introduced.

#### How did this change?

In May 2000 a special 'partial' State Contributory Pension was introduced to give recognition to full contributions paid prior to 1953. The Pre-53 Pension recognises contributions made before 1953. The pension is paid to persons aged over 66 years who have full rate contributions paid before 1953 and who have at least 5 years (or 260) full rate contributions paid. Every two full rate contributions paid before 1953 are counted as three contributions for the purpose of qualifying for this pension. Credited contributions are not reckonable for this pension. They must be paid contributions.

#### How much am I entitled to?

The Pre-53 Pension is paid at a fixed rate, i.e. 50% of the maximum rate of the standard State Contributory Pension. If you qualify for a Pre-53 Pension, regardless of whether you have 260 or 500 full rate contributions paid, you will receive 50% of the maximum rate of the Standard State Contributory Pension. Qualified adults (i.e. an adult dependant) are also paid 50% of the maximum rate.

#### How are the Pre-53 contributions calculated?

If you have paid contributions (including at least one pre-53 contribution) that amount to or exceed 260 you satisfy the condition that requires that at least 5 years (or 260) full rate contributions paid.

## 3. Pensions

### 3C. Pre-53 Pensions

#### EXAMPLES

##### **A person with 173 Pre-53 full contributions**

Actual number of pre 1953 contributions	173
Number of pre 1953 contributions taking '3 for 2' rule into account (173 divided by 2 and multiplied by 3)	259.5
Number of contributions after 1953	0
<b>Total contributions paid</b>	<b>260</b>

(Fractions are rounded up to the next number)

**OR**

##### **A person with 4 'Pre-53' and 321 'Post-53' full contributions**

Actual number of pre 1953 contributions	4
Number of pre 1953 contributions taking '3 for 2' rule into account (4 divided by 2 and multiplied by 3)	6
Number of contributions after 1953	321
<b>Total contributions paid</b>	<b>327</b>

#### **What happens if I don't have the full 260 contributions?**

If, even having been given 3 for 2, your contributions do not add up to the 260 then you do not qualify for a pre-53 pension. Someone with 259 will not qualify because there is no room for discretion.

#### **So are my Pre-53 contributions worthless?**

No, they are not worthless. If you do not qualify for this pension based on your Irish Social Insurance contributions you may qualify for a smaller EU Pro-rata Pre-53 pension based on a combination of Irish contributions and contributions paid in another EU country or a country with which Ireland has a Bilateral Social Security Agreement. A minimum of 260 contributions are needed for this pension. You would also need a minimum of 52 full rate Irish contributions. Every two full rate Irish contributions paid before 1953 are counted as 3 contributions. The remainder can be made up of reckonable foreign contributions.

There are different rates of payment depending on the combination of Irish and foreign contributions.

## 3. Pensions

### 3C. Pre-53 Pensions

#### I worked and paid contributions in Ireland for more than five years yet the Pensions Office tell me I do not have enough contributions. How can this be?

If you paid modified or reduced rate contributions they will not be counted for this pension. The reason for this was that there was already adequate occupational cover provided by the employer for those who paid reduced rate contributions.

#### What types of employment were not insurable?

- If you were in any of the following areas, they were generally considered uninsurable:
- If you worked less than 18 hours a week
- If you were employed as a 'casual' worker
- If you worked in another job other than your main employment. For example, if you worked but you also were self employed (e.g. a farmer). [Self-employment was not insurable until April 1988. If it were considered that a person was self-employed, no stamps would have been due. Members of a family business, such as a farm, were not liable to pay social insurance until 1988]
- If your income was over the insurable limit. Before April 1974 social insurance was compulsory for manual workers regardless of their income. However, in the case of non-manual workers, social insurance was only compulsory if their income was below a set amount, known as the insurable limit or the earnings limit. This limit was increased from time to time and, as a result, some people found themselves intermittently in and out of insurance, thus causing gaps in their insurance record. A non-manual worker whose earnings were over the limit would be exempt from paying social insurance.

The earnings limits were:

<b>Date from</b>	<b>Date to</b>	<b>Earnings Limit</b>
5 January 1953	28 December 1958	£600 per year
29 December 1958	5 September 1965	£800 per year
6 September 1965	2 May 1971	£1,200 per year
3 May 1971	31 March 1974	£1,600 per year
1 April 1974	ABOLISHED	

## **3. Pensions**

### **3C. Pre-53 Pensions**

In some cases, you may believe that you paid social insurance in good faith but these contributions were not registered. However, if you can provide documentary evidence that you were in insurable employment, such as an old stamped insurance card/number, corroboration from witnesses or work references, the Pension Services office would review your entitlement. In some circumstances, they would request that a Social Welfare Inspector investigate the case with a view to establishing whether replacement contributions are due for the period in question.

#### **Can I appeal a decision not to grant me a Pre-53 Pension?**

You can appeal the decision and if you are still not satisfied you can go before a tribunal.

## 3. Pensions

### 3D. State Non-Contributory Pension

#### What is State Non-Contributory Pension?

State Non-Contributory Pension is a means-tested payment for people aged 66 or over who do not qualify for State (Transition) Pension or State Contributory Pension based on their social insurance record.

#### How do I qualify?

To qualify you must:

- Satisfy the Habitual Residence Condition (Please read **Factsheet 2-A**)
- Be age 66 or over
- Live in the State
- Have a valid Personal Public Service Number (PPS No.) (Formerly called RSI)
- Satisfy a means test

#### What is the means test?

- A means test is a way of checking if you (and/or your spouse) have enough income to support yourself and what amount of payment, if any, you may qualify for. The following are the main items taken into account for the means test:
- All cash income, including most social welfare and Health Centre payments, except Child Benefit, Domiciliary Care Allowance and Blind Welfare Allowance
- The value of any benefit or privilege, for example, free board and lodging.
- The value of investments, savings or property (but not the value of your own home)

#### Can I transfer my State Non-Contributory Pension?

No. It is not possible to transfer State Non-Contributory Pension.

#### What happens if I sell my house?

If you are living in accommodation that no longer suits you or that is too difficult for you to maintain, you may sell your house and move to more suitable accommodation. **In certain cases**, the Department of Social and Family Affairs may ignore the proceeds of the sale of your house, up to a limit of **€190,500** when they assess your means.

## 3. Pensions

### 3D. State Non-Contributory Pension

#### How much am I entitled to?

To find out how much you are entitled to, you should contact the Department of Social and Family Affairs or your nearest Social Welfare Office. To find out the **maximum** amount you may be entitled to if you meet all the qualifying conditions, please read **Factsheet 3-F**.

#### Am I entitled to any other payments?

If you are 66 or over and living in the State, you are entitled to

- Free Travel Pass (Please read **Factsheet 2-L**) You may also qualify for:
- Household Benefits Package (Please read **Factsheet 2-K**)
- Medical Card (Please read **Factsheet 4**)

#### When should I apply?

You should apply at least 3 months before reaching the age of 66.

#### How do I apply?

You must complete **Form SPNC1** and return it to the address clearly marked on the form. The forms are available from your local post office, social welfare office or the Department of Social and Family Affairs.

#### What do I need to provide?

You must send the following original documents (no photocopies):

- Your birth certificate (long version only)
- Your spouse or partner's birth certificate
- Your marriage certificate
- Your dependent child/children's birth certificate(s). (If you are getting Child Benefit you do **not** need to send us their birth certificate(s))

## 3. Pensions

### 3E. PRSA (Personal Retirement Savings Account)

#### What is PRSA?

PRSA (Personal Retirement Savings Account) are generally low-cost, easy-access private pension savings accounts. They are designed to allow you save for retirement. You are entitled to invest in a PRSA regardless of your employment status. PRSA's are transferable from job to job and they available from a variety of providers.

#### What types of PRSA's are available?

There are two types of PRSA: a Standard PRSA and a non-Standard PRSA.

#### What is the difference between a Standard PRSA and a non-Standard PRSA?

The main differences between both types are the charges and investment options. If you have a **Standard PRSA:**

- You cannot be charged more than 5% on the contributions you pay and 1% a year on the managed funds. (Your PRSA provider can charge as little or as much as it likes, up to these maximum levels.)
- You can only invest in pooled funds, except for temporary cash holdings
- You do not have to buy another product, such as life assurance, when you are applying for your Standard PRSA. (A Standard PRSA may not be marketed or sold if the purchase of the product is conditional on some other product being purchased).

If you have a **non-Standard PRSA:**

- There is no limit on charges and you can invest in a range of funds including (but not restricted to) pooled funds.

#### What are pooled funds?

Pooled funds are a collective investment scheme where your money is pooled to buy assets including Government bonds, deposits, property, and stocks.

## 3. Pensions

### 3E. PRSA (Personal Retirement Savings Account)

#### What are temporary cash holdings?

Temporary cash holdings are short-term deposits which provide a secure income. Who are PRSA providers?

- Ark Life Assurance Co. Ltd
- Canada Life Assurance (Ireland) Ltd
- Custom House Capital Ltd.
- Eagle Star Life Assurance Co. of Ireland Ltd
- ESB Building Society
- Friends First Life Assurance Co. Ltd
- Hibernian Life & Pension Ltd
- Irish Life Assurance plc
- New Ireland Assurance Co. plc/Bank of Ireland Life
- The Standard Life Assurance Company

If you wish to contact any of the above, their contact details are available in the Golden Pages Telephone Directory or by contacting The Pensions Board.

#### Where can I get more information?

If you would like further information, you should contact:

The Pensions Board, Verschoyle House, 28 – 30 Lower Mount Street, Dublin 2.

Tel: + 353 1 613 1900 Fax: + 353 1 631 8602 Locall: 1890 65 65 65 (from Ireland only)

Web: [www.pensionsboard.ie](http://www.pensionsboard.ie).

You should request a copy of their information booklet: Personal Retirement Savings Accounts (PRSA's) – A Consumer Guide.

### 3. Pensions

#### 3F. Rates of Payment (Budget 2008)

	<b>Weekly Personal Rate</b>	<b>Qualified Adult Allowance QAA</b>	<b>Each Child Full Rate</b>
<b>Maximum Weekly Rates</b>	€	€	€
<b><u>State (Transition) Pension</u></b>			
Aged 65 and under age 66			
- 48 (yearly average contributions) or over	223.30	148.80 (Aged under 66)	24.00
- 24-47 (yearly average contributions)	218.90	200.00 (66 years and over)	
<b><u>State (Contributory) Pension</u></b>			
48 (yearly average contributions) or over			
- Aged 66 and under age 80	223.30	148.80 (Aged under 66)	24.00
- Aged 80 and over	233.30	200.00 (66 years and over)	
<b><u>State (Non-Contributory) Pension</u></b>			
- Aged 66 and Under Age 80	212.00	140.10	24.00
- Aged 80 and over	222.00		