Carers and the State Pension:
A Guide to the Pension System for Family Carers

If you're a busy family carer, your pension is probably the furthest thing from your mind. However if you've had to give up work, or take extended periods away from work because of your caring responsibilities, your entitlement to a State Pension (Contributory) may be affected. This guide provides simple information to help you understand the pension system, and gives practical suggestions to help ensure you maximise your pension entitlement when you reach pension age.

STATE PENSION

The State Pension is intended to ensure that everyone receives a basic standard of living in retirement, provided you qualify. There are two types of State Pension – a State Pension (Contributory) and a State Pension (Non Contributory). Which, if any, you receive depends on your personal circumstances.

- **State Pension (Contributory)**

The State Pension (Contributory) is a social insurance payment made when you reach age 66 and is based on your social insurance (PRSI) record. The State Pension (Contributory) is not means-tested, meaning the rate you are paid is not affected by other income you have such as an occupational pension, income from rental property or other income derived from work, investments or shares. To be eligible for the State Pension (Contributory), you must have paid at least 520 full-rate social insurance contributions since you started working and you must have started to pay social insurance before the age of 56. As you typically get one social insurance contribution for each week worked, you need to work for 10 full years (or 520 weeks over your working life) to reach 520 contributions. On top of this, you must also have built up a yearly average of social insurance contributions. This yearly average is based on your total number of contributions divided by the number of working years, beginning with the first year you started paying social insurance. The 'normal average rule' states that you must have a yearly average of at least 10 contributions paid or credited from the year you first entered insurance to the end of the tax year before you reach pension age (66 years). An average of 10 contributions entitles you to a minimum pension; you need an average of 48 to get the maximum pension.

State Pension (Contributory) rates in 2016 (rates will increase by €5 in March 2017)

Yearly average PRSI contributions	Personal rate per week	Increase for qualified adult* (under 66)	Increase for qualified adult* (over 66)
48 or over	233.30	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

*Increases for qualified adults are means-tested payments

An additional allowance of €10 per week is automatically paid when a person reaches 80 years.

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

The State Pension (Non-Contributory) is a means tested payment for people aged over 66 who do not qualify for a State Pension (Contributory) or who only qualify for a reduced contributory pension based on their insurance record. Your means are assessed under the following headings: cash income (including income from work); value of capital (e.g. savings, investments, cash and property but not your own home); and income from property (e.g. income from rent). Your means under these various headings are added together to see what level of pension, if any, you can get. If you are one half of a couple then your means are taken to be half of the total means of yourself and your partner. You can have savings or assets of up to €20,000 and earnings of up to €200 per week from employment and still qualify for a full State Pension (Non-contributory). The first €30 per week of means does not affect the rate of pension. After that, the pension is reduced by €2.50 each week for every €2.50 of means.

State Pension (Non-contributory) rates 2016 (rates will increase by €5 in March 2017)

	Non-Contributory Pension
Personal rate, aged 66-80 yrs	€222
Personal rate, aged 80+	€232.00
Increase for qualified adult	€146.70
Increase for qualified child	€29.80
Based on	Means Test

I'M A FAMILY CARER – HOW WILL THIS AFFECT MY STATE PENSION?

If you give up work to care for someone for an extended period, you may lose out on your entitlement to a State Pension (Contributory). However, there are a number of schemes in place to help protect carers' entitlement to a State Pension.

I. Carer Credits (Credited Social Insurance Contributions)

If you give up work to care for someone and receive Carer's Allowance or Carer's Benefit you may be awarded a *credited contribution* or *credit*. A *credit* is an unpaid contribution given to you and recorded on your social insurance record. You may also get credits if you do not get one of these payments but are on Carer's Leave from work. If however, you avail of unpaid Carer's Leave you must get your employer to complete an application for Carer's Leave 'credits' when you return to work.

To qualify for a credit you must have worked and paid at least one PRSI contribution at PRSI Class A, B, C, D, E, or H and have paid or credited contributions in either of the last two completed tax years[1]. For example, if you are applying for credits in 2015 you must have paid or credited contributions in either 2014 or 2013. If there is a gap of more than two tax years then you will not receive a credit and must work and pay contributions for a further 26 weeks before you qualify. Credits are usually awarded at the same rate as your last paid PRSI contribution.

Example: John works in a factory. In July 2014 his father had a stroke and John gave up work to become his full-time carer. In September 2015 John was awarded Carers Allowance[2]. Because John's most recent paid contribution was in July 2014 (less than 2 years before receiving Carers Allowance) he will receive a 'carer credit' for the duration that he receives Carers Allowance. Because John paid a Class A stamp while working in the factory, the rate of carer credit he receives will also be Class A.

II. Homemakers Scheme

The Homemaker's Scheme is designed to help homemakers and carers qualify for a State Pension (Contributory). If you give up work to look after a child under 12 years of age, or a disabled child, or adult, any years that you spend caring (since 6 April 1994) are disregarded when calculating your yearly average contributions for a State Pension (Contributory). A homemaking year is a year in which you are

[1] Please note if you work in the public service and have paid PRSI contributions at class B, C or D these do not qualify for a State Pension (Contributory), but credits are awarded which will help maintain entitlement to Widows, Widower's or Surviving Civil Partner's (Contributory) Pension.

[2] In this example John could also have applied for Carers Benefit, a short term, non means tested payment paid to people who have to give up work temporarily to provide care. It is paid for a maximum two years. Credits are paid while you are in receipt of Carers Benefit.

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 State Pension (Contributory) purposes. Homemaker's credits will be awarded for any outstanding months during the homemaking period (i.e. at the beginning or end of caring when a full year is not completed).

Example: Mary started working in 1973 at age 20. She left work to care for her child who was born with a disability on 12th May 1992 and returned to work after her child's eighteenth birthday on 12th May 2010. Total homemaking period: 6th April 1994 – 12th May 2010 (please note the Homemakers Scheme came into effect on April 6th 1994 so homemaker years prior to this are not included).

From:	To:	Marys insurance record:
6 April 1994	31 Dec 2009	Counted as full homemaking years
1 Jan 2010	12 May 2010	Get credits until the child's 18th birthday

If Mary continues to work up to retirement age of 66 years (year 2019), her entitlement to State Pension (Contributory) will be calculated as follows:

- Counting from the 1973 tax year (when Mary started working) to 2018 (the end of the tax year before reaching pension age) gives a total of 46 years. Deduct the 16 homemaker years Mary spent caring for her child gives 30 years (i.e. 1994 – 2009).
- Mary has 1456 reckonable paid and credited contributions during her working life.
- Dividing 1456 contributions by 30 years gives a yearly average of 49 contributions.
- Based on this record Mary will qualify for a full State Pension (Contributory) and will not be penalised the years she spent out of paid employment as a homemaker.

How to apply: You should register before the end of the contribution year after the year in which you first become a homemaker. An application may be backdated if there is a delay in submitting the claim. To register fill out the Homemaker's form. You do not need to register if you are getting Carer's Allowance, Carer's Benefit, the Carer Support Grant (previously called the Respite Care Grant) or are receiving Child Benefit as your receipt of these payments is treated as an application to be registered as a homemaker.

III. Receiving a Pension as an 'Adult Dependent'

If you don't qualify for a State Pension (Contributory) in your own right, your spouse/partner can get an increase in their payment for you (called an Increase for a Qualified Adult (IQA)), but which is paid directly to you. Your spouse/partners income is not taken into account, however any income you (the adult dependent) has from employment, self-employment, savings, investments or capital is assessed. If you have a gross income of less than €100 a week, then the full IQA is payable; if your gross income is between €100 and €310, a reduced rate of IQA is payable. The qualified adult is assessed as having half of any jointly owned property or savings for pensions.

How to apply: To get an Increase for a Qualified Adult your spouse/partner should contact the section in the Dept. of Social Protection which pays their social welfare payment (i.e. State Pension section).

IV. Voluntary Contributions

Voluntary Contributions are PRSI contributions you can opt to pay if you are between the age of 16 and 66 and are no longer covered by compulsory PRSI by way of insurable employment and/or self-employment. Payment of Voluntary Contributions can help maintain or improve your contributory pension entitlements. To become a voluntary contributor you must:

- have paid at least 520 weeks PRSI in either employment or self-employment and
- apply within 5 years[3] of the end of the contribution year during which you last paid compulsory insurance or you were last awarded a credited contribution and
- agree to pay voluntary contributions from the start of the contribution week that follows the week in which you leave compulsory insurance.

The rate of Voluntary Contributions payable is determined by the last rate of PRSI contribution you paid. There are three different rates of Voluntary Contributions.

- **High Rate:** Payable if the last PRSI contribution paid is at Class A, E or H. The amount payable in each contribution year is a percentage rate of your reckonable income in the preceding year. This percentage rate is currently 6.6%. The minimum annual payment is €500.00.
- **Low Rate:** Payable if the last PRSI contribution paid is at Class B, C or D. The amount payable in each contribution year is a percentage rate of your reckonable income in the preceding year. This percentage rate is currently 2.6%. The minimum annual payment is €250.00.
- **Special Rate:** Payable if the last PRSI contribution paid by you is Class S – self-employed. The amount payable is currently €500.00 per year.

How to apply: To become a voluntary contributor, you must complete application form VC1 and return it to the Voluntary Contributions Section, Department of Social Protection, Cork Road, Waterford. LoCall 1890 690 690

'MIND THE GAP': WARNING SIGNS YOU MAY NOT QUALIFY FOR A STATE PENSION (CONTRIBUTORY)

- If you do not have at least 520 paid contributions accumulated during your working life.
- There has been extended periods where you've been out of paid employment, particularly periods in excess of 20 years.
- If you have been caring and haven't received Carers Allowance or received credits.
- If there is a gap of more than 2 years between your last paid contribution and receiving Carers Allowance.
- If you didn't pay your first PRSI contribution before the age of 56 years.

FIVE STEPS TO PROTECTING YOUR PENSION

Step 1: Project your possible State Pension entitlement: Request a copy of your Social Insurance Contribution Record from the Department of Social Protection's PRSI Records Section on 01 4715898 or by completing the online form and project how much of a State Pension, if any, you are likely to receive based on your contribution record.

Step 2: Consider if anything can be done to bolster your PRSI record. If you are still under pension age of 66 years, and have a small deficit in your PRSI record (i.e. less than the 520 contributions required)

[3] The period was increased from 1 to 5 years in February 2017.

consider if/how it would be possible for you to increase your contribution record, for example by taking up employment.

Step 3: Register for the Homemakers Scheme. If you're caring for a loved one but not receiving Carers Allowance, register for the Homemakers Scheme and have any years that you spent as a homemaker (since 6 April 1994) ignored or disregarded when working out your yearly average contributions for a State Pension (Contributory).

Step 4: Consider if you're eligible for the State Pension (Non Contributory). If you're unlikely to have sufficient contributions to qualify for a State Pension (Contributory) contact the Department of Social Protection to check if you will be able to qualify for a State Pension (Non Contributory) based on your income and assets.

Step 5: Look for expert advice: If you're confused and have questions about pension eligibility or the qualifying conditions look for advice by contacting one of the organisations below.

Organisation	Telephone
Dept. Social Protection Pensions Section	1890 500 000
Dept. Social Protection PRSI Records	1890 690 690
Dept. Social Protection Voluntary Contributions	1890 690 690
Citizens Information Service	0761 07 4000
Family Carers Ireland	1800 240724

Future changes to State Pension (Contributory)

A number of significant changes in the eligibility conditions for State Pension (Contributory) will be introduced over the coming years.

- State pension age will be increased from 66 to 67 from 2021, and to 68 from 2028.
- It is also planned to change the way in which future State Pension (Contributory) entitlement will be assessed. Following proposals in the National Pensions Framework (2010), it is planned that the current 'yearly average' calculation method will be replaced by a 'total contributions' approach. While the National Pensions Framework proposed that this change would be introduced from 2020, there is yet much work to do. The final details of the reform will be subject to the necessary legislation being passed by the Oireachtas.

In the event that a person ceases insurable employment before they reach state pension age, they should continue to maintain their social insurance record by signing for credited contributions, (such as jobseekers credits if they are unemployed). They may also wish to consider the payment of voluntary contributions in order to maintain their paid social insurance contributions record. Further information on State Pension (Contributory) eligibility is available on www.welfare.ie.

Carer's Allowance and the State Pension

If you are getting a State Pension (either Contributory or Non-contributory) or if you are being claimed as an Qualified Adult on a State Pension and you are providing full-time care and attention to a child or adult with a disability, you may be entitled to a half-rate payment of Carer's Allowance in addition to your State Pension / Qualified Adult payment. If so, you should complete a Carer's Allowance application form and send it to the Carer's Allowance Section, Department of Social Protection, Government Offices, Longford. Tel: 043 3340000.