Family Carers Ireland's Submission to the Department of Employment Affairs and Social Protection on the Benchmarking of Social Welfare Rates

Family Carers Ireland welcomes the opportunity to contribute to the consultative process regarding benchmarking social welfare rates. The benchmark will (i). ensure income adequacy for recipients of welfare payments (ii) link payment rates to improvements in the general standard of living (iii). and allow for ongoing assessments of the adequacy of social welfare payments relative to the benchmark.

This submission is based on our experience of supporting Ireland's 355,000 family carers who provide some 15 million hours of unpaid care each week while saving the State over €10 billion each year in avoided health and social care costs. At the end of February 81,071 of these carers received Carers Allowance and 2,789 received Carers Benefit.

Family carers should be recognised as a unique group within the welfare system
This submission is not intended as an endorsement of any particular benchmarking approach[1], but rather sets out the unique position of family carers within the welfare system and the subsequent need to make special provision for them when establishing a benchmark for social welfare rates. *Family Carers Ireland* draw attention to the following factors that must be considered with regard to benchmarking care-related welfare payments:

- Carers are the only recipients of social welfare that **must work fulltime** (at least 35 hours per week) to be considered eligible for Carers Allowance, Carers Benefit or the Carers Support Grant. The condition that carers provide fulltime care and alongside the 15 hour rule which prevents carers working/studying more than 15 hours per week, restricts carers' ability to supplement their income and so further increases the financial difficulties they face.

- Carers Allowance is means-tested, paid to those on a low income where the cared for person is medically assessed and considered *'so incapacitated as to require continual supervision and frequent assistance'*[2]. It is paid at a maximum weekly rate of €219 per week - **just €16 more than basic social welfare rates**.

- For many families, taking on caring responsibilities results in long-term financial hardship as a loss of income from employment is exacerbated by higher household costs such as heating, laundry, medicines, disability aids, home modifications, health care or specialised transport. For this reason their income is less compared to other groups in receipt of income supports. Carers also experience a double hit, when they are forced to pay-out-of-pocket for services that have been cut back or withdrawn, for example homecare, respite and transport. The Department's recent commissioning of research to examine the **cost of disability and caring** is an attempt to better understand the additional costs involved and must be considered in the overall context of benchmarking social welfare rates.

- While Carers Allowance is defined as an Income Support, paid to carers in recognition of their inability to work due to their caring responsibilities, it is increasingly **being treated as a payment for care work** by the HSE, and as such where Carers Allowance is paid, home support hours are rationed, reduced or withdrawn – often at a loss of hundreds of euro each week. In these cases, a carer would be better off claiming a jobseekers payment of just €16 less and securing an increased allocation of home support hours. It is therefore important that consideration be given to the

[1] While Family Carers Ireland do not endorse a particular benchmarking approach at this time, we share the views of the C&V Pillar that indexation to the Consumer Price Index is not an appropriate cost of living index as it underestimates the rate of inflation experienced by low income households when compared to the national average.
[2] Carers Allowance eligibility guidelines.

treatment of certain social welfare payments by other State bodies, and how this can serve to diminish the value of the payment itself.

- The challenges presented by our ageing population alongside the welcome reorientation of our healthcare system towards care in the home as proposed in Sláintecare and facilitated by the pending statutory homecare scheme, are predicated on the sustainability and availability of family carers. It is therefore essential that the **rate of Carers Allowance is reflective of the fulltime often complex care provided by family carers,** and the States reliance on them. As such *Family Carers Ireland* argue that the rate of Carers Allowance must increase to a rate substantially higher than basic social welfare rates.

- Carer's Allowance is taxable and carers with another source of income or whose spouse/partner is working is likely to have to pay tax on the payment, which in effect reduces the value of the payment. The **taxation of Carer's Allowance** gives rise to a number of practical issues, not least of which is the failure of many carers to understand their responsibility inform Revenue of their receipt of Carer's Allowance and the subsequent tax liability that may ensue. It is also makes little practical sense that some social welfare payments are exempt from tax, for example Jobseekers Allowance or Disability Allowance, while Carer's Allowance for which carers must provide fulltime care, are subject to tax.

Family Carers Ireland wish to highlight the complexity of eligibility for care related welfare payments, and the need for the Committee to be aware of broader contextual issues such as means-testing, income disregards, the taxation of welfare payments etc. To this end, we append two recent proposals submitted to the Department of Employment Affairs Social Protection:

(i). Proposal for Improvements in the Assessment of Means for Carer's Allowance
(ii). Proposal to increase the hours a carer can work or study from 15 hrs to 18.5 hrs per week.

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Appendix 1: Proposal for Improvements in the Assessment of Means for Carer's Allowance

Only one in 5 of Ireland's 375,000[3] carers receive Carer's Allowance due to the strict eligibility criteria attached to the payment. Given that 110,000 carers were eligible for the Carer Support Grant in 2018, it is reasonable to assume that some 30,000[4] full-time carers don't qualify for Carer's Allowance due to the means test. This paper sets out a number of proposals which, if adopted, would help make the Carer's Allowance more accessible for genuine, fulltime family carers who exceed the current income threshold despite living on relatively modest incomes. This paper should be considered alongside Family Carers Ireland's proposal to increase the ceiling carers are allowed work/study from 15 to 18.5 hours.

Proposal #1: Increase the income disregard for Carer's Allowance from €332.50 to €400 (single) and from €665 to €900 (couple)

Despite increasing steadily during the period 2000 to 2008, the income disregard for Carer's Allowance has remained stagnant for the last 11 years, meaning government has failed to achieve the commitment set out in *Towards 2016* to expand the income disregard for Carer's Allowance so that those on average industrial incomes can qualify (p.55). Average gross industrial earnings in Quarter 2 2018 were €751[5] while the income disregard for Carer's Allowance is €332.50 (single)/€665 (couple).

Carer's Allowance Income Disregard 2000 - 2018

Budget	2000	2001	2002	2003	2004	2005	2006	2006	2007	2008	2008/2018
Income Disregard											
Single	€95	€158	€191	€210	€250	€270	€270	€290	€320	€332.50	**No change**
Couple	€190	€317	€382	€420	€500	€540	€540	€580	€640	€665	
Increase	**+ 350%**										**0%**

The failure to ensure that the income disregard kept pace with average earnings is compounded by the fact that the current rate of Carer's Allowance of €219 (pending €5 increase in March 2019) is €1.50 less than it was in 2009, despite a 6.2 percent increase in the Consumer Price Index (CPI) during this period. This means that the equalised value of Carer's Allowance at the rate paid in 2009 of €220.50 is worth €234 in 2018.

Proposal #2: Extend the deductions allowable and assess income on its net rather than gross value

Because the assessment of means is applied to gross rather than net income and does not take into account mortgage repayments, dependent children, college fees, Fair Deal contributions, medical costs etc, the assessment does not reflect the reality faced by many caring families, who may appear financially comfortable based on their gross income, but are struggling to make ends meet when living expenses and the cost of meeting the care needs of their loved one(s) are deducted. In many cases a carer is forced to give up their employment in order to provide the care required by their loved one, leaving the household with only one income or no income if the carer is single.

The deductions allowed under the Carer's Allowance scheme are limited to a €332.50/€665 weekly income disregard, PRSI, union dues, superannuation (pension contributions) and travel expenses[6], and do not reflect the actual income going into the household. To this end, Family Carers Ireland argue that the means test should be applied on net rather than gross income similar to the assessment applied to Carers Benefit, where the €332.50 a carer is allowed to earn is based on net income after income

[3] CSO's Irish Health Survey 2015 identified 10% of the sample population stated they were carers. 375,000 is 10% of the Irish population aged over 15 years.

[4] 110,000 recipients of the Carer Support Grant less the 77,000 carers in receipt of Carer's Allowance.

[5] CSO data February 2019.

[6] Applied at a standard rate of €15 but can be increased depending on distance from work.

tax, Universal Social Charge, PRSI, superannuation, pension levy, union dues, subscriptions to Friendly Societies and any health insurance contract premium are deducted.

By comparison the financial assessment for an Under 70s Medical Card allows for a host of deductions including mortgage repayments, childcare costs, home insurance, nursing home costs, education expenses, travel and parking costs. The scheme also gives an allowance ranging from €38 to €78 for each dependent child living in the household and older children attending third level. In addition certain HSE, DEASP and education grants are also disregarded.

Comparison of Disregards for Carer's Allowance and the U70 Medical Card

Carer's Allowance Means Test		Medical Card
Disregarded	**Not Disregarded**	**Disregards**
€665 couple / €332.50 single Social protection payments PRSI Union Dues Superannuation/Pension Contributions €15 allowance for travel to work	Universal Social Charge Income Tax Medical costs Mortgage/loan repayments Education costs Savings/Investments/2nd property (excess €20k) Fair Deal contributions	Allowance of between €38-€78 pw for each dependent child. Childcare costs Rent/mortgage payments Mortgage-related insurance Fire and contents insurance Mortgage protection insurance Life assurance. Maintenance payments Nursing home costs Work travel costs - public transport or mileage at a rate 18c per km. Where a couple need two cars a double allowance applies. Cost of parking. Specified HSE, DEASP payments and Education Grants.

Proposal #3: Increase the €20,000 disregard to €50,000 in the Capital Formula

The formula for assessing means from capital (savings, shares and property) for Carer's Allowance should be increased in line with the Disability Allowance, where the first €50,000 of capital is disregarded rather than €20,000 currently allowed for Carer's Allowance applicants, reflecting the desire of carers to provide for their loved ones after their death.

Capital Formula

Carer's Allowance		Disability Allowance	
Capital	**Weekly means**	**Capital**	**Weekly means**
First €20,000	Nil	First €50,000	Nil
Next €10,000	€1 per €1,000	Next €10,000	€1 per €1,000
Next €10,000	€2 per €1,000	Next €10,000	€2 per €1,000
Balance (over €40K)	€4 per €1,000	Balance (over €70K)	€4 per €1,000

Proposal #4: Make Carer's Allowance exempt from tax

Carer's Allowance is taxable and carers with another source of income or whose spouse/partner is working is likely to have to pay tax on the payment. The taxation of Carer's Allowance gives rise to a number of practical issues, not least of which is the failure of many carers to understand their responsibility inform Revenue of their receipt of Carer's Allowance and the subsequent tax liability that may ensue. It is also makes little practical sense that some social welfare payments are exempt from tax, for example Jobseekers Allowance or Disability Allowance, while Carer's Allowance for which carers must provide fulltime care, are subject to tax.

Family Carers Ireland understand that the Department are currently reviewing the taxation of social welfare payments and urge that consideration be given to making Carer's Allowance exempt from tax in line with other welfare payments and in recognition of the significant contribution made by carers to the state.

Taxable and Tax Except Social Welfare Payments

NOT Taxable	Taxable
Jobseeker's Allowance	Carer's Allowance
Jobseeker's Benefit	Carer's Benefit
Jobseeker's Transitional payment	Adoptive Benefit
Pre-Retirement Allowance	Blind Pension
Supplementary Welfare Allowance	Death Benefit Pension
Back to Work Family Dividend	Deserted Wife's Benefit
Child Benefit	Deserted Wife's Allowance
Back to School Clothing and Footwear Allow.	Disablement Pension
Carer's Support Grant	Health and Safety Benefit
Constant Attendance Allowance	Illness Benefit
Disability Allowance	Invalidity Pension
Disablement Gratuity	Incapacity Supplement
Domiciliary Care Allowance	Injury Benefit
Farm Assist	Jobseeker's Benefit (first €13 excluded)
Working Family Payment	Maternity Benefit
Fuel Allowance	One-Parent Family Payment
Guardian's Payment (Contributory)	Partial Capacity Benefit
Guardian's Payment (Non-Contributory)	Paternity Benefit
Household Benefits Package	Short-Term Enterprise Allowance (€13excluded)
Telephone Support Allowance	State Pension (Contributory/ Non Contributory)
Widowed or Surviving Civil Partner Grant	Widow's, Widower's or Surviving Civil Partner's (Contributory/ Non Contributory) Pension

Reality of the Carer's Allowance Means Test

The following real-life examples illustrate how families on relatively modest incomes are excluded from Carer's Allowance due to the current means test and Capital Formula.

Example 1: Family of six – four young children aged between 4 and 11 years. One of the children has a profound disability and is a wheelchair user. Dad gave up work in 2014 to provide fulltime care. He received Carers Benefit from 2014 – 2016. He now qualifies for a reduced Carer's Allowance of just €19 due to his wife's income, who earns a gross salary of €56,000. They have no savings.

Weekly income (Gross):	€1,166	
Less PRSI:	€46.50	
Less Pension:	€35	
Less Travel:	€15	
Assessable income:		€1,069.50
Less income disregard:		€665
		€404.50 / 2 (moiety) = €202.25 assessable means

Carer's Allowance entitlement of €19 per week.

Example 2: Family of three, two children aged 5 and 7 years, one has a disability. Mum parents alone alone and works part-time 15 hours a week for which she earns €225 and receives maintenance from the children's father of €100 per week. They live in rented accommodation which costs €250 p.w. Mum recently received €70,000 from the sale of the home she shared with her ex-partner.

Weekly income (Gross):	€225	
Plus maintenance:	€100	€335
Less PRSI:	€9	
Less Pension:	€0	
Less Travel:	€15	
Weekly income:		€311
Capital on €60,0000		
€0-€20,000 = disregarded		
€20,0000 - €30,000 = €1 in every €1000 = €10		
€30,000 - €40,000 = €2 in every €1000 = €20		
€40,0000 - €70,000 = €4 in every €1000 = €120		€150
		€461
Less income disregard:		€332.50
		€128.5 assessable means

Carer's Allowance entitlement of €91.50 p.w

Example 3: Family of four - two children aged 18 and 20 years. The 20 year old has a profound physical and intellectual disability and is visually impaired. Mum had to give up work in 2001 to care for her son. Dad works and earns a basic salary of €62,507 per year. Their monthly mortgage repayment is €400. Their younger son is hoping to go to college in September but isn't eligible for a student grant. The stair lift used by their son to get up the stairs has recently broken and will cost €6000 to replace. They are not eligible for the Mobility Grant Aid scheme due to their income. They have no savings.

Weekly income (Gross):	€1,551		
Less PRSI:	€47		
Less Pension:	€65		
Less Travel:	€15		
Assessable income:		€1,424	
Less income disregard:		€665	
		€759 / 2 (moiety) =	€379.50 assessable means

No entitlement to Carer's Allowance

Example 4: Family of five - all three teenage children have a disability. Mum had to take a career break in 2007 to provide fulltime care to her children and has not been able to return. Dad continues to work and earns €89,500 gross per year (net €55,476). There is some 10 years left on their mortgage which costs €1,300 per month, however they have recently received a quote for €180,000 to adapt their home to meet the complex care needs of their children. Because of their income they are not eligible for a Housing Adaptation Grant and will have to increase the mortgage.

Weekly income (Gross):	€1,894		
Less PRSI:	€76		
Less Pension:	€42		
Less Travel:	€15		
Assessable income:		€1,761	
Less income disregard:		€665	
		€1,096 / 2 (moiety) =	€548 assessable means

No entitlement to Carer's Allowance

Appendix 2: Supporting Family Carers to Participate Fully in Economic and Social Life: Proposal to Increase the hours carers can work or study from 15 to 18.5 hours per week

'Carers will be empowered to participate as fully as possible in economic and social life'.

National Carers Strategy, Goal 4

Continuing to work while caring for a loved is a necessity for many carers who depend on income from employment to supplement their social welfare payment and to meet the additional costs associated with caring. It is also critical in allowing carers to retain a foothold in the labour market while contributing to their social insurance record and protecting their future pension entitlement. Working or studying outside the home also protects carer health and wellbeing by giving them a break and providing '' social interaction with others away from their caring responsibilities.

Under current rules carers cannot work or study more than 15 hours per week outside the home in order to be eligible for any care related social welfare support (Carers Allowance, Carers Benefit or Carer Support Grant). This includes work provided on a voluntary basis. Where a carer is found to have exceeded the 15 hour ceiling either advertently or inadvertently, serious sanctions are applied, with the carer likely to lose their payment and issued with a repayment demand, often totalling tens of thousands of euro.

Family Carers Ireland are urging the Department to increase the number of hours that family carers can work and/or study outside the home from 15 to 18.5 hours. The rationale for this request is outlined below.

Rationale for increasing 15 hour ceiling:

- Supporting carers to work and study is closely aligned with commitments contained within the Programme for Partnership Government; the Departments mission to promote active participation in society and its Statement of Strategy and National Goal 4 of the National Carers Strategy to empower carers to participate fully in economic and social life.
- Taking on caring responsibilities can result in long-term financial hardship as a loss of income from employment is exacerbated by higher household costs such as heating, laundry, medicines, disability aids, home modifications, health care or specialised transport. Increasing the hours carers can work will help carers remain in the workforce while increasing their income from employment and reducing the financial pressures they face.
- The impact of caring can last a lifetime, as years spent on a low income or out of the workforce mean carers cannot repay debt, build savings or contribute to a pension. Increasing the hours carers can work will give them greater earning potential, enable them to contribute to their social insurance record, increasing their chances of securing a Contributory State Pension when they reach retirement age and reducing some of the long term consequences of extended periods out of the workforce.
- If caring comes to an end while the carer is of working age, barriers to returning to work often result in carers being 'locked out' of the labour market and faced with long term financial hardship. By increasing the hours carers can work, carers will have more opportunities to remain in employment, and won't face the barriers associated with a long-term absence from the labour market.
- Working carers, who manage to remain in employment, are likely to see their working lives adversely affected by having to reduce their hours of work, accept low-paid, precarious work options or sacrifice promotion and career opportunities. By increasing the hours carers can work they will have more choice in their employment opportunities and be able to undertake part-time or job sharing options (note 18.5 hours is half of a 37 hour working week).
- To qualify for Carer's Allowance, carers must agree to provide fulltime care, in excess of 35 hours each week, all for just €16 more than Jobseeker's Allowance (if they qualify for the maximum payment of

€219). The condition that carers must work fulltime (the only social welfare recipients required to do so) restricts their ability to supplement their income through work and so further increases the financial difficulties they face. Increasing the hours carers can work recognises that carers can still provide fulltime care while working or studying outside the home for 18.5 hours. For example parents receiving Carers Allowance for a child with care needs may be available to work or study for at least 18.5 hours each week while the child attends school. Carers of those caring for an elderly parent or disabled adult attending day care may also be free to work or study during these hours.

Benefits on increasing hours

- Increases carer's earning potential and helps meet the additional costs associated with caring.
- Allows carers to build their social insurance record and avoids gaps in their employment history.
- Help carers maximise their pension entitlement when they reach retirement age.
- Gives carers a break and allows social interaction with others away from their caring role.
- Helps carers retain a foothold in employment and prevents them being 'locked-out' of the labour market.
- Prepares carers for life after caring by giving them access to a broader range of training courses.
- Helps carers care with confidence by allowing them to undertake care specific training.
- Respects carer's right to have a life outside of their caring responsibilities.

Important Considerations

- Increasing the working hour ceiling from 15 to 18.5 hours will have no impact on a carers entitlement to Family Income Supplement (to be entitled a person must work at least 38 hours per fortnight) nor will it give them eligibility to participate on a Community Employment scheme (39 hours fortnightly).
- Increasing the allowable hours of work under the Carers Allowance and Carers Benefit scheme by 3.5 hours will lead to an increase in the income earned by some carers. In these cases, the means assessment applied at the time of their initial application will no longer be relevant, and any increase in income will have to be disclosed and reassessed by the Department. Family Carers Ireland do not expect this to lead to any sudden increase in disclosures, rather expect this is take place gradually as carers slowly renegotiate hours with their employers.
- Carers who chose to work an additional 3.5 hours will move closer to the earning disregards applied to Carers Allowance (i.e. €332.50 single person / €665 couple). Carers would have to be informed about the possible consequences of an increase in their earnings.
- An increase in earnings may also lead to an increase in the tax liability arising and as such Revenue would have to be informed.