Family Carers Ireland
No one should have to care alone

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

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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 State Pension system and gives practical suggestions to help ensure you maximise your pension entitlement when you reach pension age.

In January 2024 Government introduced a new scheme to help long-term carers, caring for twenty years or more, to qualify for the State Pension (Contributory). The existing State Penson system includes protections for carers caring for less than 20 years. This paper is therefore set out under two sections (i) State Pension system for carers who have cared for less than 20 years and (ii) State Pension system for carers who have cared for 20+ years.

1. STATE PENSION SYSTEM FOR FAMILY CARERS WHO HAVE CARED FOR LESS THAN 20 YEARS

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 (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 (including those of your partner) 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 2024

	Non-Contributory Pension
Personal rate, aged 66-80 yrs	€266
Personal rate, aged 80+	€276
Increase for qualified adult under 66	€175.70
Increase for qualified child under 12	€46 (full-rate) / €23 (half-rate)
Increase for qualified child 12 and over	€54 (full-rate) /€27 (half-rate)
Based on	Means Test

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.**

The Department of Social Protection use one of two methods to calculate your entitlement to the State Pension (Contributory) (i) Yearly Average Approach or the (ii) Total Contributions Approach. You will be awarded the amount most favourable to you.

(i) Yearly Average Approach[1]

The Yearly Average Approach is based on your total number of contributions divided by the number of your working years, beginning with the first year you started paying social insurance. 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 (see table below).

State Pension (Contributory) rates in 2024

Yearly average PRSI contributions	Personal rate per week	Increase for qualified adult* (under 66)	Increase for qualified adult* (over 66)
48 or over	€277.30	€184.70	€248.60
40-47	€271.90	€175.80	€236.10
30-39	€249.30	€167.20	€223.90
20-29	€236.10	€156.50	€210.70
15-19	€180.70	€120.40	€161.40
10-14	€110.80	€73.40	€99.90

*Increases for qualified adults are means-tested payments
Please note pension rates will differ slightly for persons who qualified for a Contributory Pension before 2012.
An additional allowance of €10 per week is automatically paid when a person reaches 80 years.

Protecting family carers under the Average Contributions Approach - Homemakers Scheme

The method used to protect family carers under the Yearly Average Approach is the Homemaker's Scheme. 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 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.

[1] The Department is moving towards a full transition to a Total Contributions Approach and the abolition of the Yearly Average approach following the recommendation of the Pensions Commission.

Example: Mary started working in 1978 at age 20. She left work to care for her child who was born with a disability in May 2000 and returned to work after her child's eighteenth birthday in May 2018. Total homemaking period: May 2000 – May 2018 (please note the Homemakers Scheme came into effect on April 6th 1994 so homemaker years prior to this are not included). Mary continued to work from 2018 to 2024 when she will reach age 66. Applying the Homemakers Scheme her entitlement to State Pension (Contributory) will be calculated as follows:

- From 1978 (when Mary started working) to 2024 (when she stopped working) gives 46 working years. Deduct the 18 homemaker years Mary spent caring for her child gives 28 years (i.e. 2000 - 2018).
- 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 for the years she spent out of paid employment as a homemaker.

(ii) Total Contributions Approach

In January 2018 Government announced improvements to pension calculations for post-2012 pensioners who had contribution gaps in their PRSI records caused by periods of homemaking or caring. The changes include the introduction of a Total Contributions Approach (TCA) and a new 'HomeCaring Periods scheme' of up to 20 years to address anomalies in the yearly averaging system. Pensioners who qualify for a pension after 2012 have the choice to receive their pension based on the existing average contribution system or calculated through the new TCA rate – whichever is higher. Using the TCA, you will qualify for the maximum personal rate of State Pension (Contributory) if you have 2,080 or more PRSI contributions (or 40 years' of employment).

Protecting family carers under the TCA – Homecaring Periods

The method used to protect family carers under the Total Contributions Approach is the Homecaring Periods scheme, which can allow for up to 20 years of caring to be included in your pension calculation so long as you have at least 520 paid PRSI contributions.

Example: John was born in 1958 and worked from age 18 to 40. He then left work to care for his father until he died in 2015 when John was aged 57 years. John did not return to work after his father died. He reached retirement age in 2024. In John's case using the Total Contributions Approach gives him an entitlement to a higher rate of State Pension (Contributory) than the Yearly Average Approach. He will therefore be awarded the higher rate.

Yearly Average Approach	Total Contributions Approach
22 years of work = 1144 PRSI contributions 48 working years (1976 - 2024) Less 17 Homemakers Years = 31 years 1144/31= yearly average 36 **€249.30 Contributory Pension entitlement**	22yrs work + 17 years Home Carer Credit = 39yrs 39 years = 2,028 contributions 2,028/2080[2] = .975 (97.5%) John will qualify for 97.5% of max rate of State Pension (Contributory) **€270.36 Contributory Pension entitlement**

[2] Entitlement to pension is calculated by dividing the total number of contributions by 2,080 (40 years x 52).

2. STATE PENSION SYSTEM FOR FAMILY CARERS WHO HAVE CARED FOR MORE THAN 20 YEARS

In January 2024 the Department of Social Protection introduced a new Long Term Carer Contributions Scheme which gives long-term carers caring for 20 years or more access to the State Pension Contributory.

Who: The scheme benefits carers who have been caring full-time for more than 20 years.
Why: Seeks to address the long-standing pension disadvantage which has affected long-term carers, the majority of whom are women, for decades.
How: Carers who have been caring for more than 20 years will be given Long-Term Carer Contributions (LTCCs) for those years. These LTCCs will be treated as equal to PRSI contributions paid through employment.

How do you Qualify

While providing full-time care you must have:

- Lived in Ireland
- Been aged between16 and 66 years
- Not have been in employment, or engaged in voluntary work or education for more than 18.5 hours a week
- Not been getting a weekly social welfare payment except for Carer's Allowance, Carer's Benefit, Domiciliary Care Allowance or Carer's Support Grant
- Cared for someone in need of full-time care.

Normally, you need 520 employment contributions (which is 10 years of work) to qualify for a State Pension (Contributory). However, if you have been a full-time carer for at least 20 years you do <u>not</u> need to have worked for 10 years to qualify. In fact, even if you don't have any paid PRSI contributions you can still use your Long-Term Carer Contributions to help you qualify for a State Pension Contributory. Once LTCCs are awarded you can add them to any paid PRSI contributions you may have from employment.

Applying for LTCCs and Register Caring Periods
In September 2023, the Department of Social Protection opened a Family Carer Register allowing full-time family carers to formally register their caring role. **You do not have to be a long-term carer to register. All full-time family carers are strongly encouraged to register,** even if you are receiving a care-related social welfare payment, have cared for a relatively short period of time or continue to provide care. **By registering your caring periods they will be formally recorded and will potentially protect you from having gaps in your PRSI record when you do reach retirement age – even if that's many years from now.**

To register you need to have a verified MyWelfare account. If you do not have an account, you will need to create and verify your MyGovID account.

- Log into **MyWelfare.ie**
- Scroll down to '**Services**' and click '**Pensions and Older People'**
- Click '**Find out more'** under '**HomeCaring Periods'** (This will allow you to apply for HomeCaring Periods, the Home Marker's Scheme and Long-Term Carer Contributions in one application)
- Click '**Apply now'**
- You will receive a detailed Contributions Statement from the Department within a few weeks.

If you can't apply online, you can contact Pension Caring Supports in the Department of Social Protection for a paper application form. T: 01 471 5898 / E: pensioncaringsupports@welfare.ie

Remember – under the LTCC scheme:

- Caring periods do not have to be consecutive or for the same person – caring can be episodic and for different people.
- Anyone turning 66 after 01 January 2024 may defer their pension until age 70. This means carers who are just short of 20 years of caring when they reach 66 years can delay receiving their pension which will help make up the shortfall in caring years.
- The existing pension system has safety nets to protect carers caring for less than 20 years e.g. HomeCaring Periods and the Homemakers Scheme.
- It is critical that any person who is providing full-time care, regardless of for how long or whether you receive a carer payment or not, complete the Family Carer Register to ensure that the Homemaker Scheme years, Homecaring Periods or Long Term Carers Contributions that you may be entitled to are awarded to you.

Important Points about the State Pension system

It is important to be aware of a number of features of the State Pension system that may help you qualify for a State Pension or increase the amount you receive.

I. 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).

II. 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.

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

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.

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

iii. Contributions paid in another State or jurisdiction

Ireland has social security arrangements with many other countries that allow you to combine social insurance contributions that you have paid in Ireland with social insurance contributions that you have paid in another country. This can help you to qualify for a social insurance payment in Ireland or in a country with whom Ireland has a social security arrangement. For further information you should contact PRSI Records, Department of Social Protection, McCarter's Road, Ardaravan, Buncrana, Donegal., Ireland. Tel: (01) 471 5898 or 0818 690 690 E: state.con@welfare.ie

iv. Half Rate 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 a 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, Ballinalee Rd, Longford. N39 E4EO. Tel: 043 3340000.

v. Annual Carer's Support Grant

If you do not qualify for Carer's Allowance due to your income but do provide full-time care for someone in need of full-time care, you may be eligible for the annual Carer's Support Grant of €1,850. The grant is **NOT** means-tested and is paid on the first Thursday in June. You can apply by completing the Carer's Support Grant application and sending it to the Department of Social Protection, Government Offices, Ballinalee Rd, Longford. N39 E4EO. Tel: 043 3340000