

## Contents

1.	What is this guide about?	3
2.	What types of social insurance contributions are there?	3
2.	What if I was a Homemaker?	3
2.	How do I qualify for State Pension (Contributory)?	3
2.	How do I work out my 'yearly average'?	3
2.	How do I work out my 'alternative yearly average'?	3
2.	What are the various amounts of standard rate pension?	3
2.	What happens if I do not qualify for the standard rate State Pension (Contributory)?	3
2.	Where can I get more information?	12

January 2010

Qualifying conditions for our schemes change from time to time. Always check with your local Social Welfare Office or Information Services to see if qualifying conditions have changed (see page 10 for contact details).

The information in this booklet is correct at the time of going to print.



## 1. What is this guide about?

This guide is to help you work out **how you can qualify** for State Pension (Contributory). To let a Deciding Officer work out if you qualify, you must send in a formal application so they can make a decision in the light of all relevant facts. If you have a complicated record you should log on to [www.welfare.ie](http://www.welfare.ie) for more information.

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

Social insurance contributions fall into the four groups below.

- **Full-rate** social insurance contributions are PRSI contributions at **Classes A, E, F, G, H, N and S** or at the '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**). For more information, log on to [www.welfare.ie](http://www.welfare.ie).

### 3. What if I was a Homemaker?

A homemaker is someone who gives up work to take care of a child under age 12 or an incapacitated adult or child aged 12 or over, on or after 6 April 1994.

If you care fulltime for any child or adult, there is normally a gap in your PRSI record. If you work or have already left work to care for any child or person we can disregard any resulting gap in your record up to 20 years when working out the yearly average of PRSI contributions for your State Pension (Contributory).

#### **Note**

**This arrangement only applies to State Pension (Contributory) and is based only on breaks from work taken after 6 April 1994.**

To benefit from the Homemaker's Scheme, you must have worked and paid PRSI previously (or may do so in the future) at **Classes A, E, H and S**.

You can get homemaker's credits up to the end of the tax year during which you become a homemaker. Likewise, if you stop being a homemaker during the tax year, you can get homemaker's credits up to the date you stop.

Credits given under the Homemaker's Scheme are reckonable for State Pension (Contribution) only.

**Example:** You leave work to care for a newborn child.

Child details:

Date of birth - 12 May 1996; 12th Birthday - 12 May 2008

<b>Homemaking Period: 12 May 1996 - 12 May 2008</b>		
<b>From:</b>	<b>To:</b>	<b>Your insurance record:</b>
<b>12 May 1996</b>	<b>5 Apr 1997</b>	<b>You get credits until the end of the tax year</b>
<b>6 Apr 1997</b>	<b>31 Dec 2007</b>	<b>These are counted as full homemaking years</b>
<b>1 Jan 2008</b>	<b>12 May 2008</b>	<b>You get credits until the child's 12th birthday</b>

## **Note**

**The calendar tax year came into effect in 2002. 2001 was a short tax year from 6 April 2001 to 31 December 2001. Before that, the year ran from 6 April of the first year to 5 April of the following year.**

This period of homemaking will be disregarded when the yearly average number of contributions for State Pension (Contributory) is being calculated. It may help you qualify for a pension or entitle you to a higher rate of pension.

If you do not return to the workforce after you stop being a homemaker, you may choose to become a voluntary contributor. For more information, log on to [www.welfare.ie](http://www.welfare.ie).

## 4. How do I qualify for State Pension (Contributory)?

You do not need to be retired from work to qualify for State Pension (Contributory).

To qualify for a standard rate State Pension (Contributory), **each** of the following three statements must apply to you.

You must have:

1. started paying social insurance before age 56 at the full-rate or at the modified rate,
2. paid either:
  - **260 full rate** contributions if you reach age 66 before **5 April 2012, or**
  - **520 full rate** contributions if you reach age 66 on or **after 6 April 2012**. Check with your local Social Welfare Office what Voluntary Contributions you may use to make up the 520.

**and**

3. You must have **either**:
  - a 'yearly average' of at least 10 paid or credited reckonable\* contributions since you first started paying social insurance, **or**
  - a 'yearly average' of at least 48 paid or credited reckonable\* contributions from 6 April 1979 to the end of the tax year before you reach pension age, known as the 'alternative yearly average'.

**\*Reckonable contributions are full-rate paid or credited contributions, self-employment contributions and high or special rate Voluntary Contributions.**

## 5. How do I work out my ‘yearly average’?

A ‘yearly average’ is the average number of reckonable contributions paid or credited from when you first started paying social insurance to the end of the tax year before you reach age 66.

To calculate your ‘yearly average’:

1. count the **number of tax years** beginning with the year you first started paying social insurance up to and including the tax year before you reach age 66,
2. count up all the **reckonable contributions** paid or credited over these years,  
and
3. divide the number of reckonable contributions and credits **(2)** by the number of tax years **(1)**.

### Note

**Class S PRSI contributions for self-employed people, were introduced on 6 April 1988. If you paid Class S PRSI on 6 April 1988 and have 52 Class S contributions in the 1988/89 tax year and a total of 260 contributions paid since that date, your “yearly average” can be calculated from the start of the 1988/89 year and any earlier periods of employment will be ignored if it helps you to qualify for a higher rate of pension.**

**Example 1**

A person started paying social insurance for the first time on 7 August 1963. They reach age 66 on 12 June 2008. The last tax year before they reach age 66 is the 2007 year.

1. Counting from the 1963 tax year up to and including the 2007 tax year gives a total of 45 years.
2. They have a total of 1,260 reckonable contributions.
3. Dividing 1,260 contributions by 45 years gives a yearly average of 28 contributions.

Based on this record they will qualify for 98% of the standard rate State Pension (Contributory).

### **Example 2**

A person started paying social insurance for the first time on 8 February 1962. They reach age 66 on 10 April 2008. The last tax year before they reach age 66 was the 2007 tax year. They have contributions recorded at the 'ordinary' rate up to 1965. They have PRSI contributions recorded at Class S from the 1988/89 year (52 for that year) up to and including the 1999/2000 year.

1. Counting from the 1962 tax year up to and including the 2007 tax year gives a total of 46 years.
2. They have a total of 858 reckonable contributions.
3. Dividing 858 contributions by 46 years gives a yearly average of 19.

Based on this record they would qualify for 75% of the standard rate State Pension (Contributory).

However, as they started paying Class S PRSI on 6 April 1988 and have 52 Class S PRSI contributions in the 1988/89 year, it is better for them to ignore earlier social insurance contributions.

1. Counting from the 1988/89 tax year up to and including the 2008 tax year gives a total of 20 contribution years.
2. They have a total of 624 reckonable contributions in this period.
3. Dividing 624 contributions by 20 years gives a yearly average of 31.

They now qualify for 98% of the standard rate State Pension (Contributory).

## 6. How do I work out my 'alternative yearly average'?

To calculate your 'alternative yearly average':

1. count the **number of tax years** starting from the 1979/'80 tax year up to and including the tax year before you reach age 66,
2. count up all the **reckonable contributions** paid or credited over these years,  
and
3. divide the number of contributions **(2)** by the number of tax years **(1)**.

To qualify for the maximum rate of standard State Pension (Contributory), based on the 'alternative yearly average' you must have an average of at least 48 paid or credited contributions. You may round up 47.5 or more to 48 to qualify for the **maximum** standard rate State Pension (Contributory).

### Example 3

**A person reached age 66 on 1 September 2007. The last tax year before they reached age 66 was 2006.**

- 1. Counting from the 1979/80 tax year up to and including the 2006 tax year gives a total of 28 years.**
- 2. They have a total of 1,456 reckonable contributions.**
- 3. Dividing 1,456 contributions by 28 years gives an average of 52.**

**Based on this record they qualify for State Pension (Contributory) at the maximum rate.**

**Note**

If you do not qualify for a pension using the 'alternative yearly average' we will consider you for a pension using the 'yearly average'.

## 7. What are the various amounts of standard rate pension?

You may get different rates of pension, depending on your yearly average contributions. The table below outlines the various percentage rates.

Yearly average Contributions	Amount of Standard rate pension
<b>48 or more</b>	<b>Maximum rate</b>
<b>20-47</b>	<b>98% of maximum rate</b>
<b>15-19</b>	<b>75% of maximum rate</b>
<b>10-14</b>	<b>50% of maximum rate</b>

For more information, log on to [www.welfare.ie](http://www.welfare.ie).

## 8. What happens if I do not qualify for the standard rate State Pension (Contributory)?

If you do not qualify for a **standard rate** (as on previous page) State Pension (Contributory), you may qualify for a pro-rata State Pension (Contributory). This is a lower rate State Pension (Contributory), but it is still based on your contributions. Pro-rata State Pension (Contributory) falls into two groups.

- **A Mixed insurance pro-rata State Pension (Contributory)** is based on a mixture of full-rate and modified rate contributions.
- **An EU or Bilateral Agreement insurance pro-rata State Pension (Contributory)** is based on a mixture of Irish contributions and contributions in an EU country or in a country with which Ireland has a Bilateral Agreement.

For more information, log on to [www.welfare.ie](http://www.welfare.ie).

## 9. Where can I get more information?

For further information on your pension, contact your local Social Welfare Office or Sligo Social Welfare Services.

**State Pension (Contributory) Section**  
Social Welfare Services  
Department of Social and Family Affairs  
College Road  
Sligo

LoCall: 1890 500 000 (from the Republic of Ireland only)  
+353 71 915 7100 (from Northern Ireland or overseas)

You can get details of your social insurance record from:

### **Client Eligibility Services**

Social Welfare Services  
Department of Social and Family Affairs  
Inner Relief Road  
Ardarvan  
Buncrana  
Co. Donegal

LoCall: 1890 690 690 (from the Republic of Ireland only)  
+353 1 471 5898 (from Northern Ireland or overseas)

For information booklets, application forms and more information on social welfare services:

- Log on to **www.welfare.ie**.
- Text to **51909** (see details on Page 11).
- LoCall Information Line at **1890 66 22 44** (from the Republic of Ireland only) or **+353 71 91 93313** (from Northern Ireland or overseas).
- Drop in to your local Social Welfare Office or Citizens Information Centre.

### **Note**

**The rates charged for using 1890 (LoCall) numbers may vary among different service providers.**

### **Other useful booklets**

<b>Rates of payment</b>	<b>SW 19</b>
<b>State Pension (Transition) &amp; State Pension (Contributory)</b>	<b>SW 118</b>

To request forms, text the form code followed by your name and address to 51909 (from the Republic of Ireland only). Standard text rates apply.

For example, if you wanted to request the Bereavement Grant form, text form bg Mary Murphy 1 New Street, Old Town, Co. Donegal.

<b>Social welfare payment or scheme</b>	<b>Form code</b>
<b>Back to School Clothing and Footwear Allowance</b>	<b>FORM BTSCFA</b>
<b>Bereavement Grant</b>	<b>FORM BG</b>
<b>Carer's Allowance</b>	<b>FORM CARA</b>
<b>Carer's Benefit</b>	<b>FORM CARB</b>
<b>Child Benefit (Form CB1)</b>	<b>FORM CHILD</b>
<b>Disability Allowance</b>	<b>FORM DA</b>
<b>Domiciliary Care Allowance</b>	<b>FORM DCA</b>
<b>Family Income Supplement</b>	<b>FORM FIS</b>
<b>Free Travel</b>	<b>FORM TRAVEL</b>
<b>Fuel Allowance</b>	<b>FORM FUEL</b>
<b>Household Benefits</b>	<b>FORM HHB</b>
<b>Invalidity Pension</b>	<b>FORM INV</b>
<b>Living Alone Allowance</b>	<b>FORM LAA</b>
<b>Maternity Benefit</b>	<b>FORM MAT</b>
<b>One Parent Family Payment</b>	<b>FORM OPFP</b>
<b>Respite Care Grant</b>	<b>FORM RCG</b>
<b>State Pension (Non-Contributory)</b>	<b>FORM SPNC</b>
<b>State Pension (Transition/Contributory)</b>	<b>FORM SPC</b>
<b>Widow(er)'s Contributory Pension</b>	<b>FORM WCP</b>
<b>Widow(er)'s Non-Contributory Pension</b>	<b>FORM WNCP</b>



# Citizens Information

The Citizens Information Board is the statutory body which supports the provision of information, advice and advocacy on the broad range of social and civil services to the public. It provides the Citizens Information website and supports the voluntary network of Citizens Information Services and the Citizens Information Phone Service.

[www.citizensinformation.ie](http://www.citizensinformation.ie)

Lo-Call 1890 777 121 (Mon-Fri 9am-9pm)

Local Centres (see Golden Pages)

Citizen Information is available from over 250 locations nationwide. The contact details and opening hours of your nearest Citizens Information Centre are listed in the Golden Pages.