



Minister Announces SSIA Savings Not To Affect Social Welfare Payments

Increases in capital disregards, included in the newly published Social Welfare and Pensions Bill, 2005, ensure that SSIA savings will not affect social welfare payments, Minister for Social Affairs, Séamus Brennan T.D., said today (Sunday, 13th February 2005).

Following a review of the current arrangements for the assessment of capital undertaken by Minister Brennan, particularly in so far as they relate to SSIA's, the amount of capital disregarded for means test purposes for all social welfare schemes (except supplementary welfare allowance) will be increased from this June. The disregard will increase from €12,697.38 to €20,000, an increase of over €7,300 and applies to all capital regardless of where it is held, be it in a SSIA, a Credit Union, with An Post or any other account with a bank or other financial institution.

"I want to ensure that means testing arrangements do not act as a disincentive for pensioners and other social welfare customers to become savers or harshly penalise those who have been regular savers in the past. The improvement I am introducing will remove the anxiety of many welfare recipients, particularly old age pensioners, who were worried their SSIA's or other savings would directly impact on the value of their pensions.

"For example, under the new arrangements a single non-contributory pensioner, with no other means, can have capital of up to €28,000 and qualify for a pension at the maximum rate, they can have capital of up to €76,000 and still qualify for a minimum pension and these figures are doubled in the case of a pensioner couple," said Minister Brennan.

"I have also introduced measures in the Bill to simplify the assessment rates for capital in excess of €20,000," added Minister Brennan.

A person with a SSIA, saving the maximum amount of €254 per month for five years, would accumulate a capital amount of €19,050, including the government bonus and excluding interest. A saving of €160 per month would accumulate €12,000 and €100 per month would result in capital of €7,500.

The Social Welfare and Pensions Bill, 2005 provides for a range of other social welfare improvements, including:

- Increases in the monthly rate of Child Benefit by €10 for each of the first two children and by €12 for the third and subsequent children. This will result in Child Benefit of €141.60 for each of the first two children and €177.30 for the third and subsequent children. These increases come into effect from April 2005.
- Abolition of the condition requiring recipients of Carer's Benefit to be in employment in the three months prior to commencement of full-time caring, effective from April 2005.



Department of Social and Family Affairs

- Extension of the Respite Care Grant to all persons providing full-time care and attention to an older person or a person with a disability, subject to certain employment-related conditions. At present, the legislation provides that the Grant is payable only to persons who are in receipt of Carer's Benefit or Carer's Allowance.
- Increase in the Respite Care Grant from €835 to €1,000 in respect of each care recipient.
- Carers providing care for more than two people will receive a Grant in respect of each person for whom they are caring. Previously a maximum of two grants was payable irrespective of the number of people receiving care. These improvements for carers are effective from June 2005.
- The introduction, from June 2005, of a means-tested payment of up to €35 per week for persons resident in institutions, where they are currently excluded from the Disability Allowance scheme by virtue of their residence in an institution.

The bill provides for a number of amendments to the Pensions Act, 1990, including:

- To provide for the transposition of the directive on the activities and supervision of Institutions for Occupational Retirement Provision, generally referred to as the IORPs Directive. This Directive provides a framework for the operation and supervision of occupational pension schemes and allows IORPs established in one EU Member State to be sponsored by employers in another Member State.
- To implement the recommendations from the Pensions Board to the Minister for Social and Family Affairs on foot of a review of the Funding Standard.

The Social Welfare and Pensions Bill, 2005 is available on the Oireachtas website, oireachtas.ie and the Department's website welfare.ie.

Ends

Note for News Editors

Social Assistance Payments and means tests

Social assistance (or non-contributory) payments, administered by the Department of Social and Family Affairs, are made on the basis of satisfying a means test. Examples of social assistance payments include Non-Contributory Pensions, Carer's Allowance, Disability Allowance and Unemployment Assistance.

Personal payments made to people entitled to a social welfare support based on their social insurance contributions are not subject to a means test. These payments include Old Age Contributory Pension, Retirement Pension, Carer's Benefit and Unemployment Benefit.

The assessment of means, for Social assistance (or non-contributory) payments, takes into account any cash income a person may have, together with the value of capital and property. Capital may include the following:



Department of Social and Family Affairs

- Money invested in a bank, building society etc., including SSIA's.
- Stocks and shares of every description, which are assessed according to their current market value.
- Savings certificates/bonds/national instalment savings, which are assessed according to their current market value.
- The capital value of property other than the family home.

Items listed above are added together and a formula is used to work out the appropriate weekly means.