



# Ending the Pension Penalty for Caring

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National charity dedicated to improving supports and recognition for *family carers who provide regular, unpaid care to a friend or family member with a long-term illness, health problem or disability, including problems related to old age.*

Our position reflects the lived experience of family carers, the majority women, who have been denied a State pension or receive a reduced pension as a direct consequence of their years spent providing care.

Particular emphasis is placed on *'lifetime carers'* – those who have cared in excess of 20 years and as a result are unlikely to have paid the requisite 520 contributions necessary to qualify for a State Pension (Contributory).

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# Who cares?



- **13% of Irish people (approx. 500,000)** aged 15+ years provide care (CSO Irish Health Survey 2019).
- Save the State some **€20bn** in avoided health and social care costs each year.
- Majority of carer's are **women (61%) and are aged less than 65 years (63%)**.
- Likelihood of caring increases with age, rising from five per cent of people aged 25-34 years to a peak of **20 per cent among those in mid-life**, aged between 45-54 years.
- Approximately **half of all carers work** (CSO IHS 2019 and Census 2016).
- Research has shown that **as care episodes lengthen, carers' likelihood of being in paid work decreases**.

## Carers in receipt of Social Welfare:

- ❑ **116,838 Carers Support Grant's paid 2020** - fulltime carers (>35 hrs) caring for someone medically assessed
- ❑ **88,906** receive Carers Allowance (included in 116,838 figure above).
- ❑ **3,698** receive Carers Benefit (included in 116,838 figure above).

# Anomalies in State Pension system for Carers



Scheme	Protections	Anomaly
State Pension (Non-con)	<ul style="list-style-type: none"> <li>Means tested payment for people who don't qualify for SPC or a reduced rate SPC.</li> <li>Not PRSI based</li> <li>Includes IQA</li> </ul>	<ul style="list-style-type: none"> <li><b>Modest means test</b></li> <li><b>Modest capital disregard</b> €20k</li> <li>€200 disregard does not apply to <b>self-employed</b></li> <li><b>IQA means tested</b></li> <li><b>Land not productively used</b> assessed on its capital value.</li> </ul>
Credited Social Insurance Contributions (Credits)	<ul style="list-style-type: none"> <li>Unpaid contribution awarded at same rate as last paid contribution.</li> <li>Help qualification for appropriate social insurance payments</li> <li>Must have paid/credited contributions in either of last two completed tax years.</li> </ul>	<ul style="list-style-type: none"> <li>Must have <b>min 520 paid contributions</b></li> <li><b>Two-year gap</b> means not all recipients of Carers Allowance receive credits</li> <li>Not available to <b>carers not in receipt of social welfare</b></li> <li>Carers on Carers Leave must have employer <b>sign annually</b></li> </ul>
Homemakers Scheme	<ul style="list-style-type: none"> <li>Helps carers qualify for a SPC.</li> <li>Up to 20 years disregarded in calculation of yearly average.</li> <li>Receipt of CA, CB, CSG or Child Benefit gives automatic registration.</li> </ul>	<ul style="list-style-type: none"> <li>Must have <b>min 520 paid contributions</b>.</li> <li>Disregarded years <b>less favourable</b> than credits.</li> <li>Carers not in receipt of SW <b>not automatically registered</b>.</li> <li><b>Issues of proving periods of caring</b>.</li> <li>Lack of <b>public awareness</b>.</li> </ul>

# Anomalies in State Pension system for Carers



Scheme	Protections	Anomaly
Voluntary Contributions	<ul style="list-style-type: none"> <li>• Can opt to pay contributions if aged 16- 66 and no longer in work.</li> <li>• Helps maintain or improve SPC entitlement.</li> <li>• Rate determined by last paid rate of PRSI</li> <li>• Must apply within 5 years of last contribution year or year awarded credit.</li> </ul>	<ul style="list-style-type: none"> <li>• Must have <b>min 520 paid contributions</b>.</li> <li>• Lack of <b>public awareness</b>.</li> <li>• Some carers <b>cannot afford</b> to pay voluntary contribution.</li> </ul>
Increase for a Qualified Adult	<ul style="list-style-type: none"> <li>• Persons who don't qualify for SPC can apply for an IQA on partners payment</li> <li>• Partners income not considered, however any income the adult dependent has is assessed.</li> <li>• If gross income is less than €100 pw then full IQA is payable; if gross income between €100 - €310, a reduced rate IQA is payable.</li> <li>• QA assessed as having half of any jointly owned property or savings for pensions.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Lower rate</b> than SPC (€222.50 v €248.30).</li> <li>• Not available to carers whose partner has a private or <b>Public Service Pension</b>.</li> <li>• <b>IQA is means tested</b> on dependent adult's income.</li> <li>• While partners income is not assessed any <b>joint property/saving is assessable</b> which many some carers are not eligible based on assets.</li> </ul>

# Pension anomalies for family carers



**Mind the Gap**

- Requisite **520 paid contributions** renders most safety net schemes ineffective for family carers.
- **Pension system is complex** - misunderstanding that NonCon Pension is guaranteed regardless of income or assets.
- **Means-testing IQA** - partner's income is not assessed however any savings or assets jointly owned are considered.
- **Two-year rule wrt credited contributions** means some carers not receiving credits while in receipt of Carers Allowance.
- **Capital disregard of €20,000 in respect of savings and capital is disproportionately low** for families who have put aside money in order to make provision for the future care of a disabled child or family member.
- **Assessment of land not productively used as capital** can exclude cash poor carers from qualification.
- **Differential treatment of people who are employed versus those who are self-employed** in relation to the €200 weekly disregard in earnings for the State Pension (Non-Contributory).
- Carer's whose partner was/is employed by the Public or Civil Service and who receive a **pre-1995 Civil Service Pension**.

# Total Contributions Approach – A Positive Step Forward

TCA offers significant improvements in carers access to the State Pension, in particular awarding of up to 20yrs credits for time spent caring, where person has 520 paid contributions.

It does not however, address all issues. Most notable is that under the TCA:

- Family carers are still required to have paid at least 520 contributions;
- While carers with 520 paid contributions are likely to see their entitlement to a State Pension (Contributory) increase, for many this amount will be below the maximum pension rate.

***For this reason, Family Carers Ireland believe a separate dedicated Lifetime Carer Pension scheme is required to ensure all lifetime family carers receive a full, non-means tested pension equivalent to the maximum State Pension (Contributory).***

***Lifetime Carer is defined as a family carer who has provided fulltime care (at least 35 hours per week) to someone in need of care for 20 years or more. The duration of their caring role places them beyond the protections afforded by the Homemakers Scheme and the Home Caring Period Scheme.***

# Example:

*Joan has been a full-time carer to her son Sean for 40 years. During this time, she didn't qualify for Carers Allowance due to her husband's income. Before Sean was born, Joan worked for 8 years as a nurse, but has not been in a position to return to employment due to Sean's care needs. Joan has recently turned 66 however has just learned that she does not qualify for the State Pension (Contributory) because she is two years short of the necessary 520 paid contributions. Neither does she qualify for the State Pension (Non-Contributory) due to her husband Pat's Civil Service pension. Pat retired in 2020 and received a lump sum of €135,000 and has an annual pension of €45,000. Despite spending four decades caring for her son Joan's contribution to society is not recognised and she has no personal means of her own.*

Yearly Average Approach	Total Contributions Approach	Increase Qualified Adult	Dedicated Carer Pension
8 years PRSI - does not meet min 520 paid contributions	Does not meet min 520 paid contributions	Does not qualify as husband receives Civil Service Pension	Cared in excess of 20 years therefore should qualify for Carer Pension equivalent to full rate SPC
€0	€0	€0	€248.30



# Example:

*Mary worked from age 18 to 30 years. She left work to care for her mother until she was 55 years old (25 years). She did not return to work after her mother's death. She earns €400 from an inherited property and her husband has a small occupational pension so she doesn't qualify for a State Pension (Non-Contributory) or an Increase for a Qualified Adult (IQA). The implications of the yearly average, total contributions and Lifetime Carer Pension approaches are as follows*

Yearly Average Approach	Total Contributions Approach	Dedicated Carer Pension
<i>12 years PRSI, yearly average 13.</i>	12 years + 20 years = 32 years  32/40 years = 80%	Cared in excess of 20 years therefore should qualify for Carer Pension equivalent to full rate SPC
€99.20	€198.64	<b>€248.30</b>

# Example:

*Theresa is 67 years old and has cared for his sister Anne who has Down Syndrome for 31 years. Anne came to live with Theresa, her husband and five children on their family farm following their mother's death in 1990. For some of this time Theresa also cared for her mother-in-law who had dementia and died in 2001. Theresa's husband John continues to run the farm. John qualifies for a State Pension (Contributory) however due to their assets Theresa does not qualify for a State Pension in her own right or an IQA. During the 31 years she has cared for Anne Theresa didn't qualify for Carers Allowance due to the means test.*

Yearly Average Approach	Total Contributions Approach	Dedicated Carer Pension
<i>Does not have min 520 contributions</i>	Does not have min 520 contributions	Cared in excess of 20 years therefore should qualify for Carer Pension equivalent to full rate SPC
€0	€0	<b>€248.30</b>

### Equity and Fairness:

Carers should be recognised not penalised and have their same way as paid contributions.

### Certainty:

Carers must have certainty regarding their pension entitlement.

### Transparency:

Pension system should be easily understood with periodic statement of PRSI and credit record.

### Recognition:

Lifetime Carers should have access to a guaranteed Carer Pension, regardless of their income.

### Gender Equality:

Should not disproportionately lock women into long-term patterns of care

## Principles underpinning Lifetime Carers Pension



# Identifying eligible 'Lifetime Carers'

No single repository of family carers in Ireland. There are however many separate sources that pieced together will provide some proxy for the number of carers who may benefit from a Lifetime Carer Pension.

Lifetime Carers	Reduced pension that should be topped up
<p><u>Existing Sources</u></p> <ul style="list-style-type: none"> <li>- No. receipt Carers Allowance for &gt;20yrs</li> <li>- No. receipt Carer Support Grant &gt;20yrs</li> <li>- No. claiming care related tax credits/reliefs<sup>11</sup></li> <li>- PRSI records</li> <li>- Claimants of the Homemakers Scheme</li> <li>- Public awareness campaign</li> <li>- Carer self-identification</li> </ul> <p><u>Sources to be developed</u></p> <ul style="list-style-type: none"> <li>- No. registered as a 'decision supporter' in the Officer of the Director of Decision Support<sup>12</sup></li> <li>- Establish a Family Carer Register</li> </ul>	<p><u>Existing Sources</u></p> <ul style="list-style-type: none"> <li>- DEASP records</li> <li>- Carer self-identification</li> <li>- PRSI records</li> <li>- Claimants of the Homemakers Scheme</li> </ul> <p><u>Sources to be developed</u></p> <ul style="list-style-type: none"> <li>- Est. Family Carer Register</li> <li>- Public awareness campaign</li> </ul>

# Summary of Key Points

## Lifetime Carers Pension

Recommend introduction of a non-means-tested **Lifetime Carer Pension** to ensure no carer denied a pension or receives a reduced pension due to significant periods of caring.

## Definition Lifetime Carer

Scheme should be robust, with a **legal definition of 'lifetime carer'** that can stand up to legal scrutiny and is resistant to potential abuse.

## Introduce TCA

Recommend the broad **introduction of TCA including the Home Caring Period Scheme**, as proposed by the National Pensions Framework, to improve pension provision for family carers who have cared for less than 20 years.

## Family Carer Register

Recommend the creation of a statutory **'Family Carer Register'** to facilitate the identification of lifetime family carers for the purposes of any lifetime carer pension scheme as well as assisting in the planning and delivery of services.

## PRSI Statements

Periodic circulation of **PRSI contribution statements** to all people of working age that includes an explanation of their entitlement to a State Pension (Contributory) based on their existing contribution record.

## In-work Supports

Policy on pension entitlement for carers should provide for flexible work arrangements, inc. transposition of **EU Directive on Work Life Balance for Parents and Carers**, more generous tax credits, access to respite and replacement care while carer is at work.



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