# Reasonable Living Expenses

## Background Information 2023

Effective from 17 October 2023

DISCLAIMER

The Insolvency Service of Ireland ("ISI"), following consultation with the Minister for Justice, the Minister for Finance, the Minister for Social Protection and such other persons or bodies as the ISI has considered appropriate, has pursuant to section 23 of the Personal Insolvency Act 2012, prepared and is issuing these guidelines as to what constitutes a reasonable standard of living and reasonable living expenses.

These guidelines have been prepared and issued by the ISI for the purposes of sections 26, 65(4) and 99(4) of the Personal Insolvency Act 2012 and section 85D of the Bankruptcy Act 1988 (as inserted by section 157 of the Personal Insolvency Act 2012) and for no other purpose. The ISI does not authorise or take any responsibility for the use of these guidelines for any other purpose.



These guidelines are effective from 17 October 2023.

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# 1 Summary

The Insolvency Service of Ireland ("ISI") was established under the Personal Insolvency Act 2012 ("the Act"). The Act continued the reform of the Bankruptcy Act 1988 and included the introduction of an automatic discharge from bankruptcy after three years subject to certain conditions. This has been further amended since to provide for automatic discharge after one year.[1] It also introduced three alternatives to bankruptcy, namely a Debt Relief Notice ("DRN"), a Debt Settlement Arrangement ("DSA") and a Personal Insolvency Arrangement ("PIA").

The ISI is charged with a number of functions under the Act. Section 9 of the Act lists that one of those functions is to prepare and issue guidelines as to what constitutes a reasonable standard of living and reasonable living expenses under **section 23** of the Act.[2]

These guidelines are relevant to the assessment of a debtor's eligibility for a DRN, the formulation of DSA and PIA proposals and making of a bankruptcy payment order by a court in Bankruptcy. In particular, they are intended to give direction to Approved Intermediaries ("AIs") and guidance to Personal Insolvency Practitioners ("PIPs") in assessing, for relevant provisions of the Act, what may be considered 'reasonable' in the context of a standard of living and living expenses. Guidelines on a reasonable standard of living and reasonable living expenses are essential in that they enable the debt servicing capacity of a distressed debtor to be calculated in a fair and consistent manner so that the sustainability of repayments can be established. The guidelines safeguard a reasonable standard of living so as to protect debtors while facilitating creditors in recovering all, or at least a portion, of the debts due to them.

**Section 23** of the Act requires the ISI to have regard to certain criteria in preparing guidelines on a reasonable standard of living and reasonable living expenses. The ISI, in view of these requirements and following a series of meetings and consultations (listed on 14), decided to use a model ("ISI model") which is a modified version of the consensual budget standards model originally developed in Ireland in 2004 by the Vincentian Partnership for Social Justice ("VPSJ model").[3] The MESL research has continued from 2022 by the Vincentian MESL Research Centre at the St. Vincent de Paul.

The ISI model allows for food for a nutritionally balanced diet, clothing, personal care, health, household goods, household services, communications, social inclusion and participation, education, transport, household energy, childcare, insurance, and modest allowances for savings and contingencies.

[1] Section 85 of the Bankruptcy Act 1988 as amended by section 10 of the Bankruptcy (Amendment) Act 2015.
[2] The text of section 23 is reproduced in full as Appendix A to these guidelines. [3] http://www.budgeting.ie/.

The use of the ISI model satisfies the requirement contained in **section 23** of the Act to have regard to differences in the size and composition of households. The cost of a child, for example, varies according to the age of the child and this is taken into account under the ISI model. So too is the requirement to facilitate the social inclusion of debtors and their dependants and their active participation in economic activity in the State.

In formulating the first ISI model in 2013, the ISI liaised with the Central Statistics Office (CSO) and the Central Bank of Ireland and compared the output of the ISI model to a CSO analysis of the Household Budget Survey and an analysis by the Central Bank of Ireland of cases in the Mortgage Arrears Resolution Process. While certain expenditure categories may vary across the above referenced sources, in aggregate the expenditure levels generated through the ISI model were not materially different to the CSO or the Central Bank of Ireland analyses.

One of the greatest strengths of using consensual budget standards is the level of transparency it affords. Each category of expenditure is supported by detailed lists of individually priced[3] items. Different people will naturally have different opinions on what is meant by reasonable living expenses but the level of transparency offered by this method should help inform any discussion.

The ISI is required to update these guidelines at intervals of not more than a year under the Act. These guidelines will be kept under review and the ISI may amend them at any time where it considers this is warranted.

In 2021 the ISI undertook a public consultation on the guidelines on a reasonable standard of living and reasonable living expenses. Following that consultation the composition of some elements comprising the RLEs changed, thus the guidelines were amended. Further details are set out in section 7.2 below.

A summary document of the current version of these guidelines is publicly available on the ISI website.

[3] The Vincentian MESL Research Centre website contains this information based on their model.

## 2 Reasonable standard of living

The ISI considers that, for the purposes of the Act, a reasonable standard of living is one which meets a person's physical, psychological and social needs. Under the ISI model, a 'reasonable standard of living' does not mean that a person should live at a luxury level but neither does it mean that a person should only live at subsistence level. A debtor should be able to participate in the life of the community, as other citizens do. It should be possible for the debtor 'to eat nutritious food…, to have clothes for different weather and situations, to keep the home clean and tidy, to have furniture and equipment at home for rest and recreation, to be able to devote some time to leisure activities, and to read books, newspapers and watch television[4].

It follows that 'reasonable living expenses' are the expenses a person will necessarily incur in achieving a 'reasonable standard of living' which fulfils these criteria.

[4] Nordenankur, '*More than A Minimum Budget in Sweden'* in 'Money Matters - Reference Budgets for Social Inclusion'; European Consumer Debt Network (No. 6, 2009) page 8.

# 3 Reasonable living expenses

Under the ISI model, reasonable living expenses are the expenses a person necessarily incurs in achieving a reasonable standard of living, this being one which meets a person's physical, psychological and social needs. Reasonable living expenses ("RLEs") will vary depending on a number of factors such as the particular composition of a household and the *need* for a motor vehicle. These expenses are termed "set costs" under the guidelines. Beyond that, when determining RLEs, provision needs to be made for reasonable housing costs in terms of rent or mortgage payments as well as for reasonable payments in respect of childcare where this expense arises and reasonable insurance costs, namely motor vehicle and home insurance costs.[5] When determining a person's RLEs the AI or PIP should rely on the building blocks shown here in Figure 1 and described below:

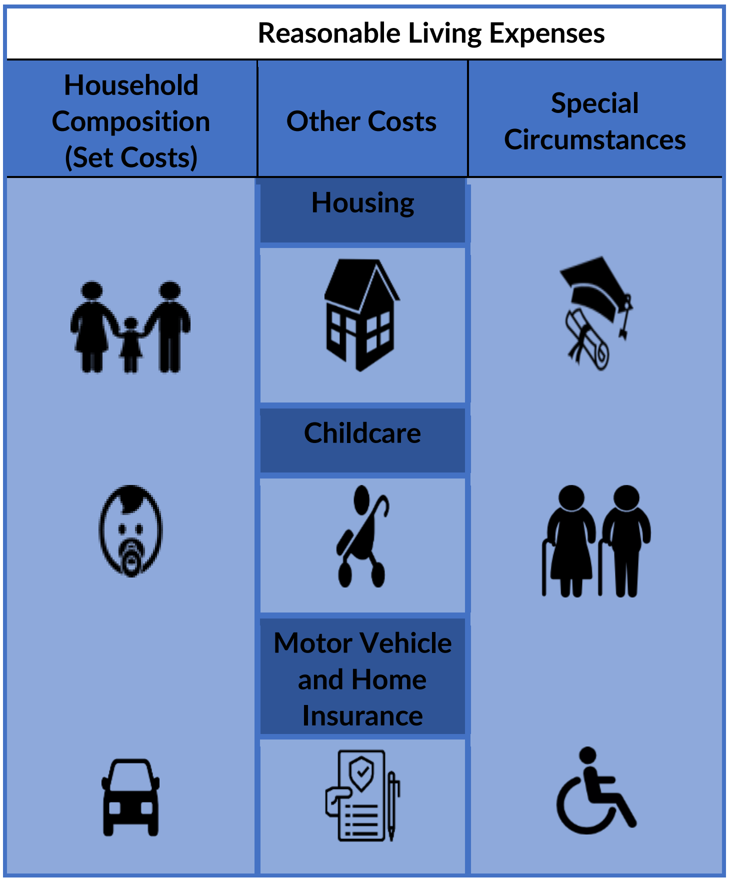


*Figure 1: Determinants of reasonable living expenses (RLEs)*

[5] Motor vehicle and home insurance costs were added as "other costs" on foot of a public consultation conducted in 2021. See section 3.5 below for further details.

### 3.1 SET COSTS: HOUSEHOLD COMPOSITION

The AI or PIP should begin by selecting the household composition which best fits the situation of the debtor from the table in Schedule 1 on page 28 i.e. whether or not the applicant has children and whether he or she is the only adult in the household.

### 3.2. SET COSTS: NEED FOR A MOTOR VEHICLE

The household will not normally need a motor vehicle where the applicant lives in an urban location with adequate public transport links. Where public transport is not adequate to meet the needs of the household, the AI or PIP should choose the vehicle option based on the needs of the household (needs, not wants). A motor vehicle will be required where a debtor needs it to travel to and from work. Where a motor vehicle is not included, the ISI model includes costs associated with the use of public transport.

### 3.3. HOUSING COSTS

In considering what constitutes reasonable and sustainable accommodation expenditure in an individual case, the AI or PIP shall have regard to the following matters:

- The costs likely to be incurred by the debtor by remaining in occupation of his or her current accommodation;
- The ability of other persons residing with the debtor to contribute to the costs of maintaining the debtor's current accommodation; and
- The reasonable living accommodation needs of the debtor and his or her dependants and, having regard to those needs, the cost of alternative accommodation.

In forming an opinion on the reasonable living accommodation needs of the debtor and his or her dependants the AI or PIP shall take into consideration the size and composition of the household, and the differing needs of persons having regard to the matters set out in **section 23(3)(e)** of the Act.

The AI or PIP, in assessing the reasonableness of the existing housing costs of the debtor and the cost of alternative accommodation, may draw on his or her knowledge of the local housing market and on such publicly available data sources as he or she considers appropriate. These sources may include the Central Statistics Office Residential Property Price Index, the Residential Tenancies Board ("RTB") Rent Index, the Residential Property Price Register produced by the Property Services Regulatory Authority ("PSRA"), the quarterly Daft.ie Rental Reports and leading websites advertising properties for rent or sale. The AI or PIP should support his or her assessment as to the reasonableness of housing and childcare costs by reference to the matters he or she has taken into account in arriving at his or her opinion.

### 3.4. CHILDCARE COSTS

A significant expense can arise where childcare is needed, particularly at the first two stages of childhood i.e. infancy and pre-school. Under the ISI model, childcare costs are brought in under 'other costs'. This means that reasonable costs incurred for childcare – as with housing costs in addition to motor vehicle and home insurance costs (where applicable) and any special circumstances costs - are added to the total for set costs to produce the final figure for reasonable living expenses. Where childcare is paid for, the reasonableness of this expense should be considered by the AI or PIP taking into account the hours of childcare needed, the type of childcare (e.g. crèche, childminder, etc.) and the typical cost of childcare in the debtor's locality. Proof in the form of receipts, bank statements or similar may have to be sought where childcare costs appear excessive. Where applicable, the Early Childhood Care and Education ("ECCE") Scheme, which provides two free academic years of childcare and early education for children of pre-school age, should be deducted when calculating childcare costs given that each of the arrangements continues over a number of years.

### 3.5. MOTOR VEHICLE AND HOME INSURANCE COSTS

On foot of the public consultation on RLEs undertaken in 2021[6], the ISI decided to expand the building blocks constituting RLEs through the addition of 'motor vehicle and home insurance', which will be used to reflect the actual costs of motor vehicle and home insurances.[7][8] Motor vehicle and home insurance costs, in addition to 'set costs' (household composition/need for a motor vehicle), reasonable costs for housing and childcare and special circumstances now make up the total RLE for a given household. In assessing the reasonableness of the insurance costs the AI or PIP will gather relevant documentation as part of their due diligence and have a responsibility to ensure, insofar as possible, that costs are reasonable based on the individual circumstances of the debtor(s).

### 3.6. SPECIAL CIRCUMSTANCES

The Act contains a requirement to take account of the differing needs of persons, having regard to matters such as their age, health and whether they have a physical, sensory, mental health or intellectual disability. Given the number of possible variables, and the individual nature of physical and mental health conditions and disabilities, the ISI believes this aspect is best addressed through making allowance in these guidelines for a debtor to specify reasonable costs that arise as a consequence of ill-health or disability.[9] The AI or PIP may request that the debtor provide appropriate documentation in support of extra expenses related to disability, for example evidence from a professional, such as a doctor or disability service, to support a claim for allowances in respect of special circumstances.[10]

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[6] Further details on that Public Consultation are set out in Section 7.2.
[7] See Review of Reasonable Living Expenses – Post-Consultation Report: Feedback & ISI Response February
[8] at Consultations - Insolvency Service of Ireland (isi.gov.ie)
[9] In the report entitled *'The Cost of Disability in Ireland'* (November 2021) commissioned by the Department of Social Protection, it is concluded that there are significant additional costs faced by individuals with a disability. Extra costs for households are identified and analysed.
[10] In '*Disability and the Cost of Living*': *National Disability Authority (2004)* the NDA concluded that while it is not possible to come up with any reliable 'typical' additional cost of living related to disability, the evidence suggests that a significant minority of people with disabilities face additional costs of living related to their disability; that those additional costs of living can vary with the nature of the disability and its complexity or

The category of special circumstances may also be used where a debtor has persons other than his or her minor children financially dependent on him or her, such as where the debtor is contributing to the care of an adult dependent such as, for example, an elderly relative who is financially dependent or a college-going child. Any additional expense associated with the cost of having more than four children can also be captured here. The AI or PIP may request that the debtor provide documentation in support of these expenses prior to recognising, under this category, the additional costs incurred in such cases.

Having reviewed feedback from the public consultation in July 2021 and the issues raised in respect of costs for a college-going child, it is clear that this allowance is now clearly established and accepted. The ISI's view is that the secondary school child allowance including the amount of the Child Benefit payment should be used as the default allowable expense for a collegegoing child under the special circumstances category in the RLEs pending research into the minimum essential costs of a college-going child.

severity; and that while there are schemes of State supports which address some of these areas of need or their costs, some people are either not covered or have their extra needs or extra costs only partly met.

# 4 Determining reasonable living expenses

The ISI has prepared the guidelines to, amongst other things, give direction to AIs and guidance to PIPs in assessing what may be considered 'reasonable' in the context of reasonable living expenses for certain purposes of the Act. The ISI recognises that reasonable living expenses will necessarily vary depending on the debtor's relationship status, his or her need for a vehicle, and the number and ages of his or her children (if any). These factors have been reflected in schedule 1 on page **28** of these guidelines.

While reasonable living expenses have to be calculated to a mainly objective standard, it is important that some flexibility be allowed so as to recognise and provide for the differing needs of persons, particularly in relation to ill-health and disability. This flexibility is contemplated by the Act in **section 23(3)(e).**

## 4.1. DRNS

**Section 26(2)(b)** of the Act provides that to be eligible for a DRN the debtor must have a net disposable income, calculated in accordance with *subsection (5)*, of €60 or less a month. The Act sets out the basis on which net disposable income is to be calculated. Essentially it is the income available to the debtor less specified deductions, as shown below:

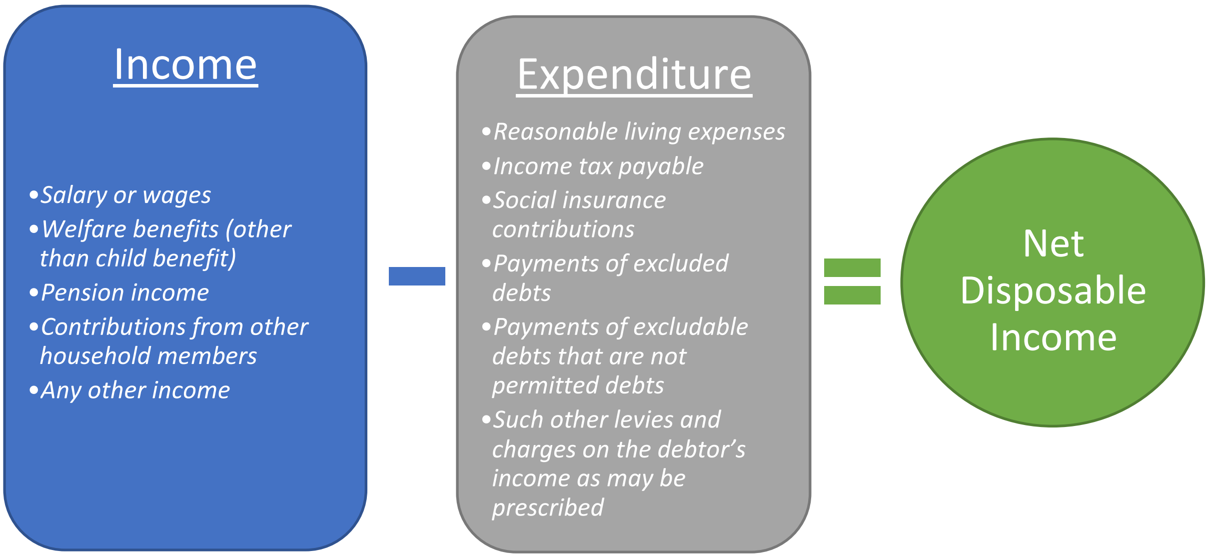


*Figure 2: Calculation of net disposable income*

All of these income and expenditure items, other than reasonable living expenses, are a matter of fact. What is 'reasonable' is an objective standard, but one open to interpretation. As contemplated by **section 23(3)(e)** of the Act, it may vary from one person to another but it is fundamental to achieving fairness and consistency in evaluating eligibility for DRNs that reasonable living expenses be as objective as possible. It would clearly be wrong to penalise the frugal by making it easier for a debtor to pass the test for net disposable income simply by spending more of his or her money on anything he or she considers reasonable.

### 4.2. DSAS AND PIAS

**Section 65(2)(d)** of the Act provides that a DSA shall not contain any terms which would require the debtor to make payments of such an amount that the debtor would not have sufficient income to maintain a reasonable standard of living for himself or herself and his or her dependants. **Section 65(4)** of the Act specifies that, in determining whether a debtor would have a sufficient income to maintain a reasonable standard of living for the debtor and his or her dependants, regard shall be had to these guidelines. **Section 99(2)(e)** and **section 99(4)** of the Act contain corresponding provisions in respect of a PIA.

It is important that individuals in financial difficulty, who are also in employment, be given some incentive to continue working. In the context of working debtors entering into DSAs and PIAs, such individuals should be able to retain some of the money they are earning before the balance of their income goes to discharge their debt.

There will be a need for PIPs to engage with creditors and debtors in order to ensure that workable arrangements are put in place. Creditors have an interest in getting all, or at least a portion, of their debts repaid and so have an interest in the debtor being at work, getting a financial benefit from working and thereby having the ability to pay off a greater amount of his or her debts over a period of time, than might otherwise be the case if they were not at work.

A balance will have to be struck between the allocation of earnings to creditors and their retention by the debtor. This will vary from individual to individual, depending on personal circumstances, family situation, debt levels, income, health and a range of other issues. Ultimately, where either a DSA or a PIA is proposed, the decision on the reasonableness or otherwise of living expenses will be a matter for the creditors to determine on a case-by-case basis in accordance with the voting thresholds set out in **section 73** or, as applicable, **section 110** of the Act.[11] This is subject to the provision that the debtor will not be required to make payments of such an amount that he or she would not have sufficient income to maintain a reasonable standard of living.

[11] The Personal Insolvency (Amendment) Act 2015 introduced the S.115A review process. This allows a PIP to make an application on behalf of a debtor in cases that meet certain eligibility criteria to seek a review by the Court where creditors have rejected a proposed PIA at the creditors meeting. In such cases, the Court may make an order confirming the coming into effect of such proposed PIA where the Court is satisfied that, inter alia, it offers a fair and equitable solution for both debtor(s) and creditor(s).

### *4.3. Distinguishing between DRNs, DSAs and PIAs*

<table>
<tr><th>DRN</th><th>DSA</th><th>PIA</th></tr>
<tr><td>Debt Relief Notice</td><td>Debt Settlement Arrangement</td><td>Personal Insolvency Arrangement</td></tr>
<tr><td>Strict application of the reasonable living expenses model in determining the eligibility of an applicant.</td><td colspan="2">Ultimately, it is a matter for the Personal Insolvency Practitioner to determine an acceptable level of reasonable living expenses and for creditors to agree on this and vote in favour of it.</td></tr>
<tr><td>To be eligible the applicant must have €60 or less in net disposable income a month.</td><td colspan="2">The Act requires that the debtor have sufficient income to maintain a reasonable standard of living. Accordingly, reasonable living expenses should not ordinarily be at a level below that proposed under these guidelines.</td></tr>
<tr><td>Actual expenditure would not give reasonable results. An objective standard must be set.</td><td colspan="2">Reasonable living expenses may be higher than these guidelines propose where acceptable to creditors. This may occur where creditors can see value for themselves in incentivising the debtor.</td></tr>
</table>

Figure 3: Differences between a DRN, DSA and PIA

# 5 The approach of the ISI

In developing these guidelines, in addition to those persons the Act required the ISI to consult, the ISI consulted with a number of other persons or bodies that the ISI considered appropriate to consult. These included the Money Advice and Budgeting Service, the Free Legal Advice Centres, the Vincentian Partnership for Social Justice, the Central Statistics Office, the Economic and Social Research Institute, the Official Assignee in Bankruptcy, representatives from the financial services sector, the Central Bank of Ireland and the Citizens Information Board.

The ISI also consulted with the Minister for Social Protection, the Minister for Finance and the Minister for Justice and Equality as required by the Act.

Following these consultations, and bearing in mind the requirements under the Act, the ISI has decided to use as its model ("ISI model") a modified version of the consensual budgeting model ("VPSJ model") originally developed in Ireland by the Vincentian Partnership for Social Justice

("VPSJ")[12]. The VPSJ has conducted research in Ireland for over 15 years so as to develop necessary expenditure figures for different types of households. From 2022, the MESL research is continuing by the Vincentian MESL Research Centre at the St. Vincent de Paul.

In brief, these household expenditure figures are arrived at through a process of consensual budgeting using focus groups with experts being involved where needed (such as nutritionists for the food elements of the budgets). The approach adopted is that the standard be set at a minimum but acceptable level. The approach of the VPSJ and now the Vincentian MESL Research Centre goes a long way to addressing the requirements set out in **section 23** of the Act. The minimum but acceptable standard, which emerges from their consensual budgeting work, means that the requirement to avoid impoverishing insolvent debtors and to facilitate both their social inclusion and economic participation is already built in.

The ISI considered some items of expenditure included in the VPSJ model not to be appropriate in the context of personal insolvency. The ISI has adapted the VPSJ model to exclude private medical insurance, having more than one motor vehicle and payment of discretionary items (such as voluntary donations). The ISI model is predicated on needs rather than wants and private health insurance should normally be excluded on the basis that it is not a necessity. Notwithstanding this general rule, some situations may arise where it is reasonable for a preexisting private health insurance policy to be kept in place.

Examples of such situations include where the employer of an applicant pays the premium or where the applicant or a dependent has a health condition which would otherwise result in a higher expenditure on health as compared to the insurance premium. It might also be proposed to retain a policy where an existing medical condition would make it difficult or impossible to regain insurance cover in the future or where an individual is of an age such that it is reasonable for a private health insurance policy to be maintained. In such circumstances the AI or PIP may consider continuance of private health insurance as an exceptional item and should include an explanatory note to that effect in the relevant section of the application form.

Expenditures on electricity and home heating under the VPSJ and now Vincentian MESL Research Centre model are based on a specific standard of housing and the ISI required these costs to be more broadly applicable. The ISI has therefore opted to use average expenditures on electricity and home heating from the Household Budget Survey for the ISI model.

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[12] More information on the work of the Vincentian MESL Research Centre at the St. Vincent de Paul is available at http://www.budgeting.ie/.

In addition, the ISI has adjusted the original model to reflect the fact that child benefit payments are, under **section 26(5)(b)(ii)** of the Act, not to be included in assessing income for the purposes of determining eligibility for a DRN. On the basis that child benefit payments are intended to be spent on a child, child benefit has been deducted from the reasonable living expenses of a child. To do otherwise would effectively mean double counting child benefit in the ISI model. The capital cost of a motor vehicle is set at a value of €5,950-€8,500 in the original consensual budget standards model. In 2018, this reference RLE was increased to €5,000 from €2,000 in line with the Personal Insolvency Act 2012 (Worth of Motor Vehicle) Regulations 2017.

In choosing this model, the ISI liaised with the Central Statistics Office and the Central Bank of Ireland and compared the output of this model to a CSO analysis of the Household Budget Survey conducted in February 2013 and an analysis by the Central Bank of Ireland of cases in the Mortgage Arrears Resolution Process conducted in January 2013. While certain expenditure categories may vary across the above referenced sources, in aggregate the expenditure levels generated through the ISI model are not materially different to the CSO or the Central Bank analyses.

The reasonable standard of living and reasonable living expenses set out in the guidelines have been developed by the ISI in accordance with its statutory functions under the Act. The figures used in these guidelines have unique application to personal insolvency and are not intended to be used for purposes other than the stated purposes of these guidelines under the Act.

# 6 What is consensual budgeting?

Ernst Engel, the German statistician and economist, is credited with the development of a consensual budget standards approach in the mid-19th century[13] though it was Seebohm Rowntree who developed and popularised it in the English-speaking world through his studies on poverty in York.[14]

The consensual budget standards model is a form of reference budget[15] based on a detailed budget approach using focus groups. Reference budgets, by definition, refer to something, such as a consensus arrived at by focus groups or they may refer to average consumer expenditure. The ISI considered both of these approaches to see which would be more applicable to personal insolvency in Ireland and determined that consensual budget standards best satisfied the requirements of the Act.

The VPSJ and now Vincentian MESL Research Centre consensual budget standards model is an adaptation of the *Low Cost but Acceptable* standard of living constructed by the Family Budget Unit of the University of York and draws also on the work of the Centre for Research and Social Policy at the University of Loughborough[16].

How this works in practice is that panels of ordinary people in each household type compile lists of budget items necessary for a family to achieve a minimum acceptable standard of living. In a series of sessions, members of the focus groups separately arrive at a negotiated consensus about the goods and services a household requires, in order to obtain a minimum standard of living. Experts are consulted to ensure that the negotiated consensus meets basic criteria such as, for example, nutritional standards.

Each focus group consists of between eight and 12 people from a mixture of social and economic backgrounds, and represents the household under consideration e.g. focus groups of parents with children determine the minimum requirements of such households. In order to ensure reliability and validity three different focus groups are separately established for each household type.

Each focus group acts as their own budget standard committee where 'the actual expenditure choices and judgements that are made by people in real life on the ground, as they manage their money contributes to the final consensus'[17] on minimum essential living standard requirements. Experts are consulted when necessary (e.g. nutritionists and energy experts).

[13] Parker, H.: Low Cost but Acceptable: A Minimum Income Standard for the UK: Families with Young Children (Policy Press, 1998).
[14] Rowntree B.S., Poverty: A Study of Town Life (MacMillan & Co., 1901).
[15] Reference budgets are also sometimes known as 'budget standards', 'standard budgets' or 'example budgets'.
[16] Further information on the methodology used is available online at http://www.budgeting.ie/.
[17] (Middleton, 2000: 62-3).

There are four phases in the focus group stage of the consensual budget standards process[18]:

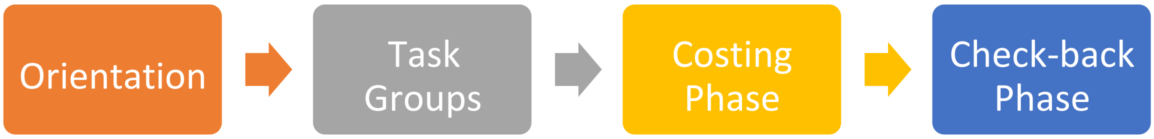


*Figure 4: The four phases in the focus group stage*

### 6.1. ORIENTATION PHA SE

The initial phase explores the language, concepts and priorities that people use in thinking about spending and consumption. During this phase, the group develops a working definition of a minimum essential standard of living and identifies the difference between needs and wants.

### 6.2. TASK GROUPS

In this phase, each budget component is considered in turn (i.e. food, clothing, personal care, household goods, household services, social inclusion, fuel, transport etc.). Each item is then categorised as essential, desirable or luxury. Together, the participants produce an agreed list of essential items.

Two groups are involved at this phase. The second task group examines the consensus of the first task group and makes any necessary changes by adding to or subtracting from the list of the first group.

### 6.3. COSTING PHASE

The items agreed by the focus group are costed by the researchers to compile a minimum essential budget. Up to two thousand individual items are priced.

### 6.4. CHECK -BACK PHAS E

The final phase involves the rechecking of items and costs in order to reach a final consensus. Firstly, participants are asked whether they think the amount allocated to provide the agreed list of items is too high or too low. Secondly, the group is asked how much they would be prepared to reduce the budget.

[18] For a more detailed description of Consensual Budget Standards see Middleton, S. (2000) and Bradshaw et al., (2008).

Where appropriate, these lists are checked by experts (e.g. nutritionists), and where there are difficulties (with nutritional standards, for example), these are reported to subsequent groups who are able to amend the budgets if necessary. The budgets include both material possessions and the cost of activities and services required for social participation.

Focus groups have put a strong emphasis on ensuring that families do not just have basics like food and shelter, but also can afford a minimum of social participation that is necessary to have an acceptable living standard[19].

The VPSJ has observed that focus groups have been very clear in their view that a minimum standard of living is neither a survival standard nor a standard for people in poverty; rather it is a standard of living that should allow for people to engage in activities that are considered the norm for Irish society.

This approach to a reasonable standard of living corresponds to that set out in **section 23(3)(f)** of the Act which requires the social inclusion of debtors and their dependents and their active participation in economic activity in the State to be facilitated.

[19] This experience is not confined to Ireland. A similar finding is reported from research done in the Netherlands in which focus groups were described as '*consistent in that they all explicitly set aside an amount for social participation. Under this we include hobbies and sports for both adults and children, holidays, going out, going visiting (including giving gifts) and receiving visitors (including celebrating birthdays)*'. 'The Minimum Agreed Upon - Consensual budget standards for the Netherlands', The Netherlands Institute for Social Research and the National Institute for Family Finance Information, (Utrecht, 2010) at page 148.

# 7 Transparency, consultation and debate

The use of the consensual budgeting method brings with it a high degree of transparency. Every item of expenditure has been listed and costed. Professor Jonathan Bradshaw of the University of York in a foreword to the initial 2004 Irish research observed that 'all budget standards are derived using a combination of science and normative judgement' and that inevitably 'there will be arguments about the Vincentian Irish budget standards'[20].

Discussion and debate on the question of what constitutes reasonable living expenses is to be welcomed and it should be borne in mind that changes can be made to these guidelines from time to time by the ISI where sound reasons exist to support such changes.

The ISI is committed under **section 23(6)** of the Act to issuing guidelines at least every year and under **section 23(5)** to making them available to the public on its website. The guidelines may be revised from time to time to take account of new issues and new circumstances that arise as experience of operating the Act develops.

Sections 7.3 and 7.4 below are provided for the purpose of transparency. As a general principle, the ISI wishes to see debtors retaining the autonomy to make their own choices as to what is best for them, though necessarily within the constraints of reasonableness and the overall expenditure limits.

So long as an applicant for one of the three personal insolvency processes under the Act comes within the overall headline figure for reasonable living expenses, the ISI will not be prescriptive in terms of on what the applicant can or cannot spend their money.

Only where an applicant spends in excess of what is considered to be reasonable under these guidelines will it become necessary for the AI or PIP to look at his or her spending across the categories of expenditure.

### 7.1. VPSJ REVIEW AND REBASE PROJECT 2020

In 2020 the VPSJ completed an extensive two-year research project which reviewed and rebased the MESL data for all household types. This entailed examining the composition of the MESL baskets for each household type and making changes where necessary. Changes to the baskets may have been due to some items becoming obsolete as technology or habits have changed, replacing items or adding entirely new items; for example a 'non-smart' phone and a camera being replaced by a smartphone. The constituents of various baskets were reviewed and more than 2,000 items were priced for each household type to establish the rebased MESL data published in July 2020. The reviewed and rebased data marks a new point in the series since the ISI first published RLEs and are not directly comparable with the adjusted MESL data

[20] Bradshaw in 'Low Cost but Acceptable Budgets for Three Households', VPSJ (2004) at page 11.

for previous years. This reviewed and rebased data was incorporated into the ISI RLE figures effective from 29 April 2022.

### 7.2. 2021 PUBLIC CONSULTATION

In 2021 the ISI undertook a public consultation on RLEs. The purpose of the consultation was to:

1. Inform all stakeholders of changes following the VPSJ's review and rebase project and the 2021 annual update
2. Obtain submissions on the composition of RLE set costs figures and feedback on the approach to practical implementation of changes to set costs
3. Consider some additional items allowed for in the MESL figures but not previously included in the ISI figures

The ISI, following this public consultation published a post-consultation report in February 2022 subject to consulting with the Minister for Justice, the Minister for Finance and the Minister for Social Protection as required under section 23 of the 2012 Act. This report set out details of the changes to the composition or building blocks of the RLE guidelines as a result of the consultation. These are provided below.

1. For a college-going child, the secondary school child allowance without a deduction for Child Benefit should continue to guide the costs for inclusion in the special circumstances category of the RLEs pending further research
2. Motor vehicle and home insurance costs are removed from set costs in the RLEs and are captured under a new building block of RLEs named 'motor vehicle and home insurance' (thus, the total of set costs, costs of housing, childcare and motor vehicle and home insurance in addition to special circumstances will total the RLEs for a particular household). Where applicable, mortgage protection insurance costs will continue to be captured under the special circumstances category
3. An allowance for a one-week holiday in Ireland is provided in the RLE set costs
4. Continued use of the special circumstances category of the RLEs to provide for private health insurance costs where deemed appropriate by the AI or PIP
5. Revised RLE figures will apply to new insolvency cases at application stage

### 7.3. HOUSEHOLD EXPENDITURE ALLOWANCES

The focus groups (discussed on pages 17-19) reach a consensus view on the reasonable needs of particular household types. Once these reasonable needs are established, each item is then priced to derive a figure representing reasonable living expenses. The headline figure for reasonable living expenses is made up of 16 main categories, listed below.

1. Food
2. Clothing
3. Personal Care
4. Health
5. Household Goods
6. Household Services
7. Communications
8. Education
9. Transport
10. Household Energy
11. Savings and Contingencies
12. Social Inclusion and Participation
13. Housing
14. Childcare
15. Insurance
16. Special Circumstances

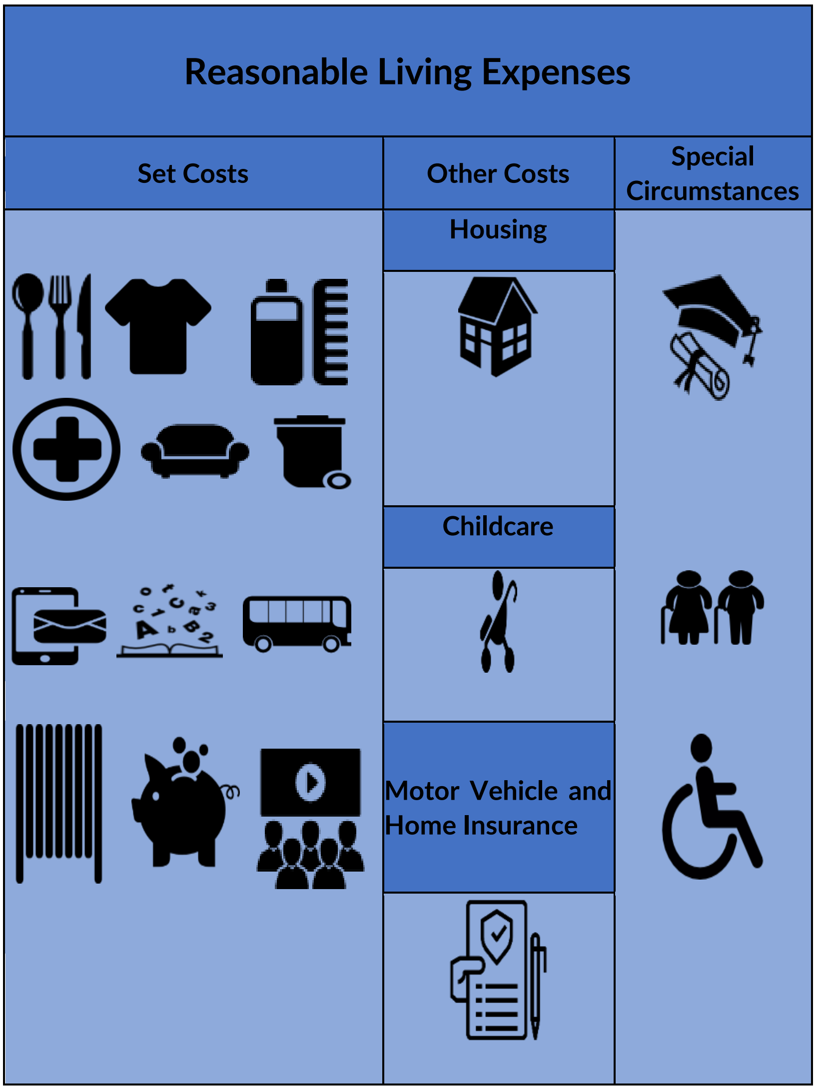


*Figure 5 -The Main Categories of Expenditure*

Figure 6 below sets out the main categories of expenditure and gives a short overview of the types of goods and services contained within each category. As outlined earlier, the ISI has modified some of the categories by eliminating some specific expenditure items on the basis that they were unsuitable in the context of personal insolvency.[21] The ISI has reconfigured the weekly figures to present them on a monthly basis. This was done to achieve consistency with the requirement contained in section 26(2)(b) of the Act that the net disposable income of a debtor must amount to €60 or less a month in order to be eligible to apply for a DRN.

Housing, childcare, motor vehicle insurance, home insurance and special circumstances costs have been kept out of the expenditure categories (set costs) within the ISI model of reasonable living expenses. Given the number and variety of housing situations and childcare options possible, the need to reflect actual costs of motor vehicle and home insurances as well as the variance of any special circumstances, the ISI considers these items are best treated by including the actual costs of an applicant where these are reasonable.

Under the provisions for either a DSA or a PIA, a PIP is to have regard to the costs likely to be incurred by the debtor by remaining in occupation of his or her principal private residence. Where the PIP forms the opinion that the costs of continuing to reside in the debtor's principal private residence are disproportionately large he or she will not be required to formulate a proposal on the basis of the debtor continuing to occupy the property.

An applicant seeking a DRN will generally not be the owner of the property in which he or she is living given the eligibility requirement that the assets of an applicant, including real property, must be worth no more than €1,500.[22]

Regardless of whether the debtor owns or rents his or her principal private residence, the same principle should apply that he or she should only have to consider surrendering the property where the costs of continuing to reside in it are disproportionately large as may occur, for example, where the size of the property exceeds the needs of the debtor and his or her dependents.

The ISI considers it appropriate to avoid being overly prescriptive in setting out reasonable housing, childcare, insurance or special circumstances costs, choosing instead to specify matters to which a PIP or an AI should have regard in determining the reasonableness of these costs of a debtor.

[21] The full content of the expenditures categories included by the focus groups in the consensual budgets can be found on the website www.budgeting.ie.
[22] Section 26(2)(c) of the Personal Insolvency Act as amended by section 2 of the Personal Insolvency (Amendment) Act 2021 (Number 10 of 2021).

| Expenditure category | A guide to what is included in each expenditure category. |
|---|---|
| **Food** | The expenditure on food is based on a balanced, nutritious diet. |
| **Clothing** | Clothing and footwear for all seasons, including accessories. |
| **Personal Care** | Personal hygiene and grooming items. |
| **Health** | Medications, and visits to a General Practitioner, Optician, Dentist, etc. It also includes small items such as plasters, antiseptic, and over-the-counter medicines. |
| **Household Goods** | Furniture, appliances, cleaning products, etc. Single adults of working age living in an urban area are assumed to be living in a rented furnished studio apartment. |
| **Household Services** | Vital household related services such as waste charges, water charges, getting an annual boiler service and having chimneys swept. |
| **Communications** | Telephone, postage and basic internet. |
| **Education** | The minimum education needs of a household as decided by the focus groups. This category includes uniforms, books and stationery where applicable and adult education. |
| **Transport** | The cost of a motor vehicle is allowed where public transport is inadequate to get to work, school and the local shop. |
| **Household Energy** | Electricity and home heating fuel. Electricity and heating costs come from the CSO Household Budget Survey. |
| **Savings and Contingencies** | Savings and life assurance (for households with dependents). For a single person, savings at €5 a week are assumed as is €5 a week to be put aside for contingencies and emergencies.[23] |
| **Social Inclusion and Participation** | This includes sports activities and social events such as visits to the cinema. The allowance for a low cost holiday in Ireland is now included as a result of both the feedback of the Public Consultation process in July 2021 and the fact that it is a distinct element of the 'Social Inclusion and Participation' category in MESL. |
| **Housing** | The cost of renting or making mortgage payments. **Variable – subject to PIP or AI assessing cost to be reasonable.** |
| **Childcare** | The cost of full or part-time childcare. This is dependent on the employment status of the adults in the household as well as the age of the child. **Variable – subject to PIP or AI assessing cost to be reasonable.** |
| **Motor Vehicle and Home Insurances** | The cost of motor vehicle and home insurances. In assessing the reasonableness of the insurance costs the PIP would gather relevant documentation as part of |

[23] A relatively small but unforeseen event might well cause the failure of an insolvency arrangement since a person in an insolvency arrangement will likely have only limited access to credit. This savings allowance may also assist in preventing people on low incomes being cut off from sources of regulated credit.

| | |
|---|---|
| | their due diligence and have a responsibility to ensure, insofar as possible, that costs are reasonable based on the individual circumstances of the debtor(s). |
| **Special Circumstances** | The additional costs associated with debtor specific cases such as additional medicine/health costs associated with a physical or mental condition or the cost of caring for an elderly relative. The costs for a college-going child is now clearly established and accepted. **Variable – PIP or AI may seek evidence of these costs.** |

*Figure 6: The main categories of expenditure with a description of each*

## 7.4. TABLE OF REASONABLE LIVING EXPENSES

### *7.4.1. Using the table*

The costs attributed to a typical household in these guidelines are termed 'set costs'. To these are added the reasonable costs of housing, childcare, insurance and special circumstances where these arise. This produces the total for reasonable living expenses for the household.

Where only one adult resides in the household, the reasonable living expenses for that adult and any dependents will be fully attributed to that adult.

Where two adults reside in the household then it will be presumed that the reasonable living expenses of the household are split equally between them, though a debtor may rebut this presumption and produce evidence to show that he or she pays a different proportion of these reasonable living expenses. Where adults reside together in a house-sharing arrangement, the reasonable living expenses of the debtor should be based on those of a single person. In such cases, the AI or PIP should assess the reasonableness of the rent based on the portion which the debtor pays rather than the rent of the property.

### *7.4.2 Step 1: Set costs – household composition*

The AI or PIP should begin by selecting the option that best fits the situation of the applicant based on household composition i.e. whether or not the applicant is the only adult in the household and whether or not the applicant has children. The set costs of a household are compiled by totalling the costs for each individual in the household. For households with children, the AI or PIP should first identify the costs for the adult(s).

To this the set costs for any children are added. These should correspond to the age group of that child. Where there are three or more children in the household, an adjustment will need to be made to capture the additional costs associated with the larger households.

### *7.4.3. Step 2: Need for a Motor Vehicle*

If the household does not have a motor vehicle and does not need a motor vehicle this will usually mean the applicant lives in an urban location with adequate public transport links. The AI or PIP should choose the motor vehicle option based on the needs of the household (needs, not wants). Where a motor vehicle is not included, the model includes costs associated with the use of public transport.

### *7.4.4. Step 3: Reasonable costs of housing*

Under the ISI model, housing costs (along with the costs of childcare, motor vehicle and home insurance and special circumstances (where applicable)) are added to the total for set costs to produce the final figure for reasonable living expenses.

Where housing costs are paid for, the AI or PIP should assess the reasonableness of these expenses taking into account the factors outlined earlier under the heading 'housing costs' in section 3.3 of these guidelines. The AI or PIP should support his or her assessment as to the reasonableness of housing costs by reference to the matters he or she has taken into account in arriving at this opinion.

#### *7.4.5. Step 4: Reasonable costs of Childcare*

Under the ISI model, childcare costs (along with the costs of housing, motor vehicle and home insurance and special circumstances (where applicable)) are added to the total for set costs to produce the final figure for reasonable living expenses.

Where childcare costs are paid for, the AI or PIP should assess the reasonableness of these expenses taking into account the factors outlined earlier under the heading 'childcare costs' in section 3.4 of these guidelines. The AI or PIP should support his or her assessment as to the reasonableness of childcare and housing costs by reference to the matters he or she has taken into account in arriving at this opinion.

#### *7.4.6. Step 5: Reasonable costs of Motor Vehicle and Home Insurances*

On foot of the public consultation on RLEs undertaken in 2021, the ISI decided to expand the building blocks constituting RLEs through the addition of 'motor vehicle and home insurance', which will be used to reflect the actual costs of motor vehicle and home insurances. In assessing the reasonableness of the insurance costs the AI or PIP will gather relevant documentation as part of their due diligence and have a responsibility to ensure, insofar as possible, that costs are reasonable based on the individual circumstances of the debtor(s).

#### *7.4.7 Step 6: Special Circumstances*

The Act contains a requirement to take account of the differing needs of persons, having regard to matters such as their age, health and whether they have a physical, sensory, mental health or intellectual disability. Given the number of possible variables, and the individual nature of physical and mental health conditions and disabilities, the ISI believes this aspect is best addressed through making allowance in these guidelines for a debtor to specify reasonable costs that arise as a consequence of ill-health, age or disability.

The category of special circumstances may also be used where a debtor has persons other than his or her minor children financially dependent on him or her, such as where the debtor is contributing financially to the care of an adult dependent such as, for example, an elderly relative or a college-going child. It should not be used for everyday expenses as these expenses are captured in the 'set costs' table in Schedule 1.

### 7.5. NOTE IN RELATION TO CHILD AGE GROUPS

For the purposes of these guidelines, infant means a child between the ages of 0-2 years old inclusive, preschool means a child three years of age, primary school means a child between the ages of 4-11 years old inclusive and secondary school means a child between the ages of 12-18 years old inclusive.

### 7.6. NOTE IN RELATION TO CHILD BENEFIT

Child Benefit is deducted from the set costs for each child. Child benefit payments are, under **section 26(5)(b)(ii)** of the Act, not to be included in assessing income for the purposes of determining eligibility for a DRN. On the basis that child benefit payments are intended to be spent on a child, child benefit has been deducted from the reasonable living expenses of a child. To do otherwise would effectively mean double counting child benefit in the ISI model.

### 7.7. NOTE ON OVERALL TOTAL SET COSTS

So long as a debtor comes within the overall headline figure for reasonable living expenses, the ISI will not be prescriptive in terms of on what the applicant may or may not spend their money. Applying this principle, regard should be paid to the overall total of what is termed in these guidelines ‘total set costs’ expenditures rather than to each of the expenditure categories making up this total. The overall total set costs is allowed as a minimum for reasonable living expenses without any need to ensure that an individual applicant confines his or her spending to the total for each expenditure category.  However for the purpose of information and transparency, a breakdown of the category totals for each household type is provided in Appendix B.

**Schedule 1-Table of Reasonable Living Expenses (Set Costs)**

| Monthly Figures | Motor Vehicle required? | |
|---|---|---|
| | No | Yes |
| **Household composition** | **Adult Set Costs** | |
| Single Adult (No Children) | €1,178.84 | €1,383.95 |
| Couple (No Children) | €1,918.70 | €2,049.54 |
| One Parent | €1,175.22 | €1,443.77 |
| Two Parent | €1,667.34 | €1,841.08 |
| Icons designed by Freepik | **Children Set Costs** | |
| Infant | €248.75 | €248.75 |
| Pre-school | €100.29 | €100.29 |
| Primary School | €281.49 | €272.39 |
| Secondary School | €526.63 | €517.53 |

***Note in relation to childrens' costs*** – Some adjustments are applied if your family has more than two children. In addition to their set costs, an adjustment for the third and fourth child are made. The exact amounts are listed in Appendix B and will be captured by your AI or PIP.

# 8 Appendix A: Section 23 of Personal Insolvency Act 2012

**23**.—(1) The Insolvency Service shall, for the purposes of *sections 26*, *65(4)*and *99(4)*and section 85D (as inserted by *section 157*)of the Bankruptcy Act 1988, prepare and issue guidelines as to what constitutes a reasonable standard of living and reasonable living expenses.

(2) Before issuing guidelines under subsection (1), the Insolvency Service shall consult with the Minister, the Minister for Finance, the Minister for Social Protection and such other persons or bodies as the Insolvency Service considers appropriate or as the Minister may direct.

(3) In preparing guidelines to be issued under *subsection (1)*, the Insolvency Service shall have regard to—

(a) such measures and indicators of poverty set out in Government policy publications on poverty and social inclusion as the Insolvency Service considers appropriate,

(b) such official statistics (within the meaning of the Statistics Act 1993) and surveys relating to household income and expenditure published by the Central Statistics Office as the Insolvency Service considers appropriate,

(c) the Consumer Price Index (All Items) published by the Central Statistics Office or any equivalent index published from time to time by that Office,

(d) such other information as the Insolvency Service considers appropriate for the performance of its functions under this section,

(e) differences in the size and composition of households, and the differing needs of persons, having regard to matters such as their age, health and whether they have a physical, sensory, mental health or intellectual disability, and

(f) the need to facilitate the social inclusion of debtors and their dependants, and their active participation in economic activity in the State.

(4) Guidelines issued under subsection (1) may provide examples of (*a*) expenses that may be allowed as reasonable living expenses, and
(*b*) expenses that may not be allowed as reasonable living expenses.

(5) The Insolvency Service shall make guidelines issued under subsection (1) available to members of the public on its website.

(6) Subject to subsection (7), the Insolvency Service shall issue guidelines under subsection (1) at intervals of such length, not being more than one year, as it considers appropriate.

(7) Failure by the Insolvency Service to comply with subsection (6) shall not render invalid for the purposes of this Act the guidelines most recently issued by it under this section.

# 9 Appendix B: Detailed breakdown of RLE Tables

| From 17 October 2023 (Monthly) | One Adult no motor vehicle | One Adult with motor vehicle |
|---|---|---|
| Food | €256.82 | €256.82 |
| Clothing | €59.33 | €59.33 |
| Personal Care | €46.14 | €46.14 |
| Health | €24.18 | €24.18 |
| Household Goods | €28.31 | €28.31 |
| Household Services | €28.23 | €28.23 |
| Communications | €65.15 | €65.15 |
| Social Inclusion & Participation | €257.30 | €257.30 |
| Education | €13.97 | €13.97 |
| Transport | €136.90 | €342.01 |
| Household Electricity | €75.27 | €75.27 |
| Home Heating | €137.27 | €137.27 |
| Personal Costs | €6.64 | €6.64 |
| Savings & Contingencies | €43.33 | €43.33 |
| Total set costs | €1,178.84 | €1,383.95 |

| From 17 October 2023 (Monthly) | Couple no motor vehicle | Couple with motor vehicle |
|---|---|---|
| Food | €429.13 | €429.13 |
| Clothing | €121.37 | €121.37 |
| Personal Care | €110.80 | €110.80 |
| Health | €56.85 | €56.85 |
| Household Goods | €36.58 | €36.58 |
| Household Services | €28.23 | €28.23 |
| Communications | €90.29 | €90.29 |
| Social Inclusion & Participation | €390.43 | €390.43 |
| Education | €19.18 | €19.18 |
| Transport | €262.55 | €393.39 |
| Household Electricity | €111.87 | €111.87 |
| Home Heating | €183.13 | €183.13 |
| Personal Costs | €13.29 | €13.29 |
| Savings & Contingencies | €65.00 | €65.00 |
| Total set costs | €1,918.70 | €2,049.54 |

| From 17 October 2023 (Monthly) | One parent No motor vehicle | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Child Age Groups | | | | Adjustment if more than two children | |
| | Adult | Infant | Pre-School | Primary | Secondary | Third Child | Fourth Child |
| **Food** | €270.90 | €142.24 | €120.81 | €183.30 | €266.32 | | |
| **Clothing** | €44.45 | €92.16 | €37.83 | €39.03 | €48.85 | | |
| **Personal Care** | €38.86 | €49.47 | €7.72 | €15.71 | €30.63 | | |
| **Health** | €29.37 | €17.50 | €7.41 | €12.96 | €23.21 | | |
| **Household Goods** | €75.94 | €47.77 | €15.52 | €15.78 | €16.40 | | |
| **Household Services** | €38.51 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Communications** | €66.06 | €0.00 | €0.00 | €0.00 | €24.58 | | |
| **Social Inclusion & Participation** | €198.63 | €10.09 | €28.99 | €69.44 | €123.04 | | |
| **Education** | €13.70 | €0.00 | €0.00 | €35.23 | €79.45 | | |
| **Transport (Public)** | €104.00 | €0.00 | €0.00 | €9.10 | €9.10 | | |
| **Household Electricity** | €104.86 | €7.41 | €0.00 | €18.94 | €23.05 | | |
| **Home Heating** | €128.71 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Personal Costs** | €6.64 | €0.44 | €0.34 | €0.33 | €0.33 | | |
| **Savings & Contingencies** | €54.59 | €21.67 | €21.67 | €21.67 | €21.67 | | |
| **Total before deductions** | €1,175.22 | €388.75 | €240.29 | €421.49 | €666.63 | | |
| **LESS child benefit** | €0.00 | -€140.00 | -€140.00 | -€140.00 | -€140.00 | | |
| **Total set costs** | €1,175.22 | €248.75 | €100.29 | €281.49 | €526.63 | €13.33 | €3.49 |

| From 17 October 2023 (Monthly) | One parent with motor vehicle | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Child Age Groups | | | | Adjustment if more than two children | |
| **MONTHLY** | Adult | Infant | Pre-School | Primary | Secondary | Third Child | Fourth Child |
| **Food** | €270.90 | €142.24 | €120.81 | €183.30 | €266.32 | | |
| **Clothing** | €44.45 | €92.16 | €37.83 | €39.03 | €48.85 | | |
| **Personal Care** | €38.86 | €49.47 | €7.72 | €15.71 | €30.63 | | |
| **Health** | €29.37 | €17.50 | €7.41 | €12.96 | €23.21 | | |
| **Household Goods** | €75.94 | €47.77 | €15.52 | €15.78 | €16.40 | | |
| **Household Services** | €38.51 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Communications** | €66.06 | €0.00 | €0.00 | €0.00 | €24.58 | | |
| **Social Inclusion & Participation** | €198.63 | €10.09 | €28.99 | €69.44 | €123.04 | | |
| **Education** | €13.70 | €0.00 | €0.00 | €35.23 | €79.45 | | |
| **Transport (Private)** | €372.55 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Household Electricity** | €104.86 | €7.41 | €0.00 | €18.94 | €23.05 | | |
| **Home Heating** | €128.71 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Personal Costs** | €6.64 | €0.44 | €0.34 | €0.33 | €0.33 | | |
| **Savings & Contingencies** | €54.59 | €21.67 | €21.67 | €21.67 | €21.67 | | |
| **Total before deductions** | €1,443.77 | €388.75 | €240.29 | €412.39 | €657.53 | | |
| **LESS child benefit** | €0.00 | -€140.00 | -€140.00 | -€140.00 | -€140.00 | | |
| **Total set costs** | €1,443.77 | €248.75 | €100.29 | €272.39 | €517.53 | €13.33 | €3.49 |

| From 17 October 2023 (Monthly) | Two parent No motor vehicle | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Child Age Groups | | | | Adjustment if more than two children | |
| | Two Adults | Infant | Pre-School | Primary | Secondary | Third Child | Fourth Child |
| **Food** | €352.49 | €142.24 | €120.81 | €183.30 | €266.32 | | |
| **Clothing** | €84.75 | €92.16 | €37.83 | €39.03 | €48.85 | | |
| **Personal Care** | €69.89 | €49.47 | €7.72 | €15.71 | €30.63 | | |
| **Health** | €44.55 | €17.50 | €7.41 | €12.96 | €23.21 | | |
| **Household Goods** | €80.33 | €47.77 | €15.52 | €15.78 | €16.40 | | |
| **Household Services** | €38.51 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Communications** | €90.65 | €0.00 | €0.00 | €0.00 | €24.58 | | |
| **Social Inclusion & Participation** | €271.42 | €10.09 | €28.99 | €69.44 | €123.04 | | |
| **Education** | €13.70 | €0.00 | €0.00 | €35.23 | €79.45 | | |
| **Transport (Public)** | €208.00 | €0.00 | €0.00 | €9.10 | €9.10 | | |
| **Household Electricity** | €142.15 | €7.41 | €0.00 | €18.94 | €23.05 | | |
| **Home Heating** | €186.86 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Personal Costs** | €13.25 | €0.44 | €0.34 | €0.33 | €0.33 | | |
| **Savings & Contingencies** | €70.79 | €21.67 | €21.67 | €21.67 | €21.67 | | |
| **Total before deductions** | €1,667.34 | €388.75 | €240.29 | €421.49 | €666.63 | | |
| **LESS child benefit** | €0.00 | -€140.00 | -€140.00 | -€140.00 | -€140.00 | | |
| **Total set costs** | €1,667.34 | €248.75 | €100.29 | €281.49 | €526.63 | €13.33 | €3.49 |

| From 17 October 2023 (Monthly) | Two parent with motor vehicle | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Child Age Groups | | | | Adjustment if more than two children | |
| | Two Adults | Infant | Pre-School | Primary | Secondary | Third Child | Fourth Child |
| **Food** | €352.49 | €142.24 | €120.81 | €183.30 | €266.32 | | |
| **Clothing** | €84.75 | €92.16 | €37.83 | €39.03 | €48.85 | | |
| **Personal Care** | €69.89 | €49.47 | €7.72 | €15.71 | €30.63 | | |
| **Health** | €44.55 | €17.50 | €7.41 | €12.96 | €23.21 | | |
| **Household Goods** | €80.33 | €47.77 | €15.52 | €15.78 | €16.40 | | |
| **Household Services** | €38.51 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Communications** | €90.65 | €0.00 | €0.00 | €0.00 | €24.58 | | |
| **Social Inclusion & Participation** | €271.42 | €10.09 | €28.99 | €69.44 | €123.04 | | |
| **Education** | €13.70 | €0.00 | €0.00 | €35.23 | €79.45 | | |
| **Transport (Private)** | €381.74 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Household Electricity** | €142.15 | €7.41 | €0.00 | €18.94 | €23.05 | | |
| **Home Heating** | €186.86 | €0.00 | €0.00 | €0.00 | €0.00 | | |
| **Personal Costs** | €13.25 | €0.44 | €0.34 | €0.33 | €0.33 | | |
| **Savings & Contingencies** | €70.79 | €21.67 | €21.67 | €21.67 | €21.67 | | |
| **Total before deductions** | €1,841.08 | €388.75 | €240.29 | €412.39 | €657.53 | | |
| **LESS child benefit** | €0.00 | -€140.00 | -€140.00 | -€140.00 | -€140.00 | | |
| **Total set costs** | €1,841.08 | €248.75 | €100.29 | €272.39 | €517.53 | €13.33 | €3.49 |

# 10 Glossary

| | |
|---|---|
| **AI** | Approved Intermediary; these are part of a network of qualified debt advice professionals appointed by the ISI to deal with DRNs and are experts in the area of debt advice. |
| **Bankruptcy payments order** | A Court order made under section 85D of the Bankruptcy Act 1988. If you have money left over after reasonable living expenses have been deducted, you will have to contribute that remaining money to the Official Assignee for a period of up to 5 years to transfer it to your creditors. This is known as a Bankruptcy Payment Order. |
| **CSO** | Central Statistics Office; the function of the CSO is the collection, compilation, extraction and dissemination for statistical purposes of information relating to economic, social and general activities and conditions in the State. |
| **ECCE** | Early Childhood Care and Education; The Scheme provides early childhood care and education for children of pre-school age, the programme was introduced in January 2010. All children are entitled to 2 full academic years on the ECCE scheme since 2018. Children are eligible to start the ECCE scheme if they are 2 years and 8 months of age or older by August 31st of the year of entry. |
| **DRN** | Debt Relief Notice; A DRN is a formal agreement that allows you to write off your debt in full. If you have a low income, few assets and debts of less than €35,000 that you cannot repay, then a DRN could be the right solution for you. Back on Track \| Debt Solutions - Back on Track |
| **DSA** | Debt Settlement Arrangement; A DSA is a formal agreement with all your creditors that will write off some of your debt. If you have unsecured debt such as credit cards, loans and overdrafts, a DSA could be the right choice for you. Back on Track \| Debt Solutions - Back on Track |

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| **ISI** | Insolvency Service of Ireland |
| **ISI model** | A modified version of the consensual budgeting model originally developed in Ireland by the Vincentian Partnership for Social Justice. |
| **PFS** | Prescribed Financial Statement; this form captures details of your financial situation. Your chosen PIP will help you complete a PFS. |
| **PIA** | Personal Insolvency Arrangement; A PIA is a formal agreement with all your creditors that will write off some of your unsecured debt and restructure any remaining secured debt. A key feature of a PIA is that, in the majority of cases, a debtor will be able to remain in their home. Back on Track \| Debt Solutions - Back on Track |
| **PIP** | Personal Insolvency Practitioner; PIPs are qualified professionals, regulated by the ISI, with the relevant expertise to help you reach a permanent solution for your debt problems. Back on Track \| Find a Personal Insolvency Practitioner - Back on Track |
| **RTB** | Residential Tenancies Board. Reports produced by the RTB can be used by AIs and PIPs to help them determine the reasonableness of housing costs being paid by debtors. The RTB was established in 2004 to operate a national tenancy registration system and to resolve disputes between landlords and tenants. |
| **PSRA** | Property Services Regulatory Authority. Reports produced by the PRSA can be used by AIs and PIPs to help them determine the reasonableness of housing costs being paid by debtors. The main function of the Authority is to control and regulate Property Services Providers (i.e. Auctioneers/Estate Agents, Letting Agents and management Agents). |

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| **The Act** | Personal Insolvency Act 2012 |
| **VPSJ / Vincentian MESL Research Centre at the St. Vincent de Paul** | www.budgeting.ie; the VPSJ consisted of the Society of St. Vincent de Paul, the Vincentian Congregation, the Daughters of Charity and the Sisters of the Holy Faith. The Vincentian Partnership was established in 1996 to work for social and economic change tackling poverty and exclusion. In 2022, the Vincentian MESL Research Centre at the St. Vincent de Paul was established to continue this work. |
| **MESL Research Centre Model** | A consensual budgeting model originally developed in Ireland by the VPSJ on which the ISI initially and continues to base its model. |

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