

Ireland

Ireland: Pension system in 2012

The public pension is a basic scheme paying a flat rate to all who meet the contribution conditions. There is also a means-tested pension to provide a safety net for the low-income elderly. Voluntary occupational pension schemes have broad coverage: over half of employees.

Key indicators

		Ireland	OECD
Average worker earnings (AW)	EUR	32 600	32 400
	USD	43 000	42 700
Public pension spending	% of GDP	5.1	7.8
Life expectancy	At birth	80.6	79.9
	At age 65	19.1	19.1
Population over age 65	% of working-age population	19.4	25.5

StatLink  <http://dx.doi.org/10.1787/888932909010>

Qualifying conditions

The State Pension (Contributory) is payable from age 66. As State pension age is being standardised to age 66 from 2014, State Pension (transition) will be abolished from 2014. State pension age is being increased to 67 in 2021 and 68 in 2028.

Full entitlement to both benefits requires an average of 48 weeks contributions or credits per year throughout the working life. The pension value is reduced for incomplete contribution histories. However, State Pension (contributory) requires a minimum average of ten weeks' contributions per year and the State Pension (transition) requires a minimum of 24 weeks per year. There is also a minimum total period of paid (as opposed to credited) contributions of 520 weeks (equivalent to ten years' full coverage).

The means-tested pension is payable from age 66.

Benefit calculation

Basic

The maximum values of the State Pension (contributory) and the State Pension (transition) are both EUR 230.30 per week (paid for 52 weeks per year) for 2010, which is 37% of average earnings. For those who qualify there is an additional EUR 153.50 for a dependant adult of working age and EUR 206.30 for a dependant aged 66 or over. Pensions are usually increased on an annual basis, decided by government in the context of the annual budget. In recent years though, they have remained static.

Pensioners are entitled to many benefits-in-kind. The government estimates that the price of these goods and services would be EUR 904 per year, excluding health benefits. (Note that the modelling covers only cash benefits and not benefits-in-kind.)

Targeted

The maximum value of the means-tested benefit is EUR 219 per week for a single person with an extra EUR 144.70 for an adult dependant for 2010. The single person's benefit is worth 35% of average earnings. There is a small weekly disregard of EUR 30 in the means test, and there is an additional earnings disregard of EUR 200: otherwise, the benefit is withdrawn at 100% of income. There is also an assets test, with capital of more than EUR 20 000 being converted to income using a standard formula.

Voluntary private pensions

There is an additional voluntary pension which is assumed to be defined contribution. The contribution rate is assumed to be 10%.

Variant careers**Early retirement**

Pensions cannot be claimed before the normal eligibility age.

Late retirement

Work and pension can be combined subject to earnings being less than EUR 38 per week under the State Pension (transition), which is payable for one year. However, the State Pension (contributory) is not subject to an earnings test. It is not possible to defer claiming the pension.

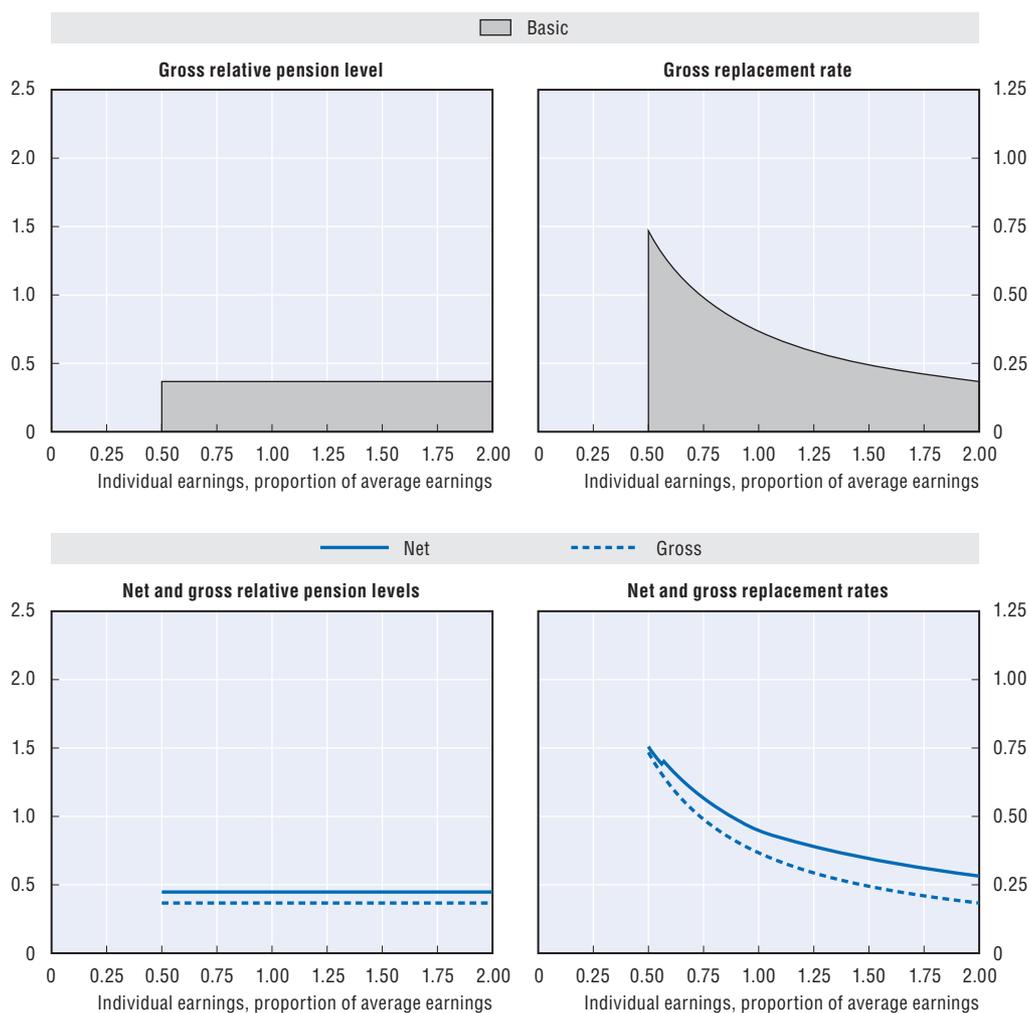
Childcare

Eventual public pension entitlement is not affected by periods out of paid work for caring purposes.

Unemployment

Eventual public pension entitlement is not affected by periods of unemployment.

Pension modelling results: Ireland



Men Women (where different)	Median earner	Individual earnings, multiple of average				
		0.5	0.75	1	1.5	2
Gross relative pension level (% average gross earnings)	36.7	36.7	36.7	36.7	36.7	36.7
Net relative pension level (% net average earnings)	44.8	44.8	44.8	44.8	44.8	44.8
Gross replacement rate (% individual gross earnings)	44.2	73.4	48.9	36.7	24.5	18.4
Net replacement rate (% individual net earnings)	52.2	75.5	56.7	44.8	34.6	28.2
Gross pension wealth (multiple of individual gross earnings)	8.3	13.8	9.2	6.9	4.6	3.5
Net pension wealth (multiple of individual gross earnings)	8.3	13.8	9.2	6.9	4.6	3.5
	9.5	15.7	10.5	7.9	5.2	3.9

StatLink  <http://dx.doi.org/10.1787/888932909029>