

## Ireland

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: around half of employees. (The government has a target to increase this proportion to 70%.)

### Qualifying conditions

The old-age contributory pension is payable from age 66 while the retirement pension is paid from 65. Full entitlement to both benefits requires an average of 48 weeks contributions or credits per year throughout the working life. The pension value is proportionally reduced for incomplete contribution histories. However, the old-age contributory pension requires a minimum average of 10 weeks' contributions per year and the retirement pension, 24 weeks per year. There is also a minimum total period of contributions of 260 weeks (equivalent to five years' full coverage).

The means-tested pension is payable from age 66.

### Benefit calculation

#### Basic

The values of the old-age contributory pension and the retirement pension are both EUR 147.30 per week (paid for 53 weeks per year), which is around 30% of average earnings. There is an addition of EUR 98.10 for a dependant adult of working age and EUR 113.80 for a dependant age 66 or over. The value of the basic pension under a recent long-term plan is fixed relative to earnings: the target rate is 34% of average earnings.

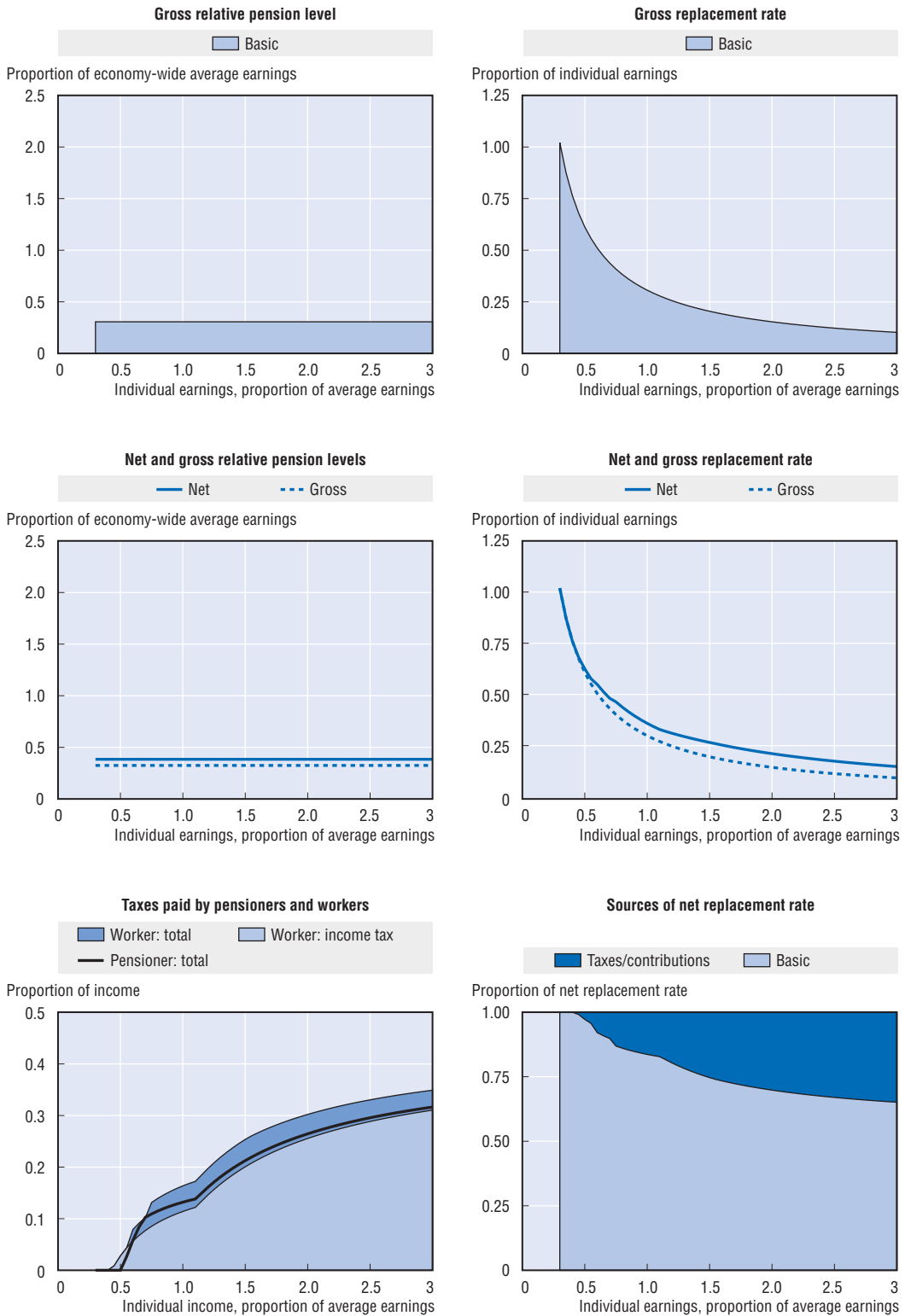
Pensioners are entitled to many benefits-in-kind. The government estimates that the price of these goods and services would be EUR 724 per year, excluding health benefits. (Note that the modelling covers only cash benefits and not benefits-in-kind.)

#### Targeted

The maximum value of the means-tested benefit is EUR 134 per week for a single person with an extra EUR 88.50 for an adult dependant. The single person's benefit is worth 28% of average earnings. There is a small disregard in the means test: otherwise, the benefit is withdrawn at 100% of income. There is also an assets test, with capital of more than EUR 20 315 being converted to income using a standard formula.

The value of the target safety-net income in the means-tested scheme broadly follows the uprating of the basic schemes (i.e., linked to earnings).

### Pension modelling results: Ireland



Source: OECD, based on information provided by the countries.

## Personal income tax and social security contributions

### Taxation of pensioners

There is an additional tax credit for over 65s of EUR 205 for single people. This is on top of the general credit, which was EUR 1 520 per person in 2002.

Over 65s are also entitled to a much higher exemption limit (below which no tax is paid). For single people, over 65s have an exemption of EUR 13 000 compared with the general exemption of EUR 5 210.

### Taxation of pension income

There are no special rules regarding the taxation of pension income.

### Social security contributions paid by pensioners

Pensioners are not liable for social-security contributions.

### Pension modelling results: Ireland

Men	Individual earnings, multiple of average					
	0.5	0.75	1	1.5	2	2.5
Women (where different)						
Gross pension level (% of average earnings)	30.6	30.6	30.6	30.6	30.6	30.6
Net pension level (% of average net earnings)	36.6	36.6	36.6	36.6	36.6	36.6
Gross replacement rate (% of individual earnings)	61.3	40.9	30.6	20.4	15.3	12.3
Net replacement rate (% of individual net earnings)	63.0	47.0	36.6	27.4	21.9	18.3
Gross pension wealth (multiple of average earnings)	5.4	5.4	5.4	5.4	5.4	5.4
Net pension wealth (multiple of average net earnings)	6.5	6.5	6.5	6.5	6.5	6.5
Net pension wealth (multiple of average net earnings)	7.7	7.7	7.7	7.7	7.7	7.7

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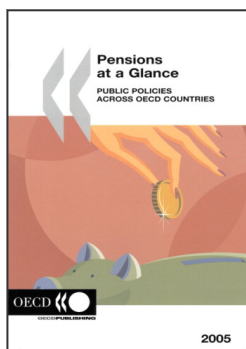
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**From:**  
**OECD Pensions at a Glance 2005**  
Public Policies across OECD Countries

**Access the complete publication at:**  
[https://doi.org/10.1787/pension\\_glance-2005-en](https://doi.org/10.1787/pension_glance-2005-en)

**Please cite this chapter as:**

OECD (2006), "Ireland", in *OECD Pensions at a Glance 2005: Public Policies across OECD Countries*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/pension\\_glance-2005-26-en](https://doi.org/10.1787/pension_glance-2005-26-en)

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