

relate

information for all

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Retirement

Introduction

When social welfare retirement pensions were first introduced, people were not expected to be getting them for long as the pension age was set at the average age of life expectancy. This is no longer the case, and there is increasing concern that pension arrangements may not be adequate to meet the needs of people who are living longer. It is important for people who are about to retire or are considering retirement to know what payments and services they are entitled to and what are their rights if they continue to be economically active. In this issue, we outline these various rights and entitlements. This is a general description – we do not have space to go into all the details. We concentrate mainly on the rights and entitlements of people who are well and active – we do not cover areas such as long-term care or other services for dependent older people.

Early Retirement

There is no fixed age at which everyone must retire in Ireland. If you are employed, then your retirement age is set in your contract of employment. Most contracts of employment have a mandatory retirement age – the age at which you must retire – but they may also have provisions for earlier retirement generally and/or on grounds of illness. The usual retirement age in contracts of employment is 65. Many have provisions for early retirement from age 60, or in some cases, from age 55 and most have provision for early retirement on health grounds. In some cases, there is a statutory retirement age – these arise in jobs which are established by law and the law sets out the maximum age of staff.

If you are self-employed, there is no set retirement age. There is no overall retirement age for company directors but the company's articles of association may set a maximum age.



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Under the Employment Equality Acts 1998 and 2004, it is not discriminatory to set different ages for retirement for employees or any class of employees.

“Early Retirement” usually means retirement before the age of 65. Early retirement may occur because of the mandatory retirement age in your employment, because you choose to take early retirement or because you have been let go from your job. Sometimes people who are described as taking early retirement have actually been made redundant. Some who have been obliged to take early retirement may regard themselves as unemployed rather than retired.

Regardless of the circumstances in which early retirement occurs, it is important to ensure that you do not lose any possible entitlement to benefits.

Redundancy and Unemployment Payments

If you are made redundant and are aged under 66, you may be entitled to a statutory redundancy lump sum. If you are made redundant after the age of 66, you are not entitled to a redundancy lump sum. You may, of course, negotiate a redundancy settlement with your employer. If you retire early, for whatever reason, you may be entitled to Unemployment Benefit and subsequently to Unemployment Assistance or Pre-Retirement Allowance. You may also be eligible for the Back to Work and Back to Education schemes.

Redundancy

The redundancy lump sum to which you may be entitled is related to your pay and your length of service. It is payable by your employer but if your employer is unable to pay, it is paid out of the Redundancy and Employers’ Insolvency Fund.

Disputes about redundancy should be referred to the Employment Appeals Tribunal.

If your former employer is insolvent

The Redundancy and Employers’ Insolvency Fund may also pay you if your employer owes you arrears of pay, holiday money, pay in lieu of notice and a number of other items. This is the case regardless of your age. The fund is operated by the Department of Enterprise, Trade and Employment.

www.entemp.ie

Unemployed

Whether you consider yourself to be retired or unemployed, you may be eligible for Unemployment Benefit (UB) if you are aged under 66. There are detailed rules in relation to UB – here we concentrate on those rules which affect older people. UB lasts for a maximum

of 15 months (or 12 months if you have less than five years PRSI contributions). If you are still under 66, you may then be eligible for Unemployment Assistance (UA) or the Pre-Retirement Allowance (PRETA).

Unemployment Benefit (UB)

In order to qualify for Unemployment Benefit (UB), you must, among other things, be unemployed, have enough PRSI contributions, be aged under 66 and capable of working, available for work and genuinely seeking work.

If you have left work voluntarily, for example, if you have chosen early retirement, you may be disqualified from receiving UB for up to 9 weeks. After that, you may have a problem proving that you are available for and genuinely seeking work.

If you are aged under 55 and you have received a redundancy payment of more than €19,046.07, you may also be disqualified for up to 9 weeks.

As a general rule, UB is payable for 390 days (65 weeks). However, if you are aged between 65 and 66 when your UB would normally end, you may continue to receive it until the age of 66 provided you meet the PRSI requirements. Alternatively, at 65, you may be eligible for the Retirement Pension.

Unemployment Assistance (UA)

If you have used up your entitlement to UB or you are not entitled to UB because you do not have enough PRSI contributions, you may apply for Unemployment Assistance (UA) if you are still under 66. You must, among other things, be unemployed, be capable of, available for and actively seeking work and pass a means test.

In general, if you have a reasonable level of pension from a former employer, you are unlikely to qualify for UA.

Pre-Retirement Allowance (PRETA)

In order to qualify for PRETA, you must be retired, be aged between 55 and 66, pass a means test and either have been receiving Unemployment Benefit or Unemployment Assistance for 15 months or cease to be entitled to One-Parent Family Payment or Carer’s Allowance or be a separated spouse who has not been working in the previous 15 months.

If you are receiving PRETA, you do not have to be available for work so you do not have to sign on. If you want to be again regarded as unemployed rather than retired, you may revert to getting UA.

Back to Work and Education Schemes

If you are receiving an unemployment payment for some time, you may be eligible for the various back to work and education programmes. The Community Employment (CE) programme and the Social Economy scheme are operated by FÁS. If you are aged 55 or over you may be able to take part in CE for up to six years. www.fas.ie

The Back to Work Allowance and Back to Education Allowance are payable by the Department of Social and Family Affairs. www.welfare.ie

Safeguarding your Entitlements

If you retire early and do nothing, you may have a number of years during which you have no PRSI contributions. This could mean that you may have difficulty in qualifying for the Old Age Contributory Pension or other social welfare pensions.

If you are not employed or self-employed, you do not have to pay PRSI contributions. You can keep your PRSI contribution record up to date either by getting credits or paying voluntary PRSI contributions.

Credits and Voluntary PRSI Contributions

You get social insurance credits while you are receiving Unemployment Benefit and, if you then

move onto Unemployment Assistance or Pre-Retirement Allowance, you also get credits. So, if you are receiving one of these benefits up to age 65 or 66, you do not need to do anything else to maintain your social insurance record.

If you do not qualify for Unemployment Assistance because you do not pass the means test, you can sign on for credits.

If you do not qualify for Unemployment Benefit or Assistance because you are considered to be unavailable for work, you may not be able to sign on for credits either. If this is the case, or if, for example, you want to spend all or part of your retirement abroad, you can become a voluntary contributor to social insurance. You should apply to the Department of Social and Family Affairs to become a voluntary contributor within a year of retirement.

You can ask the Records Section of the Department of Social and Family Affairs to tell you whether or not you have enough contributions to qualify for an Old Age Contributory Pension. They can tell you how many contributions you have already and how many more you need to ensure your entitlement. You will then know if, and for how long, you should sign on for credits or remain a voluntary contributor. www.welfare.ie

Working in Retirement

“Working in retirement” may seem a contradiction in terms but there are many people aged over the “normal” retirement age who are employed. Many self-employed people continue to work well past the “normal” retirement age.

In general, there is no upper age limit for employment. In certain jobs, there is a statutory upper age limit and there is a mandatory retirement age in many contracts of employment. You cannot continue to work in a job beyond the statutory age limit nor can you take up such a job if you are above the age limit.

If you are subject to a statutory or mandatory retirement age in your job, there is nothing to prevent you taking up a different job or taking up self-employment when you retire.

Working in retirement may affect your entitlement to social welfare payments and, in the case of public servants, may affect your occupational pension. If you are aged 66 or over, the rules in relation to some protective legislation and PRSI are different than for other employees.

Effect on Social Welfare Payments

If you are receiving any social welfare payment other than the Old Age Contributory Pension or the Widow's/Widower's Contributory Pension, working or being self-employed affects your entitlement.

Unemployment Benefit or Assistance

In general, you are not entitled to unemployment payments if you are working or self-employed. However, there are situations where it is possible to retain some or all of your unemployment payment while earning.

You can do a certain amount of work and remain entitled to some Unemployment Benefit. The rules are quite complex and you should check with the Department of Social and Family Affairs before taking up work to see exactly what the effect will be.

It may also be possible to do some work and retain entitlement to part of your Unemployment Assistance or Pre-Retirement Allowance. The income from employment or self-employment affects your means but some may be disregarded. The precise rules here are described in the August 2003 issue of Relate.

Retirement Pension

You are effectively prevented from working if you are receiving a Retirement Pension and you are aged between 65 and 66 – see under Pensions and Income Maintenance below for further details.

Old Age Contributory Pension

If you are receiving the Old Age Contributory Pension, you may work or be self-employed without it affecting your entitlement.

PRSI contributions

If you are aged under 66 and you are employed or self-employed, you are liable to pay PRSI in the normal way – see below for details. You are not liable for PRSI contributions after the age of 66 – this is the case whether or not you are employed or self-employed. If you do not have enough contributions at age 66, you cannot add to them after that. Unlike some occupational pension arrangements, there is no facility to pay PRSI contributions retrospectively.

If you are aged 66 or over and in employment, your employer pays a small PRSI contribution to cover you for occupational injuries. This is called Class J social insurance.

Effects on Occupational and Personal Pensions

If you are receiving an occupational pension, then you may also work or be self-employed. If you are receiving a private sector pension, working or being self-employed does not usually affect it.

However, most public sector pension schemes are subject to what is called “abatment”, if you return to work in the public sector. The precise conditions may vary from one scheme to another but, in general, abatment means that the pension is reduced in order to ensure that you do not earn more between the pension and the income from employment than you would if you had remained in employment. If you are getting a public service pension and you go to work in the private sector, your pension is not affected.

Contributions to occupational pensions

If you are employed, you may contribute to the new

employment’s pension scheme if you are eligible. Most occupational pension schemes do not cater for contributions over the age of 65 but it is possible that some do. It is possible to get tax relief on contributions to occupational pension schemes up to age 70.

Personal pensions

If you are self-employed or your new employment does not include an occupational pension, you could decide to make arrangements for a personal pension or a Personal Retirement Savings Account (PRSA). If you are over 50, you can get tax relief on personal pension contributions of up to 30% of your earnings.

Protective Employee Legislation

Most legislation dealing with the protection of employees does not have an upper age limit. So, if you are an older worker, whether full or part time, you are covered by protective legislation dealing with the following areas:

- ◆ information about your terms and conditions of employment
- ◆ holidays – the number of days is related to hours worked
- ◆ the national minimum wage
- ◆ maximum working hours, rest periods, Sunday working, night working
- ◆ health and safety at work
- ◆ parental leave
- ◆ minimum notice – the amount of notice is related to the length of service
- ◆ unfair dismissal – there is now no upper age limit for unfair dismissal but having to leave your job at the age limit specified in your contract is not an unfair dismissal

Redundancy

If you are aged 66 or over, you are not eligible for statutory redundancy payments.

Employment equality

The Employment Equality Acts 1998 and 2004 outlaw direct and indirect discrimination at work and in employment conditions on a number of grounds, including age. The Acts apply to people who are above the school leaving age (16). The discrimination which is prohibited relates to access to employment, conditions of employment, training or experience, promotion or regrading or classification of posts. Discriminatory job advertisements are also prohibited.

An employer may not discriminate on any of the stated grounds, but that does not mean that the employer must recruit or promote someone who is not willing to do, or fully capable of doing, the job in question. Employers must make reasonable accommodation for people with disabilities.

There are some exceptions to the general prohibition on age discrimination:

- ◆ There is a general exemption from the age and disability clauses for the Defence Forces
- ◆ Age-based criteria for occupational benefits may be used
- ◆ Setting different ages for retirement for employees or any class of employees – either compulsorily or voluntarily – does not constitute discrimination
- ◆ It is not discriminatory for employers to offer fixed-term contracts to people who are aged above the compulsory retirement age for that job or to offer such contracts to a particular class of employees
- ◆ The upper age limit for statutory redundancy payments is not unlawful

It is possible for employers to pay a lower rate of pay to people with disabilities if, because of the disability, the amount of work done in a particular period is less than the amount which could reasonably be expected to be done by an employee who does not have a disability.

Positive action

Positive action to facilitate the integration into employment of people aged over 50 (either generally or in particular areas or a particular workplace) and people with disabilities is allowed under the legislation.

The provisions of the equality legislation are enforced by the Equality Authority and the Equality Tribunal. If you feel that you have been discriminated against on the grounds of age (or any of the other grounds), you should first of all raise the issue with the employer or service provider. If this proves to be unsatisfactory, you should contact the Equality Authority and/or your trade union or solicitor.

www.equality.ie

Pensions and Income Maintenance

Social Welfare Payments

There is a range of social welfare payments and benefits in kind to which you may be entitled when you retire. As a general rule, you may not receive two social welfare pensions at the same time. If you are eligible for two, then you may opt for the more advantageous.

www.welfare.ie

Retirement Pension

Retirement Pension is payable to people aged 65 who have retired and who have enough social insurance contributions. It is not means tested. In general, you must have been an employee and paying full rate social insurance contributions, but a small number of self-employed people also qualify.

One of the conditions for receiving Retirement Pension is that you must be “retired”. This means that you must not be in insurable employment or self-employment – if you have earnings, they must be less than €38 a week from employment or €3,174 a year from self-employment (If you have an income from savings or investments, you could be liable for self-employed PRSI but that would not debar you from Retirement Pension if you are not actually engaged in self-employment.)

This condition ends when you reach the age of 66. At that stage, you may have earnings from any source without affecting your entitlement to Retirement Pension. At age 66, you may continue to receive Retirement Pension or you may transfer to the Old Age Contributory Pension if that would be to your advantage. From age 66, it does not matter what your pension is called, the retirement condition no longer applies.

You should apply for Retirement Pension 4 months before reaching the age of 65.

Old Age Contributory Pension

In order to qualify for this pension you must be aged 66 and have enough social insurance contributions.

There are a number of circumstances in which you may qualify for a pro-rata old age contributory pension:

- ◆ Pro-rata pension for intermittent insurance i.e. this is for people who had a broken record of insurance and re-entered compulsory insurance in 1974
- ◆ Pro-rata pension for mixed insurance – this is for people who worked for some time in the public sector and for a time in the private sector
- ◆ Pro-rata pension for people with an average of less than 20 contributions
- ◆ Pro-rata pension for self-employed people – this is for people who were over the minimum age in 1988
- ◆ Pro-rata pension for people with pre-1953 contributions

Old Age Non-Contributory Pension

This is a means-tested payment for people aged 66 or over who do not qualify for a contributory pension.

Widow's/Widower's Contributory Pension

This may be payable to a widowed person who has enough social insurance contributions or whose deceased spouse had enough. It is payable from the time of widowhood regardless of age and remains payable indefinitely unless you marry or cohabit. You may transfer to Old Age Contributory Pension at age 66 if you are eligible. Because most people now pay social insurance contributions, the majority of new widows and widowers should qualify for this pension.

Those who do not qualify may get a means-tested Widow's/Widower's Non-Contributory Pension.

Farm Retirement Scheme

This scheme is for farmers aged over 55 who transfer their land to a younger farmer. Apply to the Department of Agriculture and Food.
www.agriculture.gov.ie

The Free Schemes

The free schemes are now available to everyone aged 70 and over. People aged under 70 may qualify for some or all of the schemes:

Free Travel: This is also available to everyone aged 66 and over and to people who are receiving certain disability-related benefits.

Household Benefits Package: This includes the Free Electricity Allowance, Free TV Licence and Free Telephone Rental Allowance. These are also available to people aged 66 and over who are receiving certain social welfare payments or whose income is below

certain limits and to certain people with disabilities. People under 70 must be living alone or with certain categories of dependants.

Occupational and Personal Pensions

You may be a member of an occupational pension scheme or have arranged a personal pension. Occupational pensions are organised by employers to provide pensions to one or more employees on retirement or to surviving dependants on the death of an employee. There is no obligation on employers to organise occupational pension schemes.

A personal pension scheme is an arrangement by a self-employed person or an employee, generally a person who is not a member of an occupational pension scheme, to provide a pension on retirement or to surviving dependants on death.

Each occupational pension scheme has its own set of rules. Pension schemes are generally regulated by the Pensions Board.

Occupational pension schemes may be contributory or non-contributory. In contributory schemes, both you and your employer pay contributions towards the scheme. In non-contributory schemes, you do not contribute but your employer does.

Defined benefit schemes

A defined benefit scheme is one where the benefit entitlement is defined in some way by reference to your earnings, your length of service, an index, or a fixed amount. So, you know in advance that your pension will be, for example, half of your final salary if you have 40 years' service, or that it will be €100 a week. In defined benefit schemes, the contributions may have to be varied from time to time in order to make sure that the fund can meet the level of benefits. Some schemes have provisions for the employer to top up the fund if necessary.

Defined contribution scheme

A defined contribution scheme is one where the contribution is fixed by agreement but the benefits are decided by reference to the value of the contributions paid under the scheme and are not fixed in advance. So, you do not know what level of pension you will get.

Personal Retirement Savings Account

A Personal Retirement Savings Account (PRSA) is a pension arrangement designed for people who are not in occupational pension schemes. Your employer must facilitate your access to a PRSA scheme but is not obliged to contribute to it.

Occupational pensions and social welfare pensions

Occupational and personal pensions operate independently of the social welfare pension system and there is no statutory link between the two. However, it is common for occupational pensions to take into account the level of social welfare pension received in calculating the level of benefit. For example, some schemes provide for a benefit which, together with the social welfare pension, will give you a half or two thirds of your final salary. This may be done when you start to receive your pension but your occupational pension may not be subsequently reduced when your social welfare pension is increased.

Such schemes are sometimes called *integrated* or *co-ordinated schemes*.

Tax relief on pension contributions

You can get tax relief on your contributions to an approved occupational pensions scheme, a personal pensions scheme or a PRSA. You pay tax on the pension when you receive it.

The Pensions Board

The Pensions Board is the regulatory body for occupational pensions and PRSAs. The Board has produced a number of leaflets on the operation of the Pensions Acts. It provides information to members of pension schemes as to their rights under the legislation. If you have a complaint, the Board will advise you about your rights.
www.pensionsboard.ie

Health Services

Entitlement to health services is described in detail in the April 2005 issue of Relate. Briefly, the entitlement of retired and older people is as follows:

Everyone aged 70 and over is entitled to a medical card. People under the age of 70 may qualify if they meet the means test and other conditions. (The means test is more generous for people aged 65 and over than for those aged under 65.) A medical card gives entitlement to free GP services, free prescribed drugs and medicines, free in-patient and out-patient public hospital services, free dental, ophthalmic and aural services and certain community care services.

The "doctor only" medical card scheme has not yet come into operation but people under 70 will be eligible for this in the same way as everyone else. This gives entitlement to free GP services only.

The Pensions Ombudsman investigates and decides on complaints relating to occupational pensions and PRSAs.
www.pensionsombudsman.ie

Illness and Disability

While the vast majority of retired people enjoy a healthy life, there are some who suffer illness and disability. The following is a very brief description of the relevant payments.

Disability Benefit (DB)

If you are ill, aged under 66 and have enough social insurance contributions, you may qualify for DB. It is payable for up to 12 months or up to age 66 if you have at least five years PRSI contributions. It may be to your advantage to change to Invalidity Pension after 12 months, if you are eligible.

Invalidity Pension

You may qualify for this pension if you have been on DB for at least 12 months and are unable to work for the next year. It remains payable indefinitely but most people transfer to Old Age Contributory Pension at age 66 if they are eligible.

Carer's Allowance

The Carer's Allowance is a means-tested payment to people providing full-time care and attention for a person who is incapacitated.

Carer's Benefit

This is a social insurance payment for people who give up work to care for an elderly or incapacitated person.

If you do not have a medical card you are entitled to subsidised prescribed drugs and medicines – you should not have to pay more than €85 in a calendar month. You are also entitled to free public hospital treatment but you may have to pay short stay in-patient maintenance charges and out-patient charges.

Private health insurance

Until July 2005, if you were aged 65 or over when you applied to join a private health insurance scheme, the insurance company did not have to accept you. If you were already a member at age 65, you were and are entitled to remain in membership. In practice, the health insurance companies which are currently

offering health insurance cover in Ireland did not accept new applicants over the age of 65 (unless you were transferring from another insurance company).

Since July 2005, you are entitled to join a health insurance scheme even if you are aged 65 or over. However, the health insurance provider may require

that you wait two years before you become entitled to benefits and wait 10 years before you become entitled to cover for pre-existing conditions. Health insurance companies have waiting periods for all new members but they are generally shorter than those which apply to new members who are aged 65 or over when they join.

Taxation

In general, when you are retired, you have to pay tax as you did when you were in employment. In this section, we look at those aspects of the tax system which are especially relevant to retired people.

Taxation of social welfare payments

Unemployment Benefit is generally taxable but the first €13 a week is exempt and the benefit payable to short-time workers is not taxable. The child dependant allowances payable with Unemployment Benefit are not taxable.

Disability Benefit is not taxable for the first 6 weeks and the child dependant allowances are not taxable.

Old Age Contributory Pension, Retirement Pension, Widow/Widower's Contributory Pension, Invalidity Pension are all fully taxable – including the child dependant allowances.

Exempted pensions

As a general rule, all income is taxable. If your only income is a non-contributory pension you would be below the tax exemption limits – see below for details. Certain income is specifically exempted by legislation. For example, certain military and War of Independence pensions are exempt.

Certain foreign pensions which would be exempt from tax if you were resident in the country paying the pension are also exempt from tax in Ireland. The rules on taxation of foreign income are complex and are generally governed by double taxation agreements with the country in question.

How Pensions are Taxed

Occupational pensions and social welfare pensions are taxable. Many pensioners do not actually have to pay tax because their income is too low. If your only income is a social welfare pension or payment, you do not normally have to pay any tax because you do not have enough income. If you have both an occupational pension and a social welfare pension, then you may have to pay tax.

Occupational pensions

Occupational pensions are taxed in the same way as salaries and wages. If you are getting an occupational pension from an Irish source it is usually taxed by PAYE in exactly the same way as you were taxed while employed. If your pension comes from outside Ireland you usually pay tax in a lump sum annually.

If you have a social welfare and an occupational pension

There is no mechanism for taxing social welfare pensions at source. How exactly tax is levied depends on your other source of income.

The most common situation is where a pensioner (old age, retirement or widow's pension) has both an occupational pension and a social welfare pension. If the occupational pension is paid from within Ireland it is taxed by PAYE in the same way as a wage or salary. This means that you get your tax credits in the normal way. In order to take account of your social welfare pension, it is regarded as part of your tax credit and your normal tax credit is reduced by the amount of the social welfare pension. You then effectively pay tax on both the pensions but it is collected from the occupational pension. The technical term for this is "coding in" of credits. The same applies if you have income from a job and a social welfare pension.

If your social welfare pension was not coded in you would have to pay tax on it as a lump sum annually.

If your other source of income is not taxed on the PAYE system e.g. you have an occupational pension from abroad or you have investment income, then all your tax is payable annually in a lump sum.

Tax exemption limits

Exemption limits are limits below which no tax is payable. They are not the same as tax free allowances or tax credits. The limits for people aged 65 and over are considerably higher than for those under 65.

The exemption limits for people aged 65 and over for the year 2005 are as follows:

Single/widowed person:	€16,500
Married couple	€33,000
First two children	€575 each
Subsequent children	€830 each

If you expect that your income for the year will be less than these limits you should tell your Inspector of Taxes who will arrange that tax will not be deducted. If your income is not much above these amounts you may get what is called "marginal relief". That means that you do not go back into the normal tax system – instead you pay tax at a rate of 40% on the amount by which your income is greater than the exemption limit. If it would be to your advantage, you may go into the normal system.

The point at which marginal relief ceases to be of benefit varies with your family circumstances and the tax credits to which you are entitled.

Tax Credits

There are some tax credits which are only available to people over 65 and there are some which are designed for people who care for an elderly or incapacitated relative. The following are the most important of these:

Age Credit

This is additional to the personal tax credit and may be claimed once you or your spouse reach the age of 65. The current amount of the age tax credit is €205 for a single person and €410 for a married couple.

Tax Credit for Rent Paid

A higher tax credit is available to people aged 55 and over in respect of rent paid for private rented accommodation. The maximum amount for which people aged 55 and over may claim a tax credit is €3,000 for a single person and €6,000 for a widowed or married person.

Dependent Relative Tax Credit

You may qualify for this tax credit if you maintain:

- ◆ a relative of either yourself or your spouse who, because of old age or infirmity, is incapable of maintaining himself/herself

- ◆ you or your spouse's widowed parent, regardless of incapacity
- ◆ a child (of any age) who lives with you and on whose services you are dependent because of old age or infirmity

The current amount of the tax credit is €60 and you do not qualify if the person being maintained has an income of more than €10,997

Employed person taking care of an incapacitated spouse

If you employ a person to take care of an incapacitated member of your family you may get a tax-free allowance. This has not been changed to a tax credit. The maximum of the allowance is €30,000.

Tax relief for medical expenses

Tax relief is available for money spent on certain medical expenses. You may claim this relief if you pay the medical costs of family members of any age or any other people aged 65 or over who are permanently incapacitated.

Covenants

If you are a higher rate taxpayer and you want to help support a person on a low income, it may be worthwhile to covenant the money.

The person to whom you covenant must be aged 65 or over or be permanently incapacitated. If the conditions are met, you can claim tax relief on an amount up to 5% of your taxable income; however, there is no limit if the person is permanently incapacitated.

Covenants are most effective if the recipient does not have a taxable income. The amount you covenant may be taxable in the hands of the recipient. It is important to note that money covenanted to people receiving a non-contributory pension or means tested allowance may affect their entitlement to the allowance in question.

Deposit Interest Retention Tax

Deposit Interest Retention Tax (DIRT) is deducted from the interest payable on savings in banks, building societies and other financial institutions. This happens whether or not you would normally be liable for tax. If you are aged 65 or over (or your spouse is aged 65 or over or if you are permanently incapacitated), you may reclaim the DIRT paid if you are exempt from income tax.

Lump sum for loss of employment

There are various circumstances in which people receive compensation for loss of employment. The most common is where you are made redundant and you get a settlement which may include the statutory redundancy lump sum and a further sum negotiated by you or your union with the employer. If you had a fixed-term contract and it is ended early, you may get a lump sum in compensation.

A lump sum which is payable as part of your pension arrangements when you retire is not in the same category. It is generally tax free.

If you receive a lump sum in compensation for the loss of employment, part of it may be tax free. The rules are complex. The statutory redundancy lump sum is always tax free. After that, the first €10,160 plus €765 for each year of service is tax free. Another €10,000 is tax free in certain circumstances.

PRSI Contributions

If you are aged under 66 and you are employed or self-employed, you are liable to pay PRSI in the normal way. This applies regardless of what you did earlier. For example, if you are a former public servant and you take up a job in the private sector, you have to pay full PRSI. You only pay PRSI on your income from employment or self-employment. You do not have to pay PRSI on your pension from a former employment.

If you take up part-time work or low-paid work, you are still in the PRSI system but you may not have to pay anything. You do not have to pay any PRSI if your income is less than €287 in a week but you are

an insured employee and eligible for social insurance benefits. If your income is over €287, then you pay PRSI on the amount of your income above €127 a week up to a ceiling. The current ceiling is €44,180.

If you are self-employed and earn over €3,174 in a year, you are liable for PRSI at 3%.

You are not liable for PRSI contributions after the age of 66.

Many pensioners think they are paying PRSI because their payslip from the pension payer has a deduction under the heading of PRSI – this is actually the health levy and not PRSI itself.

Health levy

Even though the health levy (2%) is usually deducted with your PRSI contribution, the rules which apply to it are quite different. It may be charged on all your income so you may have to pay it on your pension from your former employer.

You are not liable for the health levy if:

- ◆ you have a medical card: everyone over the age of 70 is entitled to a medical card,
- ◆ your income is less than €400 a week, (once you go above this limit, you have to pay the 2% on all your income, unless you are otherwise not liable) or €20,800 a year if you are self-employed,
- ◆ you are receiving a widow's/widower's pension or any of the one parent family benefits from the Department of Social and Family Affairs or the equivalent from an EU member state.

Equal Treatment

Equal Status

Under the Equal Status Acts, discrimination on a number of grounds, including age, in areas of life other than employment – mainly the provision of services – is prohibited.

There are a number of areas of activity which have upper age limits. These are not affected by the equal status legislation.

Jury Service

In general, jury service is obligatory for people aged 18 – 65 who are on the electoral register. There are some exclusions and some exceptions but these are not age related.

If you are aged between 65 and 70, you are “excusable as of right”. This means that you may be called to serve on a jury and may do so but you may tell the court that you do not wish to serve. In effect, you have the choice about whether to serve or not. If you are called for jury service and you do not wish to serve, you should write to the Registrar of the Court concerned pointing out that you are excusable on age grounds.

If you are aged 70 or over, you are not qualified to serve on a jury at all. If you are called, you should write to the Registrar of the Court concerned pointing out that you are disqualified on age grounds. (If you decided to serve, the trial could be a mistrial.)

Driving Licences

The general rules about qualifying for a driving licence apply to everyone, regardless of age. There are also some special rules which are age related.

Aged under 60: you may apply for a three-year or a ten-year driving licence.

Aged between 60 and 67: you may no longer apply for a ten-year licence. Instead, you may apply for a driving licence which expires at age 70 or for a three-year licence.

Aged 67 or over: you may only apply for a three-year licence. A one-year licence may be issued if, for medical reasons, a longer term licence cannot be granted.

Aged 70 +: you may apply for a one-year or three-year licence.

People over 70 must provide a medical report when applying for a driving licence. There are circumstances

in which a medical report is required in order to get a driving licence, regardless of age. This is the case if you are suffering from certain specified diseases or physical or mental disability; if you are taking drugs or medication on a regular basis which would be likely to cause your driving to be a source of public danger; if you ever suffered from alcoholism or epilepsy or if you are dependent on psycho-active drugs.

If you are in this situation, you may be allowed a one-year licence only or a three-year or ten-year licence.

At present, a one-year licence costs €5; a three-year licence costs €15 and a ten-year licence costs €25. If you are aged 70 or over, you do not have to pay for your driving licence.

Passports

There is no age restriction on the issuing of passports but a standard ten-year passport is free of charge for people aged 65 and over.

Comhairle Information Grants Scheme for Voluntary and Community Organisations 2005

This Scheme supports innovative initiatives/measures to improve access to information, advice and advocacy services. It is Comhairle's primary fund at national level for supporting information initiatives in the wider community and voluntary sector. The 2005 Scheme focused generally on social inclusion information measures with particular consideration given to initiatives that addressed the information needs of older people. This is in line with Comhairle's adoption of the information needs of older people as a theme for 2005.

Particular consideration was given to projects connected to national or regional networks. Evidence of on-going linkages and the capacity to replicate the initiative was also sought.

A total fund of €200,000 was available in 2005 for the scheme with maximum awards of €20,000 and minimum awards in the region of €6,000. The scheme was advertised in the national press on 2nd June with a closing date of the 30th of June. Over 150 applications were received.

Grants have been awarded to the following organisations:

AWARE

Production and distribution of a booklet for older people and their carers which will help them to identify depression. It will also outline the sources of help and support.

Blanchardstown Centre for Independent Living

Production of a DVD with an accompanying printed pack, targeted at people with disabilities who would benefit from exploring the possibility of independent living but who may not have the information to take the first steps.

Rathmines Information and Community Services Centre

Project targets older residents in the area, particularly those not currently using usual information channels by providing information on local services and sources of information, a series of information days and advertising programmes and activities aimed at older people.

Irish National Organisation of the Unemployed (INOUE)

Production of two leaflets which will be available in print and on-line in English, Polish, Lithuanian and Latvian.

- ◆ Welfare rights of non-nationals who lose their job in Ireland
- ◆ Supports available for looking for work and accessing jobs aimed at those with little command of English

Limerick Traveller Development Project (LTDP)

Information on health for the Traveller community in audio, video and print formats. Medical information will be targeted to Travellers. Local and regional contact information included.

Cope

Production of an information booklet for homeless people, providing a simple guide to services.

RosFM

One-hour weekly radio programme to be made by older people to broadcast information relevant to older people.

National Council for the Blind of Ireland (NCBI)

Purchase of hardware to allow recording and dissemination of information on services, benefits and entitlements to vision-impaired people in Donegal.

Muintir na Tire Community Alert

Information training seminars in all counties for Community Alert volunteers. Skills training and resource materials included.

Westmeath Employment Pact Ltd.

Information leaflet for migrant workers in 5/6 languages to address relevant employment issues and key contacts for information, support and advocacy across the Midlands Region.

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