



# News in Brief

Irish Senior Citizens Parliament, 90 Fairview Strand, Dublin 3

December 2010



## Budget 2011 Special

Read in conjunction with the ISCP Budget submission.

The State Pension has again been maintained at the same rate of €230 in Budget 2011. We are told that it will remain at this rate until 2014. We must not forget that Older People's income has already been reduced by 2% by the withdrawal of the additional payment at Christmas.

*We want to thank all of you who lobbied hard on the budget submission. We say well done for all your efforts and for your help and assistance. However, while the state pension has been maintained at the same level there are measures in this budget which will affect almost all older people.*

Older People are well aware of the grave challenges facing Irish society. All have experienced financial losses or changes whether directly or indirectly through their families. Many Older People help with child and adult care and have seen job losses affect their children and grandchildren and indeed some will know the experience of children and grandchildren emigrating. Indirectly pay cuts and decreases in social welfare are felt by all.

### BUDGET 2011

#### What Stayed the Same?

- ❖ The State Pension (contributory and non-contributory) have been retained at their current rates.
- ❖ The Travel Pass.
- ❖ Free TV Licence.
- ❖ Telephone, Electricity & Gas Allowances.
- ❖ Living Alone Allowance & Over 80 Allowance.
- ❖ Fuel Allowance & Islander Allowance.

- ❖ **Additional Christmas Payment** is not restored. This was removed in Budget 2009 and in effect amounts to a 2% cut for pensioners.
- ❖ **A One-Off Additional Fuel Payment of €40** will be paid to households in receipt of the Fuel Allowance for 2010/2011. It will be paid before the end of January 2011.

It should be noted that **No waivers or exemptions were introduced to Carbon Tax** which was introduced in 2010 and applies to gas, oil, diesel and petrol. It is estimated that this tax costs households €2-€3 per week.

#### Universal Social Charge:

This is a new charge introduced in Budget 2011 charge (USC) which will replace the Health Levy and the Income Levy at the following rates and thresholds:

- ❖ 0% on anything under €4,004
  - ❖ 2% on €0 to €10,036 (if income is greater than €4,004)
  - ❖ 4% on €10,037 to €16,016
  - ❖ 7% on anything over €16,016
- ❖ State payments are not subject to the USC.
  - ❖ A maximum rate of 4% USC will be applied to income earners **over 70**.
  - ❖ Everyone **under the age of 70** will be subject to the rates above.

See page 3 for more information on USC

#### Income Tax:

- ❖ **Age Credit:**  
This will drop from €325 to **€245** for a single person.
- ❖ **Age Exemption:**  
These limits from 1 January 2011 will fall from €20,000 to **€18,000** for a single

person. This will cost Older People up to **€400pa** (20% of €2,000).

❖ **Personal & Employee Allowances:**

These apply to everyone, not just - but including - Older People. Both the Employee & Personal Tax Credits are being reduced from €1,830 to **€1,650** - a loss of **€180pa**.

*Double all the above for a married couple.*

**Tax on Savings:**

**Deposit Interest Retention Tax and Exit Taxes on Life Assurance Policies & Investment Funds:**

These taxes have been increased by 2% to 27% for payments made annually and 30% for payments made less frequently.

However, there is an **exemption** for those over 65 if your income and that of your spouse's is below the exemption limits of €18,000 for a single person and €36,000 for a couple. Those eligible should contact their bank/financial institution and ask for the DIRT exemption form - this way you will not have to ask for a refund at the end of the year but have the exemption directly.

**Inheritance Tax:**

There are 3 categories for inheritance and the thresholds have been reduced on all three. Any amount in excess of the threshold is liable to 25% tax.

Group A (children and in some cases parents)

Threshold: €332,084

Group B (brothers and sisters) Threshold:

€33,208

Group C (any other relative) Threshold: €16,604

**Health Supports & Benefits:**

**Additional Long Term Care Support** funding of **€14million** has been allocated by the Dept of Health & Children of which,.

❖ **Fair Deal** funding has been increased by **€6million** to take into account the increasing number of Older People requiring long-term nursing home care.

❖ **Home Care Packages** funding has been increased by **€8million**. This brings the total to €138million and will provide an extra 500 packages at any one time or up to 800 over the course of 2011. Currently, the HSE provides in the region of 5000 HCPs to around 9,600

Older People at any one time or 13,000 clients on an annual basis.

❖ **Drugs Repayment Scheme** remains the same.

❖ **Prescription Charges** remain the same. Last year's budget introduced a 50c prescription charge for each item dispensed to medical card holders and people with long-term illness. No change was made to this charge in Budget 2011.

**Public Service Pension Reduction:**

This is a once-off reduction applied to a pensioner's gross annual pension payment using a set of rates and income bands. It will apply to existing pensioners and persons retiring up to end-February 2012. Retirees thereafter will not be affected, but their pensions will be lower as they will be affected by the January 2010 pay cuts. It is a tapered measure which imposes a greater reduction on persons with more substantial public service pensions. It does not affect lump sums or death gratuities. Pensions below €12,000 will be exempt.

It will apply from the 1<sup>st</sup> January 2011 as follows:

<b>First €12,000</b>	<b>0%</b>
<b>Between €12,000 and €24,000</b>	<b>6%</b>
<b>Between €24,000 and €60,000</b>	<b>9%</b>
<b>Above €60,000</b>	<b>12%</b>

Pension before Reduction (€)	Annual Reduction (€)	Annual Reduction (%)
12,000	0	0%
15,000	180	1.2%
20,000	480	2.4%
25,000	810	3.2%
30,000	1,260	4.2%
40,000	2,160	5.4%
50,000	3,060	6.1%
60,000	3,960	6.6%
70,000	5,160	7.4%
80,000	6,360	8.0%
90,000	7,560	8.4%
100,000	8,760	8.8%

## **NOTE ON THE NEW UNIVERSAL SOCIAL CHARGE**

The 2011 Budget on Dec 7th announced that the Health Levy and Income Levy are both to be abolished – and replaced by a new **Universal Social Charge**. This USC is a tax on earnings and does not confer a benefit to those paying the charge.

**All individuals are liable to pay the USC if their gross annual income is more than €4004 (€77 a week).** If you are exempt from paying Income Tax – you will still be liable for this USC.

**The rates for this USC will be as follows:**

- **Zero** if total income is under €4,004

**For people with income of €4005 or more the rates will be:**

- **2%** on all income up to €10,036
- **4%** on earnings between €10,037 and €16,016
- **7%** on any income over > €16,016

Someone earning €25,000 will be charged 2% on the first €10,036, then 4% on the next €5,980 and 7% on the rest, making a total of €1,069.

**For PAYE workers** – the Universal Social Charge will be deducted from all wages – regardless of your income level. At the end of the year those who have earned less than €4,004 will have to apply to Revenue for a refund.

People aged **70 or more** will have a maximum rate of 4% USC (even on Income over €16,016).

The **Health Levy** was set at 4% on all earnings above €26000 up to €75,036 and 5% on earnings over €75,036.

The **Income Levy** was set at 2% on income up to €75,036, 4% on income from €75,037 to €174,980 and 6% on income above €174,980. (Exempt if Medical Card holder or earning less than €15,028).

According to the Budget announcement: “Persons entitled to a full medical card are **not excluded** from the Universal Social Charge. The exemption that existed for people who hold a full medical card in relation to income levy is not a feature of Universal Social Charge.”

**These are the income types that are not liable for this USC:**

**All Department of Social Protection payments** – this would include all Welfare Benefits, State Pensions, Child Benefits, Jobseekers Allowance or Jobseekers Benefit, One-Parent Family Payment, Widow(er)’s Pension or Disability Allowance, Adult Dependent of a recipient of the non-contributory State Pension.

**These Payments made by the Dept of Enterprise, Trade and Employment** - Community Employment

Scheme, Job Initiative Scheme, FÁS (non apprentice payments)

**Payments made by the Health Service Executive (HSE):-** Infectious Diseases Maintenance Allowance, Blind Welfare Supplementary Allowance, Domiciliary Care Allowance, Mobility Allowance.

**And these payments:**

VTOS Training Allowances

Youthreach Training Allowances

Senior Traveller Training Allowances

Back to Education Initiative (BTEI)

Training Allowances paid to Youthreach, STTC or VTOS eligible participants on a pro-rata basis

Vocational Education Committees’ Scholarship Scheme

Fund for Students with Disabilities

Student Assistance Fund

Millennium Partnership Fund for Disadvantage

Payments made by the Dept of Agriculture:

Farm Retirement Pensions

Farm Retirement Workers Pensions

Payments made by the Dept of Community Rural and Gaeltacht Affairs

Rural Social Scheme, Farm/Fish Assist

**Other Exempt Income Types**

Interest on savings certificates, Exemption from BIK

Travel Pass, New bicycle scheme, Distributions to certain non-residents, Payments in respect of personal injuries, Special trust for permanently incapacitated, Haemophilia Trust, Hepatitis C, Thalidomide, Exemption in respect of certain payments under employment law, Foster Care Payment, Income from Scholarships, Child benefit, Early Childcare Supplement, Exemption in respect of certain expense payments, Expenses of members of Judiciary, State Employees: Foreign Service Allowance, Employee of certain agencies: foreign service allowances, Bonus or interest paid under instalment savings schemes, Interest on certain securities, Certain foreign pensions

Basic and increased exemptions in respect of tax, under section 123 (Redundancy) including SCSB, Relief for agreed pay restructuring, Lump sum weekly payment or resettlement allowance paid under the Redundancy Payments Act, 1967, Military & other pensions, gratuities and allowances, Veterans of war of independence, Rent a Room relief, Scéim na bhFoghlaimoirí Gaeilge, Childcare Service Relief.

### Carers:

- ❖ The **half rate Carer's Allowance** will continue to be paid to people who are full-time carers and who are getting another welfare payment.
- ❖ Carers will continue to get the annual **Respite Care Grant** of €1,700 for each care recipient.
- ❖ Carer's Allowance rates for **carers over 66** years of age will not change.

### Energy:

A new scheme to encourage individuals to make their homes more energy efficient provides tax

relief up to a maximum expenditure of €10,000 at the standard rate of income tax (20%). Credit will be given in the following tax year.

Note this means that non-taxpayers (e.g. people who rely solely on the state pension) will receive **no benefit** from this scheme.

In addition there is a promise to introduce the National Energy Retrofit Programme some time in 2011. This scheme will replace the Warmer Homes Scheme and the Home Energy Saving Scheme.

## SOCIAL WELFARE RATES 2011

### PAYMENT RATES FOR OVER 65s - UNCHANGED

	Personal Rates		Qualified Adult Allowance	
	Current Rates	2011 Rates	Current Rates	2011 Rates
<b>Contributory / Social Insurance Payments</b>				
<b>State Pension (Contributory)/(Transition)</b>				
Under age 80	€230.30	€230.30	€153.50 (under 66)	€153.50 (under 66)
Aged 80 and over	€240.30	€240.30	€206.30 (over 66)	€206.30 (over 66)
<b>Widow's/Widower's (Contributory) Pension/Deserted Wife's Benefit</b>				
Aged under 66	€201.50	<b>€193.50</b>		
Age 66 and under 80	€230.30	€230.30		
Aged 80 and over	€240.30	€240.30		
<b>Invalidity Pension</b>				
Aged under 65	€201.50	<b>€193.50</b>	€143.80 (under 66)	<b>€138.10 (under 66)</b>
Aged 65 and under 80	€230.30	€230.30	€206.30 (over 66)	€206.30 (over 66)
Aged 80 and over	€240.30	€240.30		
<b>Death Benefit Pension</b>				
Aged under 66	€226.50	<b>€218.50</b>		
Aged 66 and under 80	€234.70	€234.70		
Aged 80 and over	€244.70	€244.70		
<b>Carer's Benefit / Constant Attendance</b>	€213	<b>€205</b>		
<b>Non-Contributory / Social Assistance Payments</b>				
<b>State Pension (Non-Contributory)</b>				
Aged 66 and under 80	€219.00	€219.00	€144.70	€144.70
Aged 80 and over	€229.00	€229.00		
<b>Carer's Allowance</b>				
Aged 66 and over	€239.00	€239.00		
Aged under 66	€212	<b>€204</b>		