

S4 Going South – Retirement

This leaflet is for you if you live in the North and you want to retire to the South or if you intend to go to South to work for a period and then retire. It tells you about transferring your pension or other entitlements from the North and about the benefits you may get while living in the South. It covers the general rules – there is not enough space to give all the details. You may get further information from the addresses and websites listed.

The information in this leaflet is mainly for citizens of the EU/EEA. Citizens of all countries, including citizens of the EU and EEA member states, may have to establish habitual residence in the Common Travel Area (Ireland, the UK, the Channel Islands and the Isle of Man) before they can qualify for certain benefits. Citizens of the EU/EEA member states and refugees are entitled to combine social insurance contributions paid in two or more member states in order to qualify for benefits and they are entitled to transfer certain benefits from one member state to another. Citizens of other countries may acquire entitlement to the insurance based benefits after working for a period and may acquire rights to other benefits after a period of legal habitual residence.

The information in this leaflet was compiled in January 2006. Subsequent changes may affect the accuracy of the content.

Retirement Age

The usual age of retirement in the South is 65 and that is the age at which people are eligible for Retirement Pension. Old age pensions are payable from age 66. Many people retire earlier and may be eligible for unemployment or sickness payments – see Leaflet S2 *Going South – Social Security/ Welfare* for details. Those who retire earlier than the usual retirement age may need to ensure that they do not lose out on entitlement to State Retirement Pension (from the North) or Retirement and Old Age (Contributory) Pension (from the South)

Before You Move

You may get information on your entitlements from Northern Ireland from
Department for Social Development
Operational Support Division
Overseas Benefits
Unit Block 2
Castle Buildings
Stormont
Belfast BT4 3SP
www.dsdni.gov.uk

Retired Early - Retired before you move South

If you have retired to the South before UK state pension age and you are not making any social insurance contributions in the South you should enquire about keeping up your UK national insurance contributions – contact HM Customs and Revenue:

<http://www.hmrc.gov.uk/faqs/vol-contrs.htm>

You may get a UK State pension forecast from the Centre for Non-Residents:

HM Revenue & Customs
Centre for Non-Residents (Newcastle)
Longbenton
Newcastle Upon Tyne
NE98 1ZZ
United Kingdom.

Helpline: 00441912037010

www.hmrc.gov.uk/cnr

If you have moved to or are resident in the South and have worked in the North or other parts of the UK you can apply for a UK Retirement Pension by contacting the International Pension Centre whose contact details are:

International Pension Centre
Tyneview Park
Newcastle Upon Tyne
NE98 1BA
Tel: 0044 191 218 7777
Fax: 0044 191 218 7293

Retired Early - Retired having worked in the South

You may be eligible for the various unemployment or disability payments described in Leaflet S2 *Going South – Social security/ Welfare*.

Maintaining your contributions

If you have worked in the South before you retire and you are not receiving any social welfare payment you should find out how to maintain your social insurance record so that you do not lose out on retirement and old age pensions. You can ask the Records Section of the Department of Social Community and Family Affairs (DSFA) 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. There are specific rules in relation to making voluntary contributions. www.welfare.ie

Retirement Payments in the South

Retirement Pension

You may qualify for Retirement Pension (known as State Pension (Transition) from September 06) from the Department of Social and Family Affairs (DSFA) if you are retired, aged 65 and have enough social insurance contributions.

At present 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 €1,174 a year from self-employment. (Income from savings or investments will not prevent you from receiving a 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 or OACP (see below). You should apply for Retirement Pension 4 months before reaching the age of 65. You may qualify for an EU Pro Rata Retirement Pension on the basis of a combination of social insurance contributions if you have worked in more than one EEA state (see ‘Combining your contributions from each Country’ below).

Old Age Contributory Pension (OACP)

In order to qualify for this pension (known as State Pension (Contributory) from September 06) you must be aged 66 and have enough social insurance contributions.

The contribution conditions for both Retirement Pension and OACP are complex, but, in general, you need to have paid contributions all through your working life in order to get the maximum pension. At present you need 5 years paid contributions to be able to qualify for either pension. If you reach retirement age on or after 6 April 2012 you will need at least 10 years contributions to qualify. The conditions for OACP in terms of a yearly average of contributions are somewhat easier to meet. There are various arrangements for pro-rata pensions for people who have not paid contributions all their lives, who have paid modified contributions, or who have paid contributions prior to 1953.

You cannot rely on a spouse’s contributions in order to qualify for either pension yourself. Increases for dependent spouses and children may be payable with each pension.

Old Age (non-contributory) Pension

This payment (known as State Pension (Non-Contributory)) is a means tested payment for people aged 66 or over who do not qualify for a contributory pension or who only qualify for a reduced rate contributory pension. You must usually be resident in the South in order to qualify. However if you are receiving this pension and you go to live in the

North, you may continue to receive it for up to five years. You should make the necessary arrangements with the DSFA before you go.

Pre-retirement Allowance (PRETA)

You may qualify for PRETA if you are retired, 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
- are a separated spouse who has not been working in the previous 15 months

PRETA is similar to Unemployment Assistance (See leaflet *S2 Going South – Social security/ Welfare*) except that you do not need to be available for work.

Proposed welfare reform legislation will see the abolition of PRETA although you will be able to retain entitlement if you are an existing claimant.

The Free Schemes

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

Free Travel: This is available to everyone aged 66 and over and to people who are receiving certain benefits for people with disabilities.

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. If you are resident in the South, aged 66 or over, and in receipt of a UK Retirement Pension you may qualify for this package.

National Fuel Scheme

This scheme provides a weekly fuel allowance for 29 weeks from the end of September to the middle of April. It is a means tested allowance available to low income households in receipt of certain qualifying payments.

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

Combining your contributions from each Country

If you have paid social insurance contributions in two or more EEA member states you may be entitled to a pension or partial pension from each country awarded on a pro rata basis. (Similar arrangements may apply with certain other countries with which there are bilateral social security agreements).

If you have paid social insurance contributions in the South and the North, you should apply for a retirement pension initially to the country in which you live. The Department for Work and Pensions (DWP) in the UK and the DSFA in Ireland then work out how much you get from each.

Each looks at the situation in two ways and then grants you whichever is most beneficial.

- (a) They see if you can qualify for a pension on the basis of contributions paid in that country only
- (b) They then look at the contributions in the two countries and see what pension you would get if these had all been paid in the country in question. They then calculate what proportion is applicable.
- (c) You get the higher of (a) and (b) from each country.

If you have paid contributions for 10 years in the North and then paid for 30 years in the South, the DSFA would make the following calculations:

- They would assess how much Retirement Pension/OACP you would get on the basis of your 30 years contributions
- They would then assess what you would get if all your 40 years had been paid in Ireland and calculate three quarters of that
- They would pay you the highest amount of those two calculations

The DWP would make these calculations:

- They would assess how much State Pension or OACP you would get on the basis of your 10 years contributions.
- They would then assess what you would get if all your 40 years had been paid in the UK and calculate one quarter of that
- They would pay you the highest amount of those two calculations

Occupational Pensions

Occupational pensions and Personal retirement Savings Accounts (PRSAs) are regulated by the Pensions Board (see Leaflet S1 *Going South - Work*). The Board has produced a number of leaflets on the operation of the Pensions Act. 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

The Pensions Ombudsman investigates and decides on individual complaints relating to occupational pensions and PRSAs.

www.pensionsombudsman.ie

Retired at State Pension Age

If you are already getting State Pension from the North you may transfer it to the South when you move. See booklet N4.

Winter Fuel Payment(s)

This payment is explained in leaflet N4 *Going North - Retirement*. If you move to the South and previously qualified for a winter fuel payment in the North or another part of the UK you may be able to continue to receive the payments in the South. The payments are made automatically to you if you are receiving State Retirement Pension from the UK.

Winter Fuel Payments Helpline: 08459 151515

Taxation

In general, when you are retired, you have to pay tax as you did when you were in employment (see leaflet S1 *Going South - Work*). There are some features of the taxation system which are especially relevant to retired people.

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. The level of income exempt from tax is greater if you or your partner are aged 65 or over (see below).

Occupational Pensions

Occupational pensions are taxed in the same way as salaries and wages. If you are getting an occupational pension from the South it is usually taxed by PAYE in exactly the same way as you were taxed while employed. If your pension comes from the North or another part of the UK you will be subject to self assessment and subject to the exemption limits explained below. You may have to pay tax in a lump sum annually. However if you pay income tax to Revenue in the UK on your occupational pension you may be entitled to double taxation relief which will serve to reduce any potential tax liability to Revenue in Ireland. You may also be able to apply to Revenue in the UK for a

tax exemption on the basis that you are not resident in the UK. This will mean that your occupational pension is only taxable where you reside in Ireland.

You may find out about the UK tax which may apply from
Inland Revenue Centre for Non-Residents
St John's House
Merton Road
Bootle
Merseyside L69 9BB
Tel: +44 151 210 2222.

<http://www.hmrc.gov.uk/pensionschemes/pts.htm>

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 exemption limits for people aged 65 and over for the year 2006 are as follows:

Single/Widowed person:	€17,000
Married Couple	€34,000

There are slight increases if you have dependant children.

If you expect that your income for the year will be less than these limits you should tell the Inspector of Taxes who will arrange that tax will not be deducted.

Tax Credits

In the South these are reductions in your income tax liability. 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.

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.

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

- your or 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.

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.

Other Benefits for Older People

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 and you must provide a medical report when applying for a driving 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.

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.