

The Irish Social Security System

Department of Social & Family Affairs



Introduction

The Department of Social and Family Affairs welcomes many visits from officials from similar Ministries and Agencies in other countries, and values these opportunities for exchange of ideas and information.

This booklet is designed to present a summarised overview of the structure and work of the Department, and the schemes it administers, and to answer many of the questions that arise on these visits.

Introduction	1
The Department's Mission	2
Structure of the Department	3
Geographical Location of Headquarter Offices	4
Regional Structure	4
Regional and Local Office Functions	5
Income Support	6
Expenditure Trends	6
Social Partnership and Annual Increases	8
Expenditure by Programme	9
Types of Schemes	9
<i>Non-Contributory Schemes</i>	9
<i>Social Insurance Schemes</i>	10
Schemes for the Elderly	11
Active Age Group Supports	13
<i>Insurance Based Schemes</i>	14
<i>Non-Contributory Schemes</i>	14
Family Supports	15
<i>Child Benefit</i>	16
Supplementary Welfare Allowance (SWA)	16
External Bodies that Report to the Minister for Social and Family Affairs	18

The Department's Mission:

“Our mission is to promote a caring society through ensuring access to income support and related services, enabling active participation, promoting social inclusion and supporting families”

The traditional business of the Department was the provision of a range of income supports, comprising insurance (PRSI)-based payments, social assistance (means-tested) payments, associated secondary benefits and Child Benefit. Over the past twenty years, however, the role of the Department has expanded into other areas, including supports for people to return to work, support for voluntary and community activity and activities to combat poverty. More recently, the Department has been given responsibility for family support.

The need to introduce people to a positive direction and hope was first addressed while Ireland was still experiencing high unemployment and a very sluggish economy in the early '90s. This Department began at that time to support community projects that held out a prospect of reintegrating the long-term unemployed into a productive contribution to society.

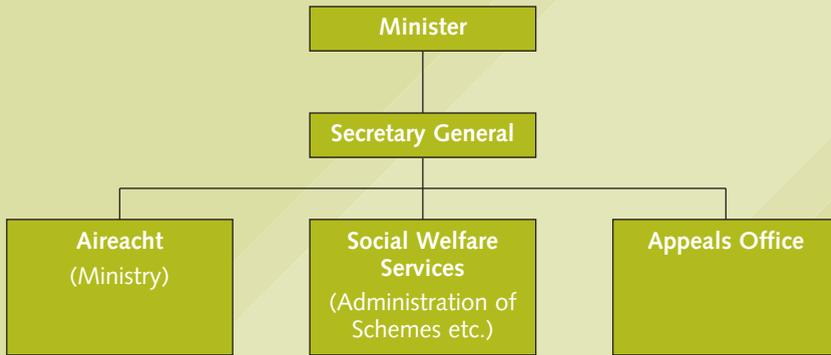
The establishment of the Department of Community, Rural and Gaeltacht Affairs has brought about a re-alignment of responsibilities in the area of support for voluntary and community activity.

The Department produced a National Anti-Poverty Strategy in 1997 and this was revised in 2002. Between 1994 and 2001, the proportion of the population experiencing consistent poverty was reduced from 15.1% to 5.2%. In 2003 the **Office of Social Inclusion** was established to monitor the implementation of the National Anti-Poverty Strategy and develop a formal data strategy and research programme.

Poverty and Social Exclusion Goal:

To provide relevant and effective supports to those affected by poverty and social exclusion and co-ordinate the development and implementation of the Government's strategy in this area, in co-operation with other statutory and voluntary agencies.

Structure of the Department

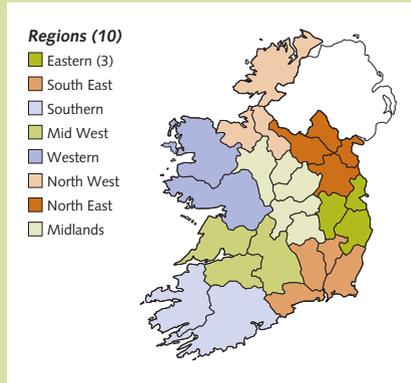


The Department is structured on Aireacht/Executive lines handling both policy and administration of services. It has a total of approximately 4,850 staff (of which over 900 are worksharing, equating to about 4,400 full-time posts).

The policy side is within the Aireacht, an Irish word meaning “Ministry”. The Aireacht also deals with personnel functions for the whole Department, and financial matters.

The Executive division of the Department (known as Social Welfare Services) reports to the Director-General who is also the Deputy Secretary General. This deals with the management and delivery of social welfare schemes and services throughout the State.

The Appeals Office deals with appeals by claimants who are dissatisfied with the decision of the Department on their claim. It is kept independent of the Social Welfare Services structure in order to assure appellants that their appeal will be given a genuinely fresh and independent consideration.



Geographical Location of Headquarter Offices

Dublin is the location of the principal office, but there are other Headquarter offices dealing with the administration of certain schemes.

Several of these offices are located in provincial towns as part of the Government's decentralisation policy.

For example, Longford has approximately 260 staff handling long-term sickness schemes.

Sligo has approximately 540 staff handling old age and widows pensions.

Letterkenny has approximately 190 staff handling Child Benefit and Treatment Benefit claims.

Regional Structure

There are 10 Regions managing the local office work of the Department.

Each Region has a Regional Manager, and a Regional Management team.

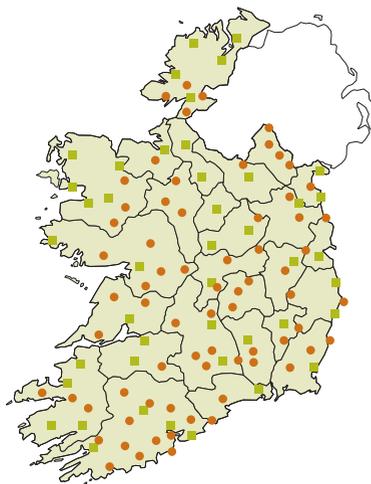
It is subdivided into Areas with Area Managers, as well as managers for each Local Office.

Local Offices are staffed by civil servants of this Department.

Branch offices are sub-offices that receive claims and queries in smaller towns. Branch managers are contract workers, not civil servants, and employ their own staff. All decision work on claims is referred to the parent Local Office.

Total Number of Local/Branch Offices

- Local Offices = 58
- Branch Offices = 69



Regional and Local Office Functions

Some claims are investigated, decided and maintained by staff in local offices. The main ones are unemployment claims, one-parent family claims and Farm Assist. Other claims, like pension claims and sickness benefit claims, are decided centrally.

Medical certificates in support of sickness claims can be handed in at the local office instead of being posted to Dublin or Longford.

Information Officers are available at local offices to give information on the full range of services provided.

Means testing for non-contributory pensions and allowances is done by personal interview, either at the claimant's home or in a local office.

Local inspectors also visit employers to check that social insurance contributions have been correctly paid.

Job Facilitators in the local offices assist people to return to work, training or education.

People who do not already have a Personal Public Service Number apply for it at their local office on commencing employment or when they need it for any other reason.

Income Support

The largest element of the work of the Department is the provision of income support through the range of social insurance and social assistance schemes, as well as universal child benefit. These schemes are provided for in legislation. The Department is also responsible for a range of additional services which benefit certain categories of income support recipients.

The Irish social welfare system is contingency based in that there is a wide variety of schemes each geared to meeting contingencies such as unemployment, sickness, old age etc.

It is the Department's responsibility to identify income support needs and the degree to which these are currently being met, bring forward proposals where necessary to address unmet needs and, when Government decides on the course of action to be followed, ensure delivery of schemes and programmes or changes to these programmes as appropriate.

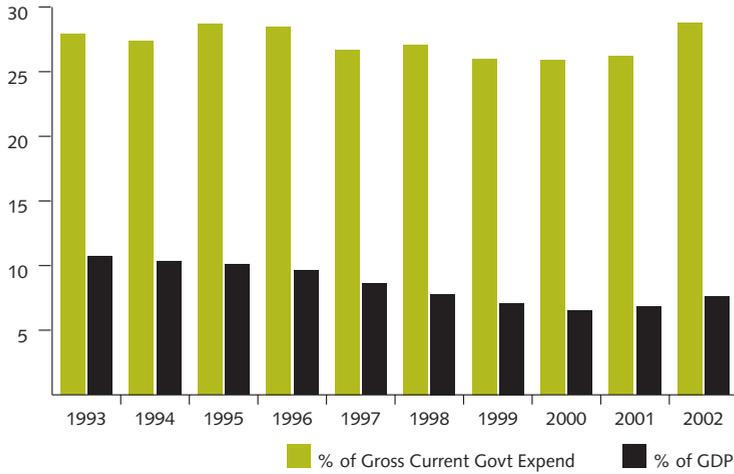
Income Support Goal:

Promoting the development of adequate, secure and sustainable income support and related services and delivering appropriate services to the highest standards, in co-operation with other relevant agencies, and responsive to people's changing needs and entitlements, taking account of our responsibilities to contributors and tax-payers.

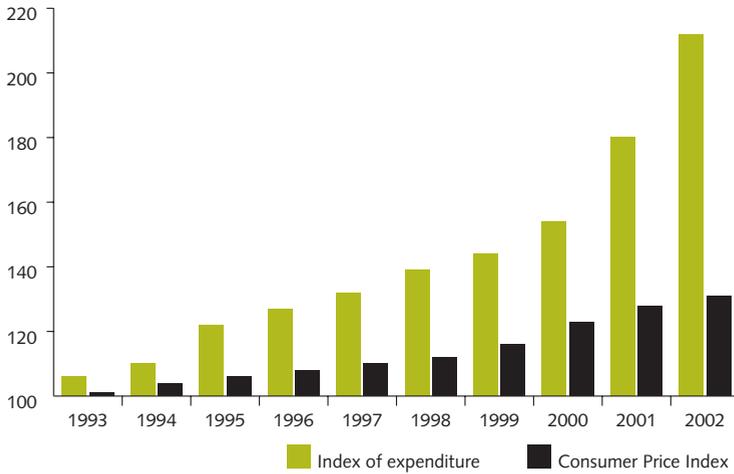
Expenditure Trends

Expenditure on social welfare has consistently been over a quarter of gross current government expenditure.

As a percentage of gross domestic product, it has decreased by about a third over the last 10 years. This reflects the increase in the economy, not a reduction in the real value of social welfare expenditure. In 2002 as the growth rate of the economy slowed down, the expenditure on social security again increased as a percentage of GDP.



Between 1993 and 2002 the Consumer Price Index rose by 30% but total social welfare expenditure rose by 106%.



Social Partnership and Annual Increases

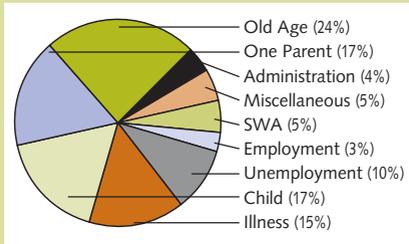
Annual increases in payment rates, and changes in social insurance contribution rates or thresholds, are determined by the Government in the context of framing its annual budget. Normally the increases are in excess of increases in the cost of living. They have also been influenced by negotiations in the context of national agreements with the social partners.

In the late 1980s, the government and the social partners recognised that high rates of inflation and consequent high wage claims and industrial unrest were major factors contributing to poor economic growth. The outcome of their discussions has been a series of national agreements, each normally for a 3 year period, covering a broad range of economic policy, national wage increases, industrial peace and social development. These agreements were major contributors (together with other factors like a well-educated workforce, a strategic job creation programme, and fiscal policy) to the economic boom of 1995 to 2001.

Representatives of farming and voluntary organisations are now included alongside the traditional social partners: employers and trade unions, in the negotiation of these agreements. As expenditure on social welfare is both drawing from and contributing to the economy, it is included in the scope of the discussions. The result has been an increased awareness on all sides of the need for balance between the many inter-related factors affecting the economic health of the nation.

It has been the practice for several years that the Minister for Social and Family Affairs receives pre-budget submissions from a wide range of voluntary organisations and other interested groups, and meets them personally at a pre-budget forum. This has been beneficial, not only in increasing the sense of being listened to in the consultation process, but also in developing the recognition that there are many competing claims for improvements in social welfare provision, all of which have merit, but together they far exceed the capacity of our economy to support immediately.

Expenditure by Programme



Ireland will experience the burden of financing old age pensions due to demographic changes later than other European countries. However, expenditure on Old Age and Retirement pensions already exceeds that in any other particular sector.

Administration costs are held below 5% each year, (4.4% in 2002). The administration costs related to the payment of contributory social insurance benefits are charged to the Social Insurance Fund.

Types of Schemes

Ireland operates a "mixed" system of social security – a social insurance system and a social assistance system.

For most social security risks Ireland provides both a contributory scheme for those who have been in employment and a means-tested non-contributory scheme for those who are not entitled to the contributory benefit.

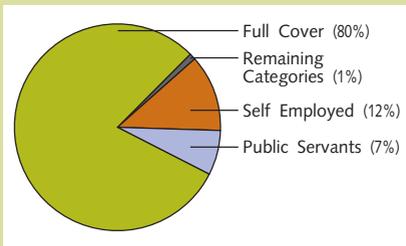
Non-Contributory Schemes

The means-tested non-contributory pensions are paid from general taxation, whereas the contributory pensions are paid from the Social Insurance Fund. The maximum rate of entitlement on the non-contributory scheme is about 10% lower than the standard rate of entitlement on the equivalent contributory scheme. Currently the overall annual expenditure on non-contributory schemes is slightly higher than that on social insurance schemes, but the long-term trend is for insurance entitlements to replace the demand on assistance schemes.

Social Insurance Schemes

The social insurance schemes are financed on a “pay as you go” basis. Contributions are paid by employers, employees and the self-employed. The Government funds any shortfalls that arise in any year. Since 1995, there has been a small surplus of income over expenditure annually as the economy and employment levels improved.

Everybody over the age of 16 who is employed or self-employed is compulsorily insured.



- ❑ 80% of the working population are covered for all benefits.
- ❑ 12% are self-employed – only covered for old age, survivors' pensions, bereavement grant and maternity benefit.
- ❑ 7% are public servants who pay special rates and whose entitlements are governed by special conditions. However, since 1995 new employees in the public service are now covered at the standard rate.

- ❑ The remaining categories (1%) comprise employees over 66 years of age, or those engaged in very part-time employment and earnings below a specified limit, who are covered for occupational injuries benefit only.

In 2004, employers contribute either 8.5% or 10.75% of their employees' wages to the Social Insurance Fund depending on the level of wages, and the employees pay either 4% or 6%. In 2000 an employment incentive was introduced exempting low-waged employees (currently under €287 weekly) from payment of their share of the contributions.

Self-employed persons pay either 3% or 5%, depending on their level of income.

Even though the contributions are pay-related, all benefits are flat-rate, except maternity and related benefits. Also, where the previous wage level was significantly below the standard benefit level, reduced rates are payable.

An increase may be payable in respect of the claimant's spouse or partner, subject to a means test, and in respect of his or her dependent children.

Depending on the benefit or pension claimed, there are normally two contribution conditions. A certain number of weekly contributions must have been paid, and a certain yearly average over their working life (for old age pension) or in the last year for short-term benefits like sickness or unemployment. Contributions are credited (and are reckonable for the average condition) for weeks when unemployment or sickness or some other benefit is paid.

Most occupational injury benefits do not require a period of contributions, but are payable if the person was insurably employed at the time the injury occurred.

Schemes for the Elderly

Retirement Pension is paid at 65 years of age to someone who satisfies the contribution conditions and has ceased employment. At 66, the person is entitled to **Old Age Pension** whether retired or not. This used to be 70 years when the Retirement Pension was first introduced, but it was reduced gradually during the 1970s. The contribution test for old age pension is more flexible than for retirement pension so for some there is an advantage in transferring at 66 years of age. However for most persons, the entitlement is the same and they continue on retirement pension.

A means tested pension is payable where a person over 66 does not have sufficient insurance contributions to qualify for a contributory pension and where their private income is under a given threshold, e.g. a spouse of a contributory pensioner with little other income may qualify for a higher personal rate than the increase payable on the contributory pension.

If someone over 55 years of age has been unemployed and claiming benefit for more than a year, he or she may decide to retire early and draw **Pre-retirement Allowance** until they reach 66 years. This is means-tested. It was introduced when it was difficult for a person of that age to get employment, and was not terminated

when employment opportunities expanded. However new claimants would now be encouraged to seek retraining or employment rather than opt out of the labour market.

Over the years additional benefits were created in order to assist the elderly remain actively in touch with society:

- ❑ **Free travel** is a universal benefit for all persons over 66 resident in Ireland regardless of income. A travel pass is issued which allows travel on Irish Rail, and city and country buses free of charge, and the Department pays the transport supplier an annual sum based on the estimated use of this facility.
- ❑ **Fuel Allowance** is also a supplement to the pension and is paid weekly for the coldest 7 months of the year. It is targeted at those who are dependent on pension income.
- ❑ **Household benefits** contribute to the electricity and telephone bills, so that elderly persons will make use of adequate heat and light and not be afraid of inability to pay. Originally these were targeted according to household circumstances, but the current development is to broaden the conditions of entitlement and reduce the administration cost by unifying the payment structure.
- ❑ The **living alone allowance** is a supplement paid in recognition of the fact that a person living alone has additional household expenses.
- ❑ An additional supplement is payable where the recipient is **over 80** years of age.

Active Age Group Supports

There are many schemes to address the different needs of those in the 18 to 66 years age group who are unable to work. Again there are both insurance based schemes and means tested schemes.

Support to Work Goal:

Facilitating return to work or participation in training or further education by people in the active age groups dependent on State income supports, through a range of supportive measures, including referral to other agencies as necessary.

Facilitating and encouraging people in receipt of income supports to return to the active labour market, has become a very important element of the overall work of the Department over recent years. This activation role is part of the overall objective of ensuring that the labour market and social protection systems bring the best from each other.

The objective of activation is that the social security system should be a springboard to active participation, while recognising that this will not be possible for everybody. This approach has been applied in many other countries and has been promoted at EU level in various policy statements and initiatives.

The activation process in Ireland requires close co-operation with a number of other agencies. We share responsibility for this area with, in particular, the Department of Enterprise, Trade and Employment, the Department of Education and Science, FAS (the national training and placement authority), the Local Employment Service and a range of other organisations at local level.

Insurance Based Schemes

For those who are sick, **Disability Benefit** is designed for short periods of illness. However, if a person has over 5 years contributions, it is payable throughout the period of inability to work. **Invalidity Pension** provides for persons who are unable to work because of long-term illness or disability. Separate provisions exist for those whose injury or illness was employment-related.

Carer's Benefit is a basic income support for a person who gives up employment to give fulltime care and attention to a sick or elderly person who needs it.

Unemployment Benefit is payable where a person suffers a loss of employment and may be payable for up to 15 months.

Social insurance cover also provides a contribution to **dental and optical expenses**.

Non-Contributory Schemes

Means tested schemes for the 18 to 66 age group include the following.

Disability Allowance provides for those who are significantly prevented from getting employment by physical or mental handicap.

Carer's Allowance is available for a person who gives fulltime care and attention to a sick or elderly person who needs it, either following the expiry of the 15 month period on Carer's Benefit, or if they did not have a sufficient employment record to qualify for it.

Unemployment Assistance is payable after Unemployment Benefit has been paid for 15 months or to a person who does not have an insurance record. It can be paid up to pension age if the person continues to be unable to find employment.

Farm Assist is payable to small farmers who cannot make an adequate living from their holding.

Blind Pension is a long-standing scheme for those unable to pursue their normal employment because of poor sight.

Back to Work Allowance is an incentive payment to encourage a person who has been sick, unemployed or a lone parent to take up work. It is paid over 3 years at a reducing % of their previous entitlement. For a person taking up self-employment it is paid for 4 years – the first year at 100% of their previous entitlement.

Back to Education Allowance is a continued payment of unemployment assistance where the person returns to school to complete second level education or takes up third level education in order to improve his or her employability.

The Employment Support Service in the Department appoints Job Facilitators to assist people to find employment and give advice on the range of incentives and supports available.

Family Supports

Families Goal:

Supporting families in caring for children and other dependent family members, ensuring specific supports for disadvantaged families, families in conflict, one-parent families and families on low incomes and working with other agencies to identify and develop responses to key family issues.

Pensions for **widows, widowers and orphans** can be insurance based or need based. Contributory pensions are not conditional on dependency – a person could be working and entitled to Widow's Contributory Pension. Higher rates apply where the bereavement was due to an occupational injury. A child qualifies as an orphan if deprived of support by both parents whether by their death, disappearance, or failure to support the child. Widowers have been included under the same conditions as widows since 1994.

In the case of non-contributory payments, the scope has been expanded to include all **one parent families** in need, regardless of whether the parent is widowed, deserted or unmarried.

The means test is specially favourable for one-parent families to encourage the take up of part-time employment or re-entry into the workforce.

Family Income Supplement is payable to encourage a person in low-paid employment who has at least one child to stay at work rather than become unemployed. It is paid at 60% of the difference between their wage (or the joint wage if both parents are in low-paid employment) and the prescribed limit for their family size.

Maternity Benefit is payable for 18 weeks on the birth of a child, 4 weeks before and 14 weeks after confinement. A similar payment for 14 weeks is allowed to an **adoptive parent**. Both employed and self-employed contributors are covered for these benefits. Employed contributors are also entitled to a benefit payment when they are given leave on **health and safety** grounds while pregnant or breast-feeding. These are the only social insurance benefits which are pay-related – 70% of previous earnings subject to maximum and minimum rates.

Bereavement grants are payable to the next of kin on the death of a relative, if either the deceased or the beneficiary satisfies the social insurance contribution condition.

Child Benefit

This universal scheme is a monthly payment to all parents for support of their children, regardless of whether the parent is employed or not, and regardless of income. It is conditional only on the child's residence in Ireland and is payable from general taxation.

It is payable until the child reaches 16 years of age and is extended up to age 19 if the child continues in full-time education or is physically or mentally disabled.

Supplementary Welfare Allowance (SWA)

This is a safety net scheme ensuring immediate provision for relief of poverty, with limited exceptions. People in employment of more than 30 hours a week, people in full time education, and workers on strike are excluded, but the dependent spouse and children of a person affected by a trade dispute may receive the Allowance.

It is payable while a person is waiting for a social welfare claim to be determined or if a person does not qualify for such a payment for some reason but is in financial need. For instance, asylum seekers are normally not allowed to work, and therefore do not satisfy the unemployment

condition of being available for work. They can receive SWA if living independently, or at a reduced rate if board and lodging are being provided by the State.

In 2002, over 50% of expenditure on SWA was by way of supplement to social welfare payments in respect of rent for accommodation. Mortgage interest will be paid for up to a year where a person is in difficulty because of loss of employment. After a year they would be expected to resolve their difficulty by getting alternative accommodation.

Exceptional or urgent needs payments may be made at the discretion of the local officer to assist a person with arrears of electricity bills, expenses on the birth of a child, etc. People on social welfare income may also get an annual grant to clothing expenses at the start of a new school year.

Although funded by the Department of Social and Family Affairs, it is administered by Community Welfare Officers working in local Health Centres.

External Bodies that Report to the Minister for Social and Family Affairs

The **Combat Poverty Agency** advises the Minister on issues related to poverty, promoting research, piloting action plans, and monitoring draft legislation for its impact on poverty.

The **Pensions Board** advises the Minister on pension policy and oversees the occupational pension legislation and administration. About 50% of employees are covered by pension schemes arranged by their employers. These schemes enable the worker on retirement to supplement the social insurance pension with an additional private pension, reducing the gap between retirement and pre-retirement income. In 2003, Personal Retirement Savings Accounts were introduced, and employers are obliged to facilitate their employees in opening such an account. PRSAs are personal to the employee and are therefore not frozen when an employee changes job. It is hoped that such measures will increase additional pension coverage to 70%.

Comhairle (the Irish word for “counsel” or “advice”) has responsibility for supporting the provision of independent information, advice and advocacy services for all citizens throughout the country.

85 local Community Information Centres provide information about all State provisions and services. Comhairle also operates a Citizens Information Call Centre, and maintains a website www.oasis.gov.ie with constantly updated information.

Reach is an agency at the cutting edge of developing e-Government services to the public in Ireland, facilitating the use by Government Departments and agencies of the Personal Public Services Number. A **Public Services Broker** will be put in place shortly to hold personal data centrally on behalf of the citizen, and control access by the relevant services. This will eliminate repetitive checking of data by multiple services by verifying the data on initial receipt, and validating it to the appropriate Department or office for social welfare claims, passports, driver's licenses, health services, education services, etc. Computerisation of the civil registration service (births, marriages, deaths, etc.) has enabled further development, including automatic issue of Child Benefit application forms on the birth of a first child, and automatic payment of increased Child Benefit rates on the birth of a subsequent child.

This Department is also responsible for policy in regard to Family Affairs. The **Family Support Agency** responsibilities include undertaking research, providing and disseminating information about parenting and family issues and providing advice to the Minister on matters relating to families.

The Agency also funds services for -

- marriage and relationship counselling,
- mediation services for couples who are separating, and
- local Family Resource centres that provide multiple support services to families in areas with potential for social exclusion.

Money Advice and Budgeting Service (MABS)

The MABS operates nationwide through 52 local projects. The service is designed to target families and individuals identified as having problems with debt and money lending. Each local project is an independent information and service provider. Management Committees are drawn from local voluntary and statutory services and community groups.

Further information on all the schemes and activities of the Department is available on the Department's website:

www.welfare.ie

