BUDGET
PERSPECTIVES
2025
PAPER 2
June 2024

STATE CONTRIBUTORY PENSION REFORM: WINNERS AND LOSERS: EVIDENCE FROM THE IRISH LONGITUDINAL STUDY OF AGEING

THEANO KAKOULIDOU, CLAIRE KEANE AND SIMONA SÁNDOROVÁ

AN INSTITIÚID UM THAIGHDE EACNAMAÍOCHTA AGUS SÓISIALTA
ESRI ECONOMIC & SOCIAL RESEARCH INSTITUTE

STATE CONTRIBUTORY PENSION REFORM: WINNERS AND LOSERS: EVIDENCE FROM THE IRISH LONGITUDINAL STUDY OF AGEING

Theano Kakoulidou

Claire Keane

Simona Sándorová

June 2024

BUDGET PERSPECTIVES 2025

PAPER 2

Available to download from www.esri.ie

https://doi.org/10.26504/BP202502

ABOUT THE ESRI

The Economic and Social Research Institute (ESRI) advances evidence-based policymaking that supports economic sustainability and social progress in Ireland. ESRI researchers apply the highest standards of academic excellence to challenges facing policymakers, focusing on ten areas of critical importance to 21st Century Ireland.

The Institute was founded in 1960 by a group of senior civil servants led by Dr T.K. Whitaker, who identified the need for independent and in-depth research analysis. Since then, the Institute has remained committed to independent research and its work is free of any expressed ideology or political position. The Institute publishes all research reaching the appropriate academic standard, irrespective of its findings or who funds the research.

The ESRI is a company limited by guarantee, answerable to its members and governed by a Council, comprising up to 14 representatives drawn from a cross-section of ESRI members from academia, civil services, state agencies, businesses and civil society. Funding for the ESRI comes from research programmes supported by government departments and agencies, public bodies, competitive research programmes, membership fees, and an annual grant-in-aid from the Department of Public Expenditure NDP Delivery and Reform.

Further information is available at www.esri.ie.

THE AUTHORS

Claire Keane is an Associate Research Professor at the Economic and Social Research Institute (ESRI) and an Adjunct Professor at Trinity College Dublin (TCD). Theano Kakoulidou is a Research Office at the ESRI and an Adjunct Associate Professor at TCD. Simona Sándorová is a Research Assistant at the ESRI.

ACKNOWLEDGEMENTS

We are grateful to the Irish Longitudinal Study of Ageing (TILDA) for granting us access to the Research Microdata File. We thank Keelan Beirne, Anne Nolan and Barra Roantree for providing access to the TRIAM model as well as Michael Doolan for research assistance. This work was carried out with funding from the ESRI's Tax, Welfare and Pensions Research Programme (supported by the Departments of Public Expenditure, NDP Delivery and Reform; Social Protection; Health; Finance; and Children, Equality, Disability, Integration and Youth), which is gratefully acknowledged.

Researchers interested in using TILDA data may access the data for free from the following sites: Irish Social Science Data Archive (ISSDA) at University College Dublin http://www.ucd.ie/issda/data/tilda/; Interuniversity Consortium for Political and Social Research (ICPSR) at the University of Michigan http://www.icpsr.umich.edu/icpsrweb/ICPSR/studies/34315

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS

DB	Defined Benefit
DC	Defined Contribution
HICP	Harmonised Index of Consumer Prices
PRSI	Pay Related Social Insurance
SPA	State Pension Age
SPC	State Pension, Contributory
SPNC	State Pension, Non-Contributory
TCA	Total Contributions Approach
TILDA	The Irish Longitudinal Study on Ageing
TRIAM	TILDA Retirement Income Adequacy Model
YAM	Yearly Average Method

ABSTRACT

The Yearly Average Method used in calculating State Contributory Pension entitlements has been criticised for creating anomalies, particularly for women. It has been announced that from 2034 onwards, entitlements will be based fully on the new Total Contributions Approach. This paper examines the impact of this move, examining who will gain or lose from this change. Overall, we find little change in the average weekly pension rate with a slight fall for men and no change for women. These average changes mask gains and losses for some; around 14 per cent of women and 12 per cent of men will face a loss under the Total Contributions Approach while 5 per cent of men and 30 per cent of women will see a gain. More women will qualify for the maximum pension rate under the Total Contributions Approach due to the removal of anomalies associated with the Yearly Average Method. On average, losses are very small, less than 1 per cent of pension income, but will be largest at the bottom end of the income distribution.

SECTION 1

Introduction

The Government of Ireland has announced that from 2034 onwards it will fully implement a Total Contributions Approach for calculating the State Pension, Contributory (SPC), moving away from the previous system of the Yearly Average Method. Up to 2012 a person's SPC entitlement depended on their average weekly social insurance contributions over their working life, known as the Yearly Average method (YAM). The maximum SPC rate was receivable if an individual had an average of at least 48 weeks of contributions throughout their working life. People could qualify for a full pension entitlement after ten years based on this method as long as they started paying PRSI before the age of 56. For those with averages below 48 weeks, the SPC rate was determined based on which band their average contributions fell into.

This method was criticised for being unfair. People with fewer contributions overall could be eligible for a higher SPC rate compared to those with a higher total number of contributions but who had taken time out of the labour market, for example for caring responsibilities. OECD (2014) referred to the YAM as 'a very complex and non-transparent way of linking pensions to the contributions workers make' that result in 'inequitable treatment for people who have contributed for the same amount of time'. This may also contribute to the gender gap in pensions, as OECD (2014) finds a higher proportion of women qualify for a State Pension rate below the maximum.

In 2018 an alternative calculation method for SPC entitlement was introduced, known as the Total Contributions Approach (TCA), for those reaching State Pension age after September 2012. This method sought to remove anomalies created by the YAM and, as the name suggests, bases entitlement to the SPC on the total contributions a person has made over their lifetime. Those retiring after the introduction of the TCA had their SPC entitlement calculated under both methods and received the most favourable of the two.

The Government's Roadmap for Pensions Reform (Government of Ireland, 2019) committed to reforming the system for calculating State Pension entitlements. The Pensions Commission, set up in 2020 to examine the sustainability of State Pensions, along with eligibility issues, recommended (see Pensions Commission, 2021) that the YAM should be abolished and only the TCA be used, with a phased withdrawal of the YAM for those who were better off under this approach.

It was announced that from January 2025 there will be a ten-year phased removal of the YAM so that all SPC entitlements will be calculated only using the TCA approach by 2034. The change has been described as fairer and more transparent.[1] To date, however, there has been no detailed analysis of who will be affected by the change. As we move towards an elimination of the YAM this paper explores the winners and losers under the TCA scheme.

1 See https://www.gov.ie/en/speech/bea23-speech-by-minister-heather-humphreys-at-the-national-pensions-summit-2024/.

SECTION 2

Background

Historical issues will have affected the women in our cohort of analysis (i.e. older adults approaching the State Pension age of 66).[2] Cultural norms against women working outside of the home would have been commonplace. Some of this cohort would have entered the workforce when the Marriage Bar, which required women to resign from their position in the Civil Service upon marriage, was still in place. Mosca and Wright (2020) found that it was widespread, in that it was not strictly confined to certain sectors such as the Civil Service. Their work shows that women affected by the Bar had shorter working lives and more children when compared to those not affected by the Bar. While the Marriage Bar was removed in the late 1970s, the cultural impacts are likely to have been felt after its abolition. The social welfare and tax systems reflected these norms (for example, unlike today, a fully joint taxation system was in place which has been shown to disincentivise the participation of married women in the workforce, see Doorley, 2018).

The inherent anomalies in using the YAM to calculate SPC rates came into sharper focus in 2011 when Budget 2012 changed SPC entitlements in order to meet the challenges of an ageing population and a declining ratio of workers to pensioners.[3] Firstly, there was a doubling of the minimum paid PRSI contributions required from 260 to 520. Secondly, there was a re-banding of SPC bands based on the yearly average of PRSI (Table 1). In 2011, four bands existed with the maximum SPC rate payable for those with average yearly contributions of 48; a second rate, 2 per cent lower than the maximum, for those with average contributions between 20 and 47; a third rate, 25 per cent lower than the maximum for those with average contributions between 15 and 19; and a fourth rate, 50 per cent lower than the maximum, for those with average contributions between 10 and 14. Budget 2012 introduced two additional rates, splitting those with 20-47 yearly average PRSI into three bands. Additionally, the shares of the two lower bands were reduced by 10 percentage points. This was criticised (Bassett, 2017) as having a larger negative effect on women who traditionally had more gaps in PRSI contribution histories.

2 See Russell et al. (2009) for a more detailed discussion.
3 See https://www.oireachtas.ie/en/debates/question/2012-03-07/113/.

TABLE 1 STATE CONTRIBUTORY PENSION RATES, BEFORE AND AFTER BUDGET 2012

Before Budget 2012		After Budget 2012	
Yearly average PRSI contributions	% SPC max	Yearly average PRSI contributions	% SPC max
48	100	48	100
20-47	98	40-47	98
		30-39	90
		20-29	85
15-19	75	15-19	65
10-14	50	10-14	40

Source: Own calculations using the 'Rates of Payment 2012' booklet available at https://assets.gov.ie/31627/19f1229db9a4406197d48aef66367ca4.pdf.

Under the YAM, SPC entitlement is calculated based on average contributions using the following formula:

All Reckonable Contributions and Credits ÷ Number of years between SPC date & employment entry date = Yearly Average

Average contributions are calculated by dividing total contributions by the number of years between the date a person entered into insurable employment[4] in Ireland and their SPC drawdown date. This calculation can particularly disadvantage someone who worked at a younger age and left the workforce for some reason, before returning to work years later.

The Homemaker's Scheme does allow someone to disregard years spent caring for someone[5] in the calculation, up to a maximum of 20 years. It has been criticised, however, for having a cutoff whereby only caring periods from 1994 onwards are taken into account (Bassett, 2017). The scheme was limited to this period in order to keep the costs of the scheme down.[6] PRSI contributions can be 'Paid Contributions' (i.e. those paid while in employment for example) or 'Credited Contributions' (i.e. those accrued while in receipt of social welfare payments). There is no cap on credited contributions under the YAM as long as the criterion of a minimum of 520 paid contributions is met.

Those with an annual average of at least 48 PRSI contributions can receive the maximum SPC rate. Those with average contributions above 10 but less than 48

4 A person's entry into insurance is generally the date of their first paid PRSI contribution i.e. their first job. For those who have a mix of full and modified PRSI contributions (payable by civil servants at the time) and began paying full rate PRSI before April 1991 they can take their date of first paying full rate PRSI if that is more favourable. Likewise for self-employed people who paid employee PRSI prior to April 1988 their date of entry into insurance can be either the date they first paid employee PRSI or the date they started paying self-employed PRSI, whichever is more favourable.

5 Specifically for a child under 12 or for a person over 12 who is incapacitated and needs full-time care.

6 See https://www.finegael.ie/dail-question-on-state-contributory-pension-and-women-who-were-home-makers/.

are divided into bands with a different SPC rate payable per band. These bands and accompanying rates are shown in Table 2.

TABLE 2 STATE CONTRIBUTORY PENSION RATES 2024 (YAM)

Yearly Average Contributions	Personal Rate of Pension
48 or over (maximum rate)	€277.30
40 – 47	€271.90
30 – 39	€249.30
20 – 29	€236.10
15 – 19	€180.70
10 – 14	€110.80

Source: 'Rates of Payment 2024' booklet available at https://assets.gov.ie/11117/6beb1ad2f51346f4ad6f27db1c473e59.pdf.
Notes: These are the rates for those qualifying after September 2012.

This method of calculation results in two inequities. Firstly, the banding approach creates a cliff edge and means that people on similar average contributions could receive very different weekly rates of payments – for example, someone with a yearly average of 14 PRSI contributions receives €110.80 per week, nearly 40 per cent lower than someone with a yearly average of 15 PRSI contributions, who would be entitled to €180.70 per week. Secondly, the use of the number of years between the date of entry into insurable employment in Ireland and their SPC drawdown date penalises those without a consistent employment history and weakens the link between total number of contributions and rate received. This can result in those with a higher total number of contributions receiving a lower SPC rate than those with a lower total.

SPC entitlement[7] under the TCA method is more straightforward, and arguably fairer, as it is simply based on total contributions:

Reckonable Contributions (paid)	+	Credited Contributions (subject to maximum)	+	HomeCaring periods (subject to maximum)	=	Total Contributions (TC)

PRSI contributions can be paid or credited. Caring periods can also be taken into account under the HomeCaring Periods Scheme. To receive the maximum rate of the SPC an individual needs at least 2,080 PRSI contributions/HomeCaring Periods, equivalent to 40 years' worth.[8] Unlike the YAM there is a cap on credited

7 For more detail on calculations under the two methods see https://www.gov.ie/en/publication/b6193-how-to-calculate-your-state-pension-contributory-rate/.

8 The combined total of Credited Contributions and HomeCaring Periods cannot be more than 1,040 PRSI/20 years. For those with no HomeCaring Periods, the maximum number of Credited Contributions that can be used is 520 PRSI/10 years) and for those with no credited contributions, the maximum number of HomeCaring Periods that can be used is 1,040 PRSI/20 years.

contributions under the TCA. People whose total of contributions/HomeCaring Periods is less than 2,080 are eligible for a proportional rate (i.e. (Total Contributions (TCA) ÷ 2,080)*SPC maximum rate).

For individuals who do not qualify for the SPC (for example those without the minimum 520 PRSI contributions), the State Pension, Non-Contributory (SPNC) exists. Like the SPC an individual must be aged 66 or over to be eligible. Unlike the SPC the SPNC is means-tested. In 2024 the SPNC maximum personal rate is €266 per week with an additional weekly payment of €10 for those aged 80 or over, 96 per cent of the maximum SPC rate. The SPNC is also payable to individuals who qualify for the SPC but for whom the weekly rate payable under the SPC would be less.

SECTION 3

Data and the TRIAM Model

3.1 GENERAL OVERVIEW

This analysis uses survey data from The Irish Longitudinal Study on Ageing (TILDA).[9] The survey is a nationally representative study of individuals living in private households[10] of Ireland aged 50 and over and their spouses and partners. The aim of the survey is to be able to look at the health, social and financial circumstances of the older cohort of the Irish population. The first wave of interviews was undertaken between October 2009 and July 2011. A total of 8,175 individuals aged 50 and over participated, along with 329 younger partners of participants, leaving a final sample of 8,504.[11] Subsequent waves of interviews were carried out every two years, the most recent being Wave 6 where data collection is ongoing since 2020.[12]

The aim of this paper is to identify winners and losers using the TCA versus the YAM in the SPC calculation. We use an augmented version of the TILDA Retirement Income Adequacy Model (TRIAM) developed by Beirne et al. (2020) to simulate pension entitlements under both the YAM and TCA methods. TRIAM was originally developed to assess income adequacy in retirement using different definitions of retirement income. For the purpose of this paper, we only simulate income in its narrowest definition, including only State, occupational and private pensions. This allows us to calculate differences between pension income under the two approaches and determine gains and losses in State Pension income.

Following the original model, we use data from Wave 1,[13] focusing on the sample of 1,959 individuals who were born between 1955 and 1960. These individuals have a State Pension Age (SPA) of 66, with an expected date of receipt ranging from 2021 to 2026. Our sample would ideally include individuals retiring further beyond 2026, to capture those directly impacted by the reform,[14] but we are constrained by survey design.[15]

---

9 For more detail on the survey see https://tilda.tcd.ie/data/documentation/; Kearney et al. (2011); Whelan and Saava (2013).

10 i.e. excluding those in institutions such as nursing homes.

11 Weights that ensure the sample is representative of the older Irish population are used. For a more detailed description of the weighting process see Whelan and Savva (2013).

12 There was also a special COVID-19 wave, with data collection taking place between July to November 2020 (TILDA, 2024).

13 Attrition is the main issue when considering the option of using subsequent waves. The decision to use Wave 1 data provides us with the largest sample size; by Wave 5 the sample had fallen to just over half of the Wave 1 sample.

14 The ten-year phased removal of the Yearly Average Method starts in January 2025.

15 Sample replenishment only took place in Wave 6, with these data not yet being available.

Our analysis also considers the possibility that the impact of the reform might be different at the couple level, compared to the individual. Therefore, we use income information from partners of our chosen cohort of any age. These data are only used to obtain measures of couple income, while our unit of analysis remains the individual.

3.2 MODIFIED TRIAM[16]

The main measure of interest for our analysis is the predicted individual State Pension entitlement at point of retirement under the two approaches. We use information on employment history to estimate the number of paid contributions at SPA, since TILDA does not include information on the number of PRSI contributions. The data include information on time spent unemployed and in caring duties, which is necessary to derive the number of credited contributions.[17] Using the estimated contributions and the formulas described in Section 2 we can calculate SPC entitlements at SPA under both approaches.

Potential losses could be cushioned by private pensions, so we use TILDA data on individuals' participation in private and occupational pension schemes to estimate total pension income at SPA. We assume that those with supplementary defined contribution pensions will keep making contributions until retirement, and the contributions will grow in line with projected earnings growth.

3.3 ESTIMATING PRSI CONTRIBUTIONS

As mentioned above, TILDA does not include information on PRSI contributions, and thus they have to be estimated based on employment history, benefit entitlement and home caring periods. In all cases, we assume that the status of the individual remains the same for the years between the interview and SPA.[18] This assumption is examined in more detail in Appendix I.

Total reckonable contributions used to calculate SPC are composed of three main components; paid contributions, credited contributions and carer periods.

16 For a full technical description of the model see Beirne et al. (2020).

17 These may of course be subject to error due to recall bias.

18 For example, if the individual is employed at the time of the interview, we consider them employed until SPA, and award them the relevant paid contributions. If they are reported unemployed at the time of the interview, we assume receipt of an unemployment benefit in the years between the interview and SPA and assume credited contributions for these years.

3.3.1 Paid contributions

Paid contributions are PRSI contributions paid during employment or self-employment. We estimate them based on how many years respondents report spending in paid employment or self-employment since starting their first job.[19]

There was no legal requirement for self-employed individuals to pay PRSI contributions before 6 April 1988.[20] Therefore, if the individual reports starting their business before 1988, we disregard these years from their total paid contributions.

3.3.2 Credited contributions

PRSI contributions which may be awarded to a person getting a payment from the Department of Social Protection are referenced as credited contributions. The historical data do not provide extensive information on respondent's welfare receipt history or the years they might have spent sick or disabled,[21] so we award credited contributions based only on reported years spent in unemployment. As we assume a person's economic status remains unchanged between the interview date and the SPA, anyone reporting being unemployed or being ill/disabled has credited contributions accrued up until their SPA is reached. Credited contributions, under both approaches, can only be counted if an individual has at least 520 paid contributions.[22] Under the TCA method, we apply a cap of ten years of credited contributions as this is the maximum that can be awarded.[23]

3.3.3 Carer periods

Time spent in caring duties can be accounted for under both methods. Caring periods are treated differently under the two approaches.

Under the YA method, an individual can avail of the HomeMaker's Scheme for full years spent caring for a child under the age of 12 or a person over 12 who is incapacitated and requires full-time care. Only periods after 6 April 1994 can be taken into account, up to a maximum of 20 years. When calculating SPC entitlement under YAM we therefore only include caring periods after 1994 and apply the 20-year maximum cap. These years are then disregarded in the

---

19 People report how long they have worked over their lifetime. We do not know if all employment was in Ireland. Individuals who worked in another EU country or non-EU countries with which Ireland has a bilateral social security agreement (including Australia, New Zealand, the UK and Canada) can combine their social insurance paid in Ireland with that paid in these countries. 17 per cent of our sample report time spent abroad in their lifetime. For those who spent time working in a non-EU/non-bilateral agreement country we may therefore overestimate their social insurance contributions.

20 Class S PRSI Contributions paid by self-employed individuals.

21 The data only provide this information aggregated with years spent in other activities, such as not working due to retirement or being on sabbatical leave, neither of which would result in accumulation of credited contributions.

22 In other words, they must have been employed or self-employed for a minimum of ten years.

23 There is no cap on credited contributions under the YA method.

denominator when calculating the yearly average, so that average yearly contributions will increase.

The TCA method uses the HomeCaring Periods Scheme, which awards contributions for years spent caring for an individual with no date restriction as under YAM.[24] Although the data provide information on caring periods, we do not know who the respondents were caring for. For our analysis, we therefore assume all reported years spent in caring duties as eligible for the HomeCaring Periods Scheme.[25] Following the legislation, we apply a cap of 20 years on the sum of credited and caring contributions.

After estimating the sum of total, credited and carer's contribution, we use it to calculate SPC under both approaches using their respective formulas. If we are unable to calculate the SPC under either the YA or TCA method,[26] the individuals are dropped from the sample.

Individuals who do not have enough (minimum of 520 paid) contributions, or do not satisfy the other eligibility conditions to qualify for SPC, may be eligible for non-contributory State Pension (SPNC). If a person is eligible both for SPC and SPNC, they will receive the payment that is higher. Given that our focus is on the impact of a change in the calculation method of the SPC, those assumed to be in receipt of the SPNC due to ineligibility upon reaching the SPA are dropped from the sample.[27] Those who are eligible for the SCP but who are estimated to be better off under the SPNC are kept in the sample and are awarded the higher of the two, as the SPNC could play a role in cushioning the impact in the case of a potential loss.

3.4 PROJECTED INCOME

For our analysis of gains and losses at SPA we need to project future income – earnings from employment up to SPA for our cohort to determine private pension contributions, as well as earnings of younger spouses to calculate total household

---

24 An additional reform of the SPC, the Long-Term Carers Contribution Scheme, was introduced in January 2024. Under this scheme those acting as a full-time carer for at least 20 years can get Long-Term Carer Contributions for the period(s) spent caring to help them qualify for the SPC. This change is not analysed here.

25 It is possible to calculate years spent caring for children based on their year of birth instead of using the reported years, but this restriction would mean disregarding any years parents spent caring for incapacitated individuals over the age of 12.

26 This is mostly due to missing essential information used to calculate the contributions, such as the year of their first employment or total years spent in employment or self-employment.

27 We identify 95 individuals who are not eligible for the SCP. These individuals would receive the same amount of SNCP under both approaches and are therefore not relevant for this analysis. This leaves us with a final sample of 1,832 individuals.

income. To project forward SPC and employment income we use realised and forecasted[28] earnings growth rates adjusted for inflation.

We assume that respondents reported being a part of a Defined Contribution (DC) supplementary pension scheme annuitise their fund at a rate of 4 per cent. Respondents with Defined Benefit (DB) supplementary pensions either report a nominal monthly payment they will receive at retirement, or a percentage of their salary. We assume that this is calculated as a percentage of their salary in the year before retirement. For those with a DB scheme who do not report their future monthly payment, we impute a portion of the salary that they will receive from the full sample of DB payments (including those who report a nominal amount). We then multiply this rate by their final salary.[29]

When analysing gains and losses across the distribution of household income we need to make the comparison at the same point in time. Our cohort retires at any point between 2021 and 2026, so we use the present value of household income in 2021 to construct the quintiles.

[28] We calculate realised earnings growth from the CSO's data on average hourly earnings up to 2023, available at: https://data.cso.ie/table/EHQ03. For years 2023 to 2026 we use the Department of Finance wage forecasts available at: https://www.gov.ie/pdf/?file=https://assets.gov.ie/255688/58c34028-0c19-456d-8721-450feae59fdc.pdf#page=null.

[29] For full details on calculation and projection of the income components, as well as the imputation procedures, see the technical appendix in Beirne et al. (2020).

SECTION 4

Results

In advance of any analysis it is not entirely clear if people will, on average, gain when calculating their SPC rate using TCA or YAM. The YAM may be more favourable for certain people due to some of its features. Firstly, credited contributions are not capped under the YAM as is the case with the TCA. So, once an individual meets the initial SPC qualifying requirement of 520 paid contributions over their lifetime, all credited contributions – for example those received during periods in receipt of unemployment or disability benefits – are counted towards the total contributions. This is in contrast to the TCA which limits the number of credited contributions that can be counted when calculating total contributions.[30]

The YAM will also be more favourable for those with shorter contribution histories who entered employment later in life – someone with only 520 PRSI contributions will receive the maximum rate of SPC if these contributions were earned in the decade or so before reaching pension age, while under the TCA they will now only receive one-quarter of the maximum (520/2080). This may be more likely the case for women than men – Russell et al. (2009) found that the highest increase in female participation rates over the Celtic Tiger period were by women in the older (45+) age groups – therefore, given the historical issues deterring female employment discussed earlier, many of these women may benefit more from the YAM if they did not work earlier in life.

Alternatively, the YAM may result in a lower SPC entitlement compared to the TCA due to the fact that YAM divides total contributions by the number of years between SPC date and employment entry date. We know, therefore, that the YAM is particularly unfavourable to those who have had time out of the labour market, particularly when that time was not spent in receipt of welfare benefits that would result in credited contributions.[31] This will particularly be the case for those who entered employment at a younger age.

---

30 As mentioned earlier the maximum number of Credited Contributions that can be used is 520/10 years for those with no HomeCaring Periods. For those with both the combined total of Credited Contributions and HomeCaring Periods cannot be more than 1,040/20 years.

31 These benefits are Illness Benefit, Jobseeker's Benefit or Allowance, Occupational Injury, Maternity Benefit, State Pension (Transition), Invalidity Pension, Prescribed Relative Allowance, Carer's Allowance, Carer's Benefit, One-Parent Family Payment, Pre-Retirement Allowance (prior to 4 July 2007), Health and Safety Benefit, Adoptive Benefit and Disability Allowance.

The YAM is also likely to result in a lower SPC entitlement compared to the TCA, particularly for women, as it only takes into account caring periods post-1994 when calculating the denominator i.e. the number of years between employment entry date and SPC date. Given the cohort examined here (those born between 1955 and 1960), and assuming principal childbearing years of 20-40, many of those in our sample that took time out to care for children would have had these caring years between 1975 and 2000. Therefore, the restriction of caring periods for YAM purposes to those post-1994 will negatively affect this group and the TCA method is likely to be more favourable in that it allows up to 20 years of caring periods to be considered when calculating SPC entitlement, with no restriction by date of caring.

We begin by examining descriptive statistics of the sample (see Table 3), focussing on characteristics of the sample that are likely to affect a person's SPC entitlement. Women and men tended to enter the labour market around the same age on average (17 years old). Years spent in employment/self-employment is significantly higher for men at 42.1 than women at 34.[32] We can see that time spent in education as an adult is low, as are years in receipt of credited contributions (i.e. periods in receipt of benefits). As anticipated, however, years covered by credited contributions are higher under the YAM as credited contributions are not capped, as is the case with the TCA. Time spent caring for others, such as children, is much higher for women than men. Men spend, on average, less than one year caring for others under both approaches. The impact of the restriction of caring years to those carried out post-1994 is apparent when we compare the caring years for YAM and TCA purposes for women. Caring years, subject to the cap discussed earlier, are counted in the TCA approach regardless of when they took place, so that average caring years taken into account under the TCA for women is just over nine years, significantly higher than the five years average allowed for under the YAM.

Educational attainment may impact upon the duration of a person's working life, and therefore affect their PRSI contributions. Eleven per cent of the sample have primary-level education only, with 40 per cent having tertiary. Around one-fifth of the sample have lower and upper secondary level education.

It is also interesting to examine private pension coverage by gender as any losses that may be incurred with a move to the TCA may be cushioned by the presence of private pensions.[33] We can see that over half of men will have a private pension

32 Bear in mind that those with insufficient paid contributions, hence a weak work history, who only qualify for the SPNC are excluded here.

33 We use this term to capture any non-social welfare pensions – for example occupational pensions or those derived from Personal Retirement Savings Accounts.

upon retirement compared to only one-third of women. For those who have one, the average value of the private pension is also higher for men at €152 per week compared to €118 for women.

TABLE 3 DESCRIPTIVE STATISTICS

	Total	Male	Female
Age at first job	17.4	17.3	17.5
Employment/Self-employment (years)	38.4	42.1	34.0
Credited (years) under YAM	3.4	3.7	3.1
Credited (years) under TCA	2.4	2.5	2.2
In education (years)	0.6	0.5	0.7
Caring (years) - YAM	2.6	0.4	5.0
Caring (years) - TCA	4.5	0.5	9.1
Educational Attainment:			
Primary only	11%	11%	10%
Lower secondary	27%	31%	23%
Upper secondary	23%	23%	23%
Tertiary	40%	35%	44%
Proportion with private pension	43%	51%	34%
Average weekly private pension at SPA (excl. 0)	€139	€152	€118

Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.
Notes: The figures shown above show the past incidence of these states since starting first job, as well as the projected ones to SPA.

Looking at Table 4 we can see that the average SPC received upon reaching the SPA under YAM and TCA overall remains roughly the same with a slight fall from €237 to €235 per week. For men the average falls by just over 1 per cent from €245 to €241 while for women the average stays the same at €229.

TABLE 4 AVERAGE WEEKLY STATE PENSION RATE BY GENDER

	YAM	TCA
Male	€245	€241
Female	€229	€229
Total	**€237**	**€235**

Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.

Table 5 shows the proportion of the cohort analysed who will be eligible for the maximum SPC rate under both the YAM and TCA. Overall we see a rise in eligibility for the maximum rate increasing from 69 per cent of the sample to 80 per cent. This change is driven by female entitlements; while the proportion of males qualifying for the maximum SPC is unchanged at 86 per cent, the proportion qualifying for the maximum rate jumps from 54 per cent to 75 per cent for women. This is unsurprising given that women are more likely to have been negatively

affected by the YAM in that they are more likely to have time spent out of the labour market due, for example, to caring responsibilities.

This rise in the proportion of our cohort that would be eligible for the maximum rate is likely driven by two things – firstly, the TCA requires 2,080 contributions (40 years of contributions). Given the average age of first job being just above 17, many of those in our sample may well have had close to 50 years between age of entry into employment and SPA age of 66, the denominator in the YAM calculation. Someone with a working life of 50 years would need a total of 2,400 contributions or more (2,400/50 giving an average annual contribution of 48 contributions) to qualify for the maximum SPC under the YAM so that time spent out of the labour market will negatively affect their average contributions. This contrasts with the TCA method – once the 2,080 total figure is reached the maximum SPC is payable. Secondly, as discussed earlier, the restriction of caring periods to those occurring before 1994 under the YAM will have negatively impacted the women in this cohort taking time out of the labour market for caring purposes. The fact that the TCA does not restrict the time period of caring will boost their number of total contributions and results in a rise in eligibility at the maximum rate.

TABLE 5 PROPORTION ENTITLED TO THE MAXIMUM SPC RATE BY GENDER

	YAM (%)			TCA (%)		
	Overall %	**Male %**	**Female %**	**Overall %**	**Male %**	**Female %**
Maximum rate	**69**	86	54	**80**	86	75
< Maximum rate	**31**	14	46	**20**	14	25

Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.

Given the significant rise in the proportion of our sample who will be eligible for the maximum SPC rate it might be surprising to see that the average rate of the State Pensions will actually fall slightly, as shown in Table 4. The banded nature of payments received under the YAM compared to the proportional nature of the TCA helps clarify the mechanism driving this. Table 6 shows the current SPC rates per yearly average contribution band, along with the rates that would be payable assuming these contributions were earned over a 40-year timeframe as envisaged by the TCA. Those with 48 or more contributions per year receive the maximum SPC rate under YAM. Under the TCA method, and taking the 40-year working life timeframe, a full year's contributions (52 weeks) would be necessary to qualify for the maximum SPC rate. Therefore, those with 48-51 contributions per year would receive between 2 and 8 per cent less than the maximum. In fact, in each YAM average contribution band, the rate of SPC payable under the TCA is lower. This is particularly apparent as we move down through the bands. For those with between 40 and 47 yearly average, the TCA rate payable would be between €213.60 and €250.60, i.e. 8-22 per cent lower than the €271.9 rate payable under

the YAM. This pattern continues as we move down through the bands, so that for some people the TCA SPC rate payable will be more than 50 per cent lower than the equivalent YAM rate. This reflects the fact that the YAM is particularly favourable rate-wise when compared to the TCA for those with lower levels of contributions – for example someone with yearly average contributions of 26, i.e. 50 per cent of the maximum, receives a SPC of 85 per cent of the maximum rate.

TABLE 6 AVERAGE WEEKLY SPC RATE, 2024

Yearly Average Contributions	YAM	Equivalent TCA rate**	% Difference TCA v YAM
48 or over (max. rate)	€277.30	€255.97 - €277.3	0% - 8%
40 – 47	€271.90	€213.31 - €250.64	8% - 22%
30 – 39	€249.30	€159.98 - €207.98	17% - 36%
20 – 29	€236.10	€106.65 - €154.65	34% - 55%
15 – 19	€180.70	€79.99 - €101.32	44% - 56%
10 – 14	€110.80	€53.33 - €74.66	33% - 52%

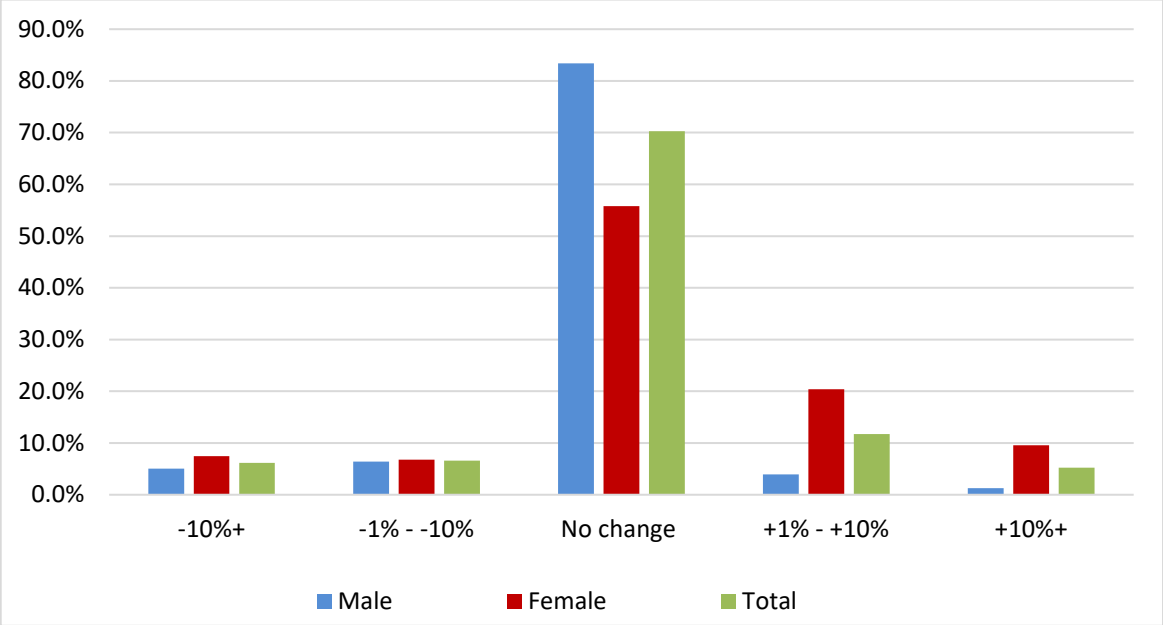
Source: Own calculations using 'Rates of Payment 2024' booklet available at https://assets.gov.ie/11117/6beb1ad2f51346f4ad6f27db1c473e59.pdf.
Notes: ** based on 40 years of contributions.

This negative impact may be mitigated by some factors – firstly peoples' working life may well go beyond a duration of 40 years. In addition, few people may fall into these lower average contribution categories. The SPNC may also cushion losses for some – those with a lower SPC entitlement may receive the SPNC if it is financially beneficial for them to do so. Therefore, we now proceed by examining the actual gains and losses anticipated in our cohort of analysis.

Figure 1 shows the percentage change in State Pension entitlement under the TCA compared to the YAM. Results are shown by gender and categorised into 'no change' (those who get the same, or within 1 per cent of the State Pension rate under the TCA compared to the YAM), and those experiencing gains/losses of between 1-10 per cent and 10 per cent or more.[34] We see that the rate received remains unchanged for 83 per cent of men and 56 per cent of women. Just under 13 per cent of the sample will receive a lower State Pension rate under TCA with no large gender differences (14 per cent of women compared to 11 per cent of men). As anticipated, given the anomalies associated with the YAM, 30 per cent of women will receive a higher State Pension rate under TCA compared to just 5 per cent of men. Most of these female gains, 20 per cent, will be relatively small, between 1 and 5 percentage points. A non-trivial tenth of women will see gains of 10 per cent or more.

34 These bands were chosen to ensure sufficient sample size in each band.

FIGURE 1 CHANGE IN STATE PENSION ENTITLEMENT AS % OF STATE PENSION



Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.
Notes: The 'No change' category includes those with gains/losses of less than 1 per cent.

CSO (2024) shows that 68 per cent of workers aged 20-69 have pension coverage outside of the State Pension. The presence of an additional pension, for example an occupational pension, may again dilute losses or gains faced due to the full move to the TCA. Therefore, Figure A.1 in Appendix II shows the percentage change in a person's State Pension entitlement as a percentage of their total expected pensions[35] (i.e. State[36] plus any other non-State pensions) upon reaching retirement age. The results are mainly unchanged when compared to Figure 1. This is due to the fact that the majority of people experience no change as a result of a move to TCA and suggests that those experiencing a loss or gain in their State Pension rate tend not to have additional non-State pensions. This may be unsurprising – those experiencing no change in their State Pension rate are mainly those that receive the maximum SPC rate under both YAM and TCA, a group that tended to work all – or the majority – of their adult life. We would expect this group of people to have been more likely to have contributed consistently to an occupational or private pension.

Figure 1 shows gains/losses at an individual level. Analysis of living standards tends to assume that couples share their incomes, and therefore any income gains or losses fully. This is supported by evidence that shows couples do indeed pool the majority of their income (see Ponthieux, 2013 and Watson et al., 2013). This may

35 Nolan et al. (2019) shows that for households where members are aged 66 or over, pensions make up over 70 per cent of income. While 19 per cent of income comes from employment/self-employment this is likely to decrease as the population ages into their seventies and over.

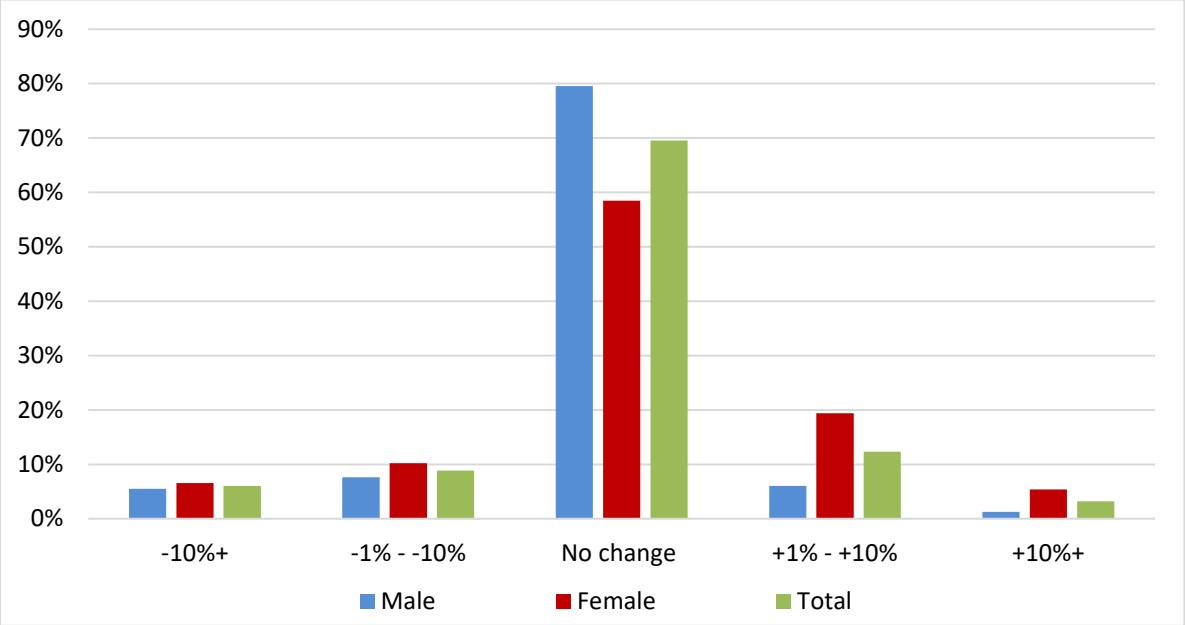
36 Our focus is on the State Pension; future possible transitions such as a move to a Widows Pension are not modelled.

mean that losses faced by one member of a couple due to the SPC reform may be exacerbated if their spouse/partner also faces a loss but may be diluted if their spouse/partner experiences no change or receives a higher SPC rate. Figure 2 therefore recreates the analysis shown in Figure 1, i.e. the percentage point change in State Pension rate due to a full move to the TCA, but now we calculate this at a couple level, i.e. add together both partners' State Pension rate and examine the percentage change in this.[37] When we do this, we see that the gender difference in having 'no change' in entitlement reduces – at an individual level 83 per cent of males and 56 per cent of females experienced no change in their SPC entitlement with a full move to the TCA. When we consider couple income, the male value falls slightly to 80 per cent and the female value rises to 59 per cent. The proportion of men and women losing due to the reform increases slightly – at an individual level 11 per cent of men and 14 per cent of women experience a SPC reduction, rising to 13 per cent of men and 17 per cent of women at a couple level. There is a fall in the proportion of women experiencing gains due to a move to TCA – falling from 30 per cent to 25 per cent, and a small rise in the proportion of men experiencing an increase from 5 per cent at an individual level to 7 per cent once their partner's State Pension is taken into account.

These results indicate that some of the larger individual gains shown for women (see Figure 1) are reduced due to losses experienced by their partner. While on the one hand this could be viewed as a negative impact of the reform for women, on the other hand it is reassuring to see that losses due to the reform remain relatively constant. This suggest that, for many couples, males losses are offset by higher female gains. There is a small increase in those experiencing losses in the 1-10 per cent range from 7 per cent to 9 per cent, but overall the results suggest there is not a strong concentration of both members of a couple losing out due to the reform.

37 We do this at the point that both partners reach SPA in the case of partners of differing ages.

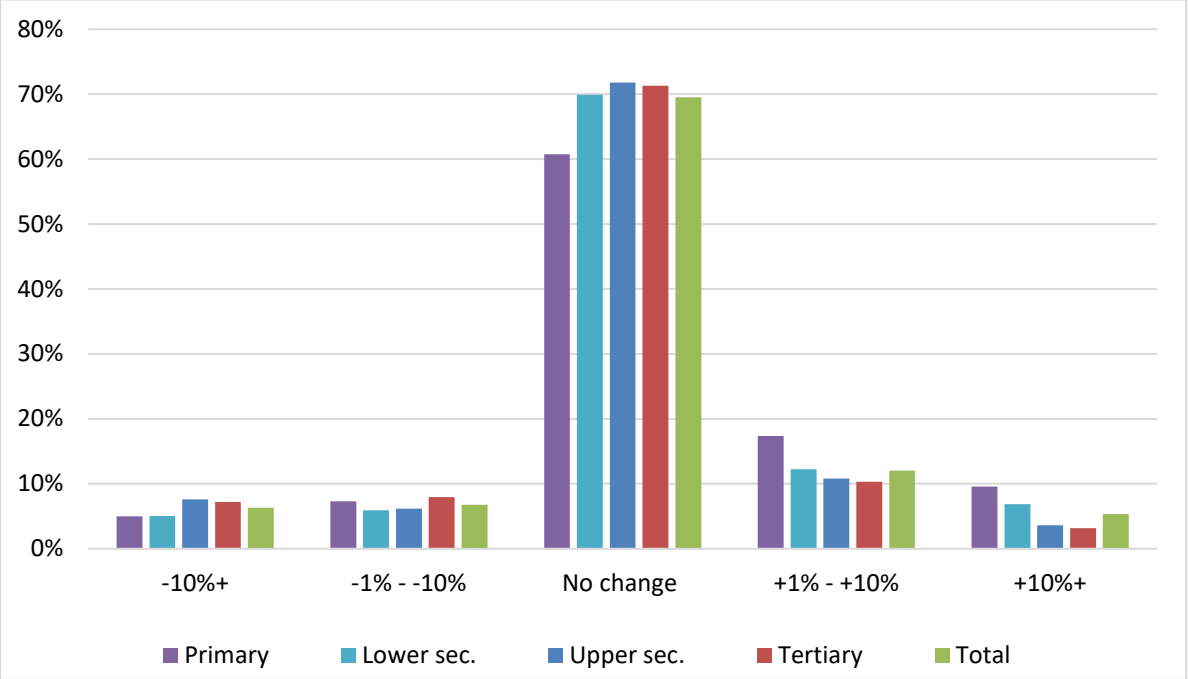
FIGURE 2 CHANGE IN SPC ENTITLEMENT AS % OF STATE PENSION, COUPLE LEVEL



Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.
Note: The 'No change' category includes those with gains/losses of less than 1 per cent.

We saw in Table 3 that the average age of entering the workforce was just over 17. Certain groups may be penalised for entering work at an earlier age under YAM as it gives them a larger denominator by which to divide their total contribution, given that this is calculated as the number of years between entry into insurable employment and the SPA. It is likely that those with lower educational attainment enter insurable employment earlier, although those going on to post-secondary education may have been employed (for example in summer jobs etc.) before entering, or during, third-level education. We therefore examine the change in State Penson entitlement broken down by highest level of educational attainment. The proportion experiencing a loss in State Pension entitlement does not vary hugely by educational attainment, ranging from 11 per cent of those with a maximum of lower secondary to a maximum of 15 per cent with a tertiary level qualification. Those with a maximum of primary education are more likely however to gain from a full move to the TCA compared to YAM with 17 per cent of this group seeing a 1-10 per cent rise in their State Pension rate and a further 10 per cent seeing a rise of 10 per cent or more. Those with a maximum of lower secondary will also experience higher gains than those with upper secondary or tertiary education, but less so than the primary group. These results suggest that these groups likely have longer working lives, and therefore more total contributions, and therefore the TCA is more favourable to them. As before, the results are mainly unchanged when the gains/losses are calculated as a percentage of total pensions, State plus occupational/private (see Figure A.3 in the Appendix).

FIGURE 3 CHANGE IN STATE PENSION ENTITLEMENT AS % OF STATE PENSION



Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.
Notes: 'Primary' education captures those who did not progress to secondary school or who did not complete lower secondary; 'Lower sec.' captures those who completed their Inter/Junior Certificate or equivalent; 'Upper sec.' indicates those who completed their Leaving Certificate or equivalent; 'Tertiary' captures those who completed a post-secondary qualification and includes diploma/certificate and degrees.

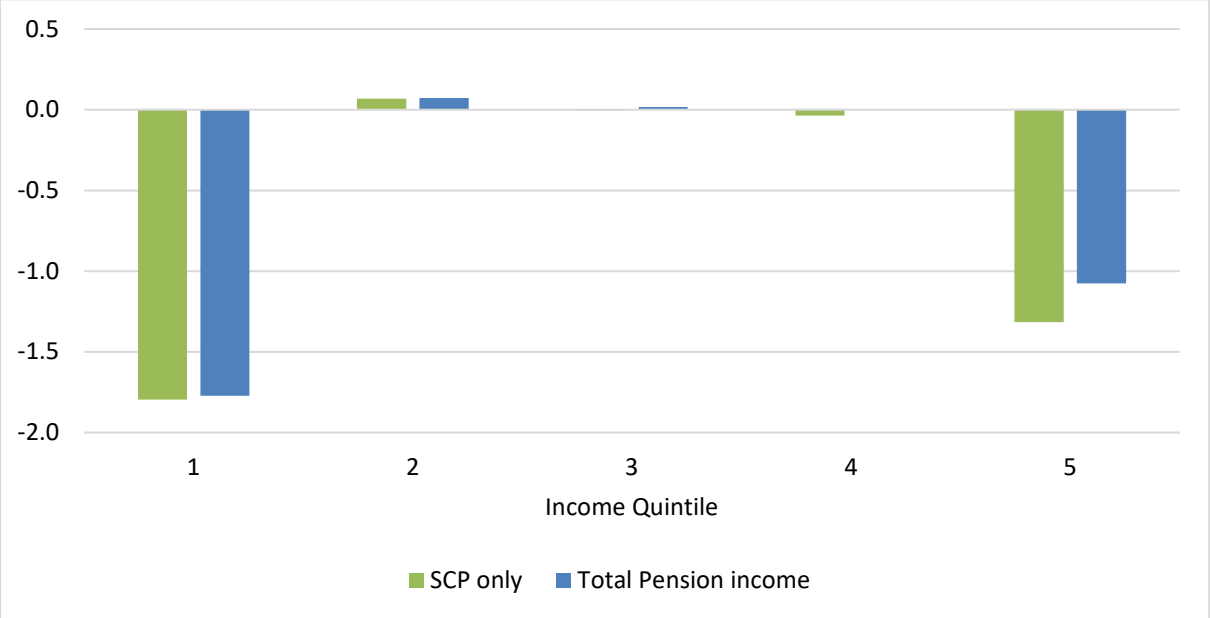
Finally, the potential negative impact on those affected by the SPC reform, and possible impacts on elderly poverty rates, will depend on where in the income distribution those gaining/losing are found.[38] We therefore rank those in our sample by income quintiles (which are calculated using the 2021 present value of couple-level disposable income) and show the average percentage change in their State Pension entitlement. As before these are calculated relative to both their State and total pension income. The results are shown in Figure 4. Firstly, it is worth stressing how small the changes will be with maximum average losses less than 1.8 per cent and maximum average gains less than 0.1 per cent. We can see an inverse U-shaped pattern to the losses; measured relative to just a person's State Pension entitlement losses will be sharpest in the highest and lowest income quintile, with an average loss of 1.8 per cent and 1.3 per cent respectively in these groups.[39] Those in quintiles 2 to 4 will see no real change. The losses experienced in quintile 5 will be partly cushioned by non-State pensions, with the loss at the upper end of the income distribution reduced from 1.3 per cent to 1.1 per cent once occupational/private pensions are taken into account. The loss in State Pension entitlement in the bottom income quintile will not experience the same

38 Given that the standard poverty measure, the at-risk-of-poverty rate, which captures the proportion of people whose equivalised income is below a certain percentage is a relative measure, it is not possible to estimate this as we would need to know the full income distribution of the entire population in the year the person reaches SPA.

39 It may seem counterintuitive that two out of five deciles experience a loss with no real change in the remaining quintiles; this is driven by the fact that the average State Pension rate will drop from €237 to €235 per week, see Table 4.

cushioning effect. This is unsurprising given the fact that non-State pensions are a more important income source for those in higher income groups (see Collins and Hughes, 2017). The loss in State Pension entitlement in the bottom income quintile will be cushioned by a lesser, but still significant extent falling to -0.5 per cent.

FIGURE 4 AVERAGE CHANGE BY INCOME QUINTILE



Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.
Notes: Quintiles are calculated based on couple income.

SECTION 5

Conclusions

From 2034 SPC entitlements will be calculated based entirely on the TCA. This move was made to address anomalies inherent in the YAM approach. This paper has examined the impact of the announced full move to using the TCA to calculate a person's SPC entitlement, compared to the YAM, for a certain cohort of individuals – those born between 1955 and 1960. Overall we find a small fall in the average SPC rate for men using the TCA compared to the YAM, with no change in the average for women. No change will be seen by 84 per cent of men and 56 per cent of women in their State Pension entitlement, effectively the group qualifying for the maximum rate under both calculation methods. The average figures mask changes within the group of future retirees however. Thirteen per cent will see a drop in their State Pension rate as a result of the move. While 5 per cent of men will receive a higher State Pension rate under the TCA, nearly one-third of women will experience an increase in their rate under TCA. This is not surprising given the fact that the YAM particularly penalised those with time out of the labour market, usually women. Under the YAM there was a restriction on years spent caring to those that took place post-1994, which had a negative effect on some women's SPC entitlement, particularly those in our cohort of analysis given that many years spent caring for children were likely to occur before this date.

One important finding is a substantial increase in the proportion of women who will qualify for the maximum rate of SPC using the TCA calculation method. While there is no change for men (with 86 per cent qualifying for the maximum rate under both YAM and TCA) the proportion of women who will qualify for the maximum State Pension rate will rise from 54 per cent to 75 per cent. This change should help to reduce the gender gap in pensions as higher proportions of women qualify for the full State Pension (Nolan et al., 2019), although the gender gap in pensions is largely driven by gender differences in occupational/private pension coverage. Some of the gains for women will be dampened by accompanying losses for their partner but these effects are not very large; 25 per cent of women will still see a gain in their State Pension rate once losses of their partner are taken into account.

While these findings are mainly positive it should be noted that, while the calculation method under TCA is arguably fairer in that it reflects an individual's total contributions, the losses in SPC are driven by the fact that there will be a fall in SPC rates for all those not qualifying for the maximum. Losses are relatively small, on average, but will be largest in the lowest income quintile when expressed relative to total pension income. Therefore elderly poverty rates should be

monitored in the future to insure income adequacy for pensioners in the lowest income group.

It should be borne in mind that these results are based on a particular cohort of future retirees, those born between 1955 and 1960. As can be seen in the results, the limitation of caring periods under YAM to those occurring post-1994 had a particularly negative effect on the women in this cohort. Later cohorts would be less affected by this restriction, if at all. Therefore, the positive impacts on female State Pension entitlements found in this paper are driven, in part, by this restriction, and moving to TCA will likely have less of a positive impact on future cohorts of female retirees. In addition, as female participation rates have risen in recent decades, women are likely to have higher SPC coverage in their older age. Reliance on the State Pension as the main income source in retirement is likely to reduce; pension coverage outside of the State Pension has risen in recent years (for example from 52 per cent of workers in 2005 to 68 per cent in 2023).[40] Non-State pension coverage is also likely to rise further as Ireland is set to introduce auto-enrolment into pensions savings schemes in 2025.

Two other main changes to the SPC are also in place since January 2024 that are likely to increase SPC entitlement. The first allows the deferring of the SPC for a number of years, specifically between 66 and 70. During this deferral period a person can make PRSI contributions which can boost their SPC rate if they were below the 2,080/40 year threshold for the TCA. Prior to this, those working past 66 did not pay PRSI and therefore could not increase their entitlement. In addition, those caring for periods for longer than 20 years can get long-term carer's contributions, treated as paid contributions, to boost their SPC entitlement.

40 See https://www.cso.ie/en/media/csoie/releasespublications/documents/labourmarket/2005/qnhs_pensionsupdateq12005.pdf and https://www.cso.ie/en/releasesandpublications/ep/p-pens/pensioncoverage2023/.

REFERENCES

Bassett, M. (2017). *Towards a Fair State Pension for Women Pensioners*, Dublin: Age Action.

Beirne, K., Nolan, A. and Roantree, B. (2020). *Income Adequacy in Retirement: Evidence*, Dublin: Economic and Social Research Institute: Dublin.

Collins, M. and Hughes, G. (2017). 'Supporting pension contributions through the tax system: outcomes, costs and examining reform', *The Economic and Social Review*.

CSO (2024). Available at: https://www.cso.ie/en/releasesandpublications/ep/p-pens/pensioncoverage2023/.

Doorley, K. (2018). 'Taxation, work and gender equality in Ireland', Dublin: *Journal of the Statistical and Social Inquiry Society of Ireland*.

Government of Ireland (2019). *A Roadmap for Pensions Reform 2018 - 2023*, s.l.: Department of Social Protection.

Kearney, P.M., Cronin, H., O'Regan, C., Kamiya, Y., Savva, G.M., Whelan, B. and Kenny R.A. (2011). 'Cohort Profile: The Irish Longitudinal Study on Ageing', *International Journal of Epidemiology*.

Mosca, I. and Wright, R.E., 2020. 'The Long-term Consequences of the Irish Marriage Bar', *The Economic and Social Review*, Economic and Social Studies, Vol. 51(1), pp. 1-34.

Nolan, A., Whelan, A., McGuinness, S. and Maître, B. (2019). *Gender, Pensions and Income in Retirement*, s.l.: ESRI.

OECD (2014). *OECD Reviews of Pension Systems.* Ireland, Paris: OECD.

Pensions Commission (2021). *Report of the Commission on Pensions*, s.l.: s.n.

Ponthieux, S. (2013). *Income pooling and equal sharing within the household – What can we learn from the 2010 EU-SILC module?*, s.l.: European Commission.

Russell, H., McGinnitty, F., Callan, T. and Keane, C. (2009). *A Woman's Place: Female Participation in the Irish Labour Market*. Dublin: ESRI.

TILDA (2024). *The Irish Longitudinal study on Ageing (TILDA) COVID-19 Study, 2020*. [dataset]. Version 2. Irish Social Science Data Archive. SN:0074-00. www.ucd.ie/issda/data/tilda.

Watson, D., Maître, B. and Cantillon, S. (2013). *Implications of Income Pooling and Household.* Dublin: Department of Social Protection.

Whelan, B.J. and Saava, G.M. (2013). 'Design and Methodology of the TILDA Study', *Journal of the American Geriatrics Society*.

APPENDIX I

We assume that circumstances of individuals do not change between time of interview and retirement at SPA (e.g. economic status, relationship status). As explained earlier we have opted to use Wave 1 of the data to ensure we have the largest representative sample, as the sample size falls significantly by the latest wave available, Wave 5. We can, however, examine the economic status of those individuals from Wave 1 who are still in the survey by Wave 5, 1,320 individuals. Table A.1 shows the economic status of those in both Wave 1 and Wave 5, with the numbers on the diagonal (in bold and highlighted) showing the proportion of those who do not change status. The largest economic status category with over half of the respondents, is the employee group. The majority, 61 per cent, report still being in employment. While no longer employed, 12 per cent report being either self-employed, unemployed or permanently sick/disabled by Wave 5 while 22 per cent report being retired.

Therefore, while it is not possible to know if these individuals continue to accrue PRSI contributions, it is likely that this is the case – either through paid self-employed contributions or credited contributions if in receipt of welfare. Some individuals, perhaps taking early retirement, may also opt to pay voluntary contributions which are counted in the calculation of the SPC entitlement. A similar pattern emerges for the next largest category (17 per cent of the sample), those who reported being self-employed in Wave 1. The majority report either still being self-employed (68 per cent) or employed (17 per cent) and would continue building up paid contributions.

The only economic status category which sees larger changes in status between Wave 1 and Wave 5 are those who reported being unemployed in Wave 1. Thirty-eight per cent of this group report being in work, either as an employee or self-employed, by Wave 5. While we accrue credited contributions for these individuals in the decade between Wave 1 and Wave 5 they may, in fact, be paying contributions over at least some of this time period which may affect their SPC entitlement if they hit the cap on credited contributions. These individuals do, however, represent a relatively small proportion of the total (8 per cent of the sample).

TABLE A.1 STATUS CHANGES WAVE 1 TO WAVE 5

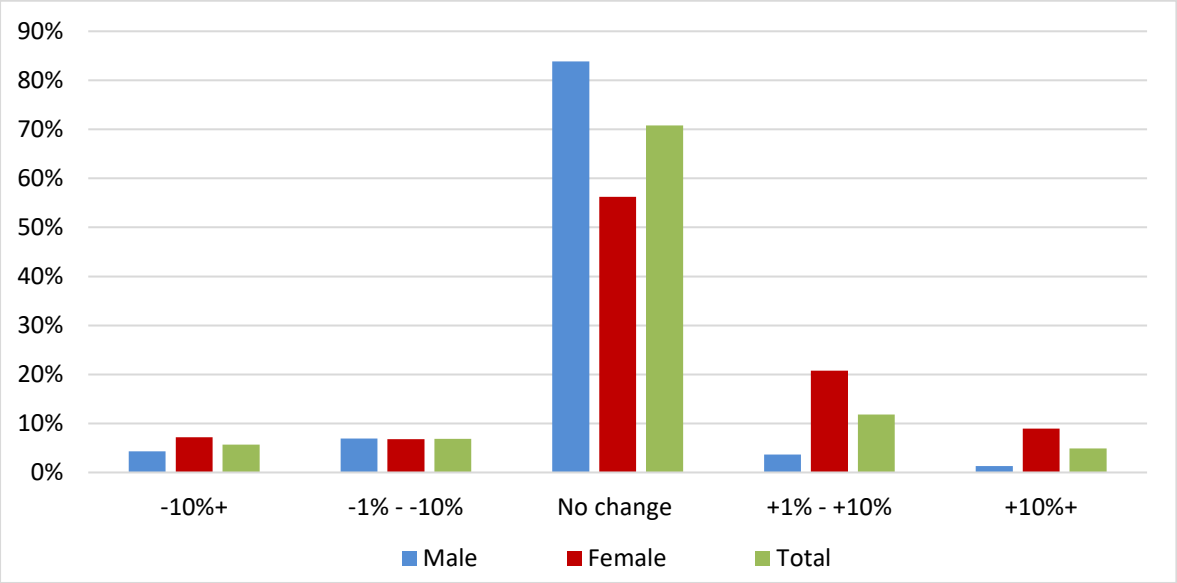
	Status in Wave 5								
Status in Wave 1	Retired	Employed	Self-employed	Unemployed	Permanently sick/disabled	Looking after home/family	In education/training	Other	% of Sample
Retired	**65%**	13%	8%	0%	8%	5%	0%	3%	3%
Employed	22%	**61%**	6%	2%	4%	3%	0%	1%	54%
Self-employed	6%	17%	**68%**	2%	2%	5%	0%	1%	17%
Unemployed	18%	30%	8%	**20%**	10%	11%	2%	0%	8%
Permanently sick/disabled	18%	3%	3%	5%	**53%**	16%	0%	3%	6%
Looking after home/family	9%	10%	10%	4%	7%	**58%**	1%	2%	10%
In education/ training	36%	50%	0%	0%	7%	7%	**0%**	0%	1%
Other	7%	27%	7%	7%	20%	33%	0%	**0%**	1%

Source: Own calculations using TILDA data (Waves 1 and 5).

APPENDIX II

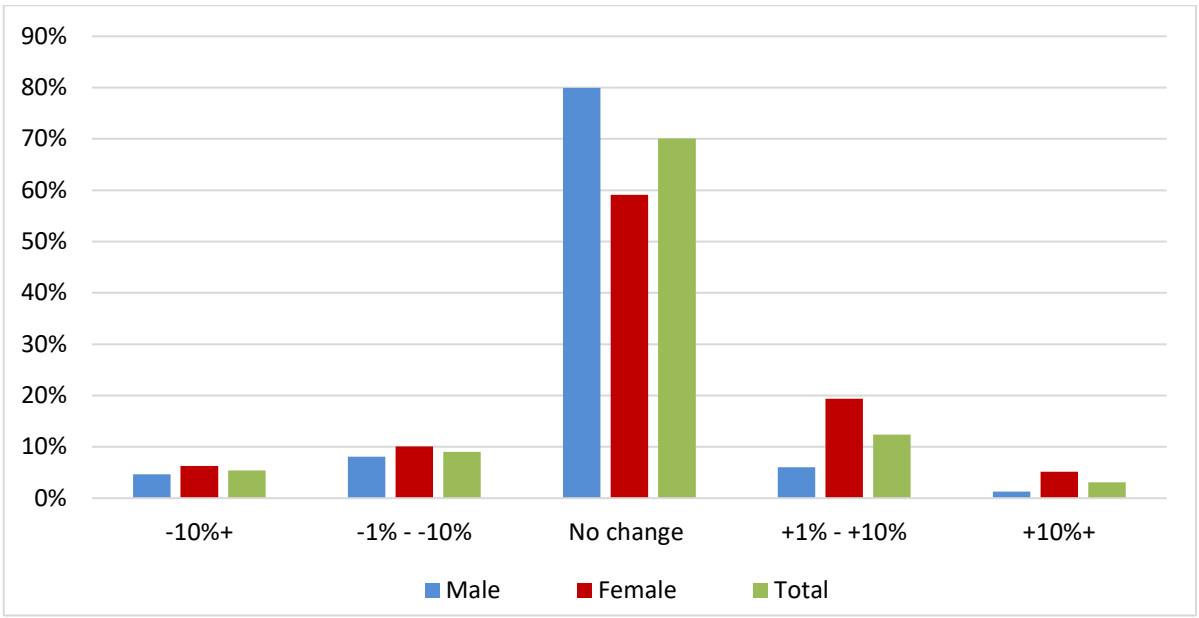
Additional Graphs

FIGURE A.1 CHANGE IN STATE PENSION ENTITLEMENT AS % OF TOTAL PENSIONS



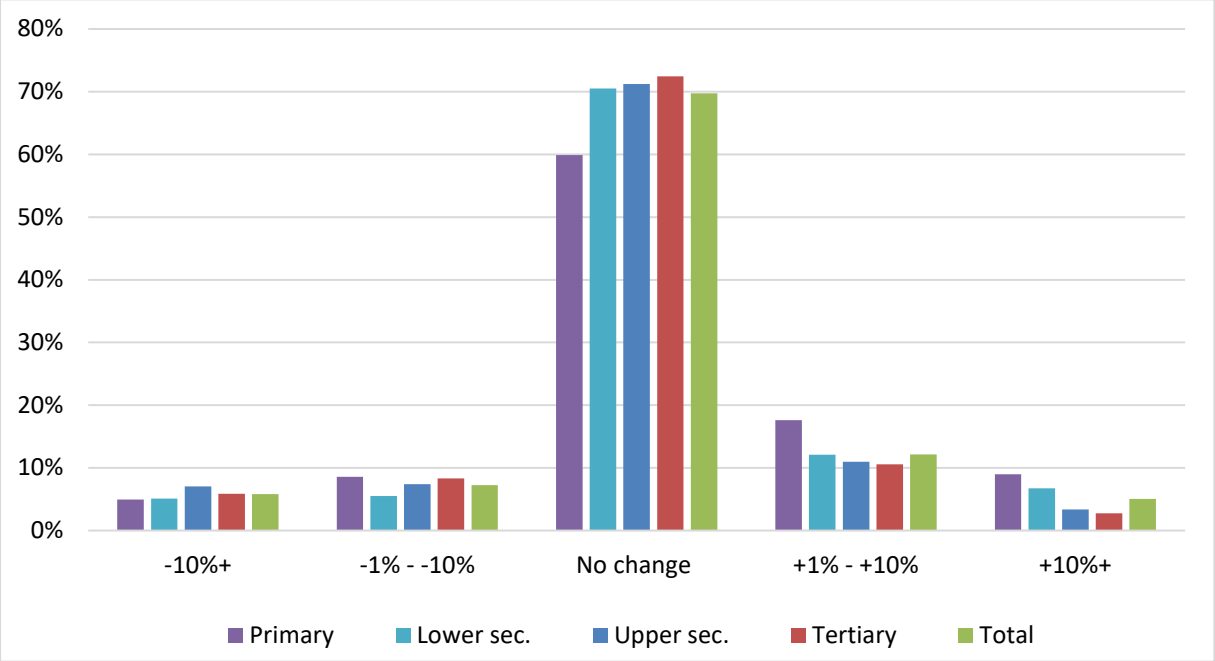
Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.
Notes: The 'No change' category includes those with gains/losses of less than 1 per cent.

FIGURE A.2 CHANGE IN STATE PENSION ENTITLEMENT AS % OF TOTAL PENSIONS, COUPLE LEVEL



Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.

FIGURE A.3 CHANGE IN STATE PENSION ENTITLEMENT AS % OF TOTAL PENSIONS, BY EDUCATIONAL ATTAINMENT



Source: Own calculations using TILDA data (Wave 1) and the TRIAM model.

Whitaker Square,
Sir John Rogerson's Quay,
Dublin 2
Telephone **+353 1 863 2000**
Email **admin@esri.ie**
Web **www.esri.ie**
Twitter **@ESRIDublin**

AN INSTITIÚID UM THAIGHDE EACNAMAÍOCHTA AGUS SÓISIALTA
ESRI ECONOMIC & SOCIAL RESEARCH INSTITUTE