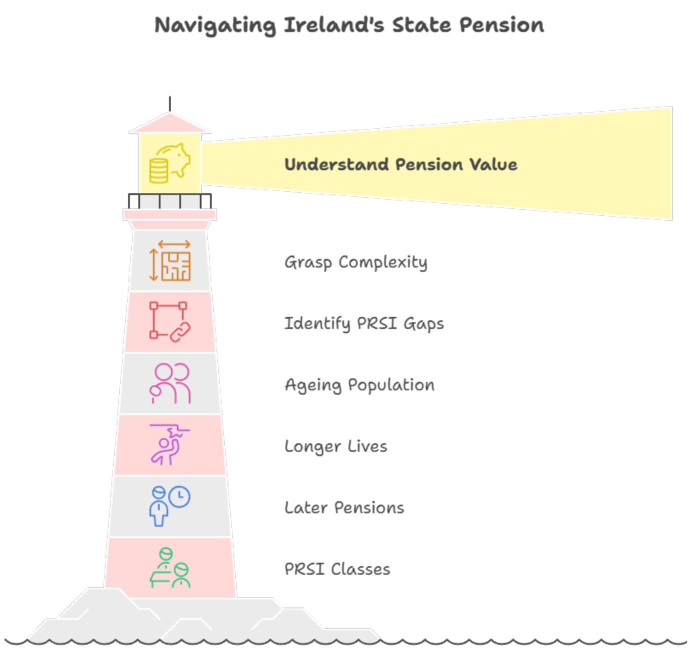
All you need to know about Ireland's State Pension.

Ireland's State Pension is more valuable but also more complex than most people realise, and small gaps in your PRSI record can make a big difference to what you receive in retirement. This article provides a really good insight and explains how the system works today, what's changing, and practical steps to check whether you're on track and what to do if you're not.

Ireland's ageing population and the State Pension challenge



Ireland now has 781,500 people aged 65 and older, just over 15% of its total population of 5,183,966 from Census 2022 figures. According to a July 2024 CSO statistical release on "Population and Labour Force Projections 2023-2057" the number of people aged 65+ will rise significantly to between 1.81million and 1.94million by 2057 while the total population could be as high as 7,010,000 by that time, meaning the over 65's could account for almost 28% of the total population with 1 in 3 over 60. In other words, the State will be supporting a much larger retired population for much longer.

The State pension is paid on a pay-as-you-go basis meaning today's pensions are funded from current PRSI and tax receipts rather than from a pre-funded "Pension Pot". As the ratio of workers to retirees falls, policymakers talk about a "pensions timebomb" because sustaining current benefit levels will put increasing pressure on public finances.

Longer lives, later pensions

Life expectancy at age 65 has risen dramatically over recent decades, so a typical retiree can now expect to draw a State pension for close to 20 years or more depending on sex, compared with about 13 years in the early 1950s.

When did the State Pension age increase to 66?

The qualifying age for the State Pension (Contributory) increased from 65 to 66 on 1 January 2014. This applied to people born on or after 1 January 1949 while most caught in the middle could receive a jobseekers benefit as a type of de facto pension payment until they reached 66.

Further increases to 67 (originally planned for 2021) and 68 (planned for 2028) were legislated for but ultimately deferred following political pushback before the 2020 General Election. The normal State Pension age therefore remains 66, but there is now an option to defer.

PRSI classes and why they matter for your pension

Every worker in Ireland pays PRSI in a specific **class**, and that class determines which social welfare benefits, including pensions you may qualify for. [Broadly, these are](#)

Most private-sector employees and post-1995 public servants pay Class A PRSI on earnings of more than €38 per week, at an employee rate of 4% (recent Budget and PRSI changes may add increments) with employer rates generally between 8.8% and 11% depending on income. Self-employed people on the other hand typically pay Class S PRSI at 4% on their reckonable income, again above a minimum threshold.

Different classes exist (B, C, D, E, H, etc.) and some of them do not build entitlement to the State Pension (Contributory) in the same way, particularly older public-sector classes. Knowing your PRSI class is therefore essential if you want to understand what State support you can expect in retirement.

Contributory vs non-contributory State Pension

There are two main State pensions in Ireland, and they work very differently.

Feature	**State Pension (Contributory)**	**State Pension (Non-Contributory)**
Basis	Built on your PRSI contribution record	Means-tested (income & assets)
Weekly personal rate (from Jan 2026)	€299.30 per week at full rate	€288 per week at full rate (over 80's €298)
Effect of other income	Not means tested, so you can still work or have other pensions	Reduced or refused if means exceed limits
PRSI needed	Minimum 520 paid contributions and 2,080 for full rate pension under the Total Contributions Approach, when fully implemented	No PRSI requirement, but strict means tested rules apply

From 1 January 2026, the maximum personal rate of the State Pension (Contributory) is €299.30 per week, with an over-80s rate of €309.30 and additional payments for qualified adults.

How many contributions do you need and how to check

Under the reformed Total Contributions Approach (TCA), moving in over 2025 to 2034, you will ultimately need 2,080 paid or credited PRSI contributions, equivalent to 40 years, to receive the full State Pension (Contributory). The minimum to qualify at all is 520 paid contributions, or 10 years. If you fall between 520 and 2,080 contributions, you'll get a proportionate rate based on your contribution total and credited years.

To find out where you stand, you can request a "Contribution Statement" online via MyWelfare.ie, which shows your recorded PRSI contributions and credits by year or you can calculate your State Pension (Contributory) rate here (includes TCA and yearly average examples):. This is the starting point for any serious retirement planning.

Homemaker & caring credits and closing pension gaps

Time out of the workforce for caring can leave big holes in a PRSI record, particularly for women. To address this, Ireland operates schemes that allow caring periods to be recognised in the pension calculation.

Under the long-term carers and homemaker provisions in the State Pension (Contributory) reform, up to 20 years of caring for children under 12 or for adults needing full-time care can be treated as "credited" contributions for TCA purposes, once you have at least 520 paid contributions in your record. Specific conditions apply around qualifying payments, earnings limits and approved care situations, and applications are made using the relevant "Pension Caring Support" or related forms.

Voluntary PRSI contributions if you stop work early

If you stop paying compulsory PRSI, for example, due to early retirement, a career break or moving abroad, then you may be able to make voluntary contributions to protect your future pension. The key conditions include:

- You must already have at least 520 compulsory PRSI contributions paid in your working life.
- You must apply within five years (60 months) of the end of the last tax year in which you paid or were credited with compulsory contributions.

Deferring your State Pension to 67–70

From 1 January 2024, people who first reach age 66 on or after that date can choose to defer their State Pension (Contributory) up to a maximum age of 70. You do not have to retire to draw the pension, but if you delay claiming, your eventual weekly rate is increased.

DSP has published a schedule of uplifted rates for those who defer, with higher percentages applying the longer you wait, up to age 70.

Deferral can be attractive if you:	**On the flip side, there are some drawbacks:**
• Expect a long life and want a higher guaranteed income later. • Are still working at 66, continuing to build contributions, and don't need the cashflow immediately. • Deferring allows for continued PRSI contributions, potentially meeting the minimum requirement, if it hasn't already been achieved.	• You give up several years of guaranteed income, so if you die earlier than expected, the State "wins" and you will never recoup the foregone payments. • There is uncertainty around future policy, indexation and how deferral uplifts will evolve over time. • Continued PRSI payments are necessary until the State pension is claimed, representing an additional outlay that some may find burdensome.

<u>Expert Pension Planning: Where Your State Entitlement Ends, Our Work Begins.</u>

Your State Pension entitlement comes down to one thing, your PRSI record and that's outside everyone's control once the years have passed. What is within your control is how to structure your broader pension provision, how to maximise tax efficiency on the way in and out, and whether your overall retirement strategy is genuinely joined up.

With more than four decades advising Irish families, company directors, business owners, professionals and retires from every corner of the country, we've built pension strategies for every stage of working life and every phase of retirement. Whether you're planning on buying a property, funding your retirement, staying put or moving elsewhere, recognising that these detailed forecasts deserve our early attention, just like Financial Planning does. This is quite important because the cost of adapting tends to rise while you wait until the downsides are already visible.
So why not get in touch with us here at Lifestyle Financial Planners, reserve your Discovery Meeting and take the first steps to on your road to Financial Freedom. Email info@lifestylefinancialplanners.ie or call 096-75951