

Finance

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Everything you need to know about claiming the qualified adult allowance

This payment, paid to a couple alongside a State pension, is worth up to €168.70 a week, but you must ensure you qualify

Martin O'Sullivan



Many farming couples get a joint State pension — as distinct from two separate pensions — made up of a full contributory non-means-tested payment for one spouse along with a means-tested increase for a qualified adult (IQA).

The non-means-tested element is straightforward: provided you have made the necessary PRSI contributions and you have a pulse, you will receive it until the day you die.

The second part is not so simple because you need to be rightly entitled to it, and remain rightly entitled to it.

The IQA (previously known as the Adult Dependent Allowance) has generated plenty of queries and problems over the years, often involving clients who might have been a wee bit economical with the truth when they first completed the application form.

Sometimes, issues stem from a

reluctance to notify the Department of Social Protection of an improvement in their circumstances since they first qualified for the payment.

Value of the benefit

The key distinction from the State pension is that the IQA is paid regardless of whether the recipient is aged over 66.

It is worth €168.70 for a person under 66 and €227 to those over 66. These amounts will increase to €178.70 and €237 respectively from January 2023.

This is an add-on to the spouse's contributory pension so the combined weekly payment to a husband and wife who are both over 66 will be €502.30 from January, or €26,622 on an annual basis.

Where the IQA recipient is under 66, the combined weekly payment from January will be €442.

If the recipient has dependent children, there is a further payment of €42 per child under 12 and €50 per child over 12 and under 18, or under 22 if in full-time education.

Qualifying for the benefit

To qualify for a part payment, the adult dependant cannot have gross weekly earnings (or deemed earnings) or income (before tax and

PRSI deductions) of more than €310.

The weekly payment will be reduced by the amount that the person's earnings exceed €100.

If their weekly earnings (or deemed earnings) are less than €100 they will qualify for the maximum payment.

Means test

Calculating your means is far from straightforward as there are different rules associated with Social Insurance payments as distinct from Social Assistance payments.

A contributory pension is classed as a Social Insurance Payment because it is based on the PRSI you paid, and the IQA in this instance is a benefit associated with the contributory pension.

Assessing income from PAYE or self-employed earnings is simple, as it is the amount assessable for tax.

Rental income is assessed as the net rent received, but if the property is not rented, a notional income is arrived at based on its value.

Where a rental property is jointly owned, half of the assessable rent is applied to applicant's means.

Savings or investments are not assessed on the income they generate, but on a rather penal notional basis.

The first €20,000 is not counted

but the next €10,000 is deemed to yield €10 per week.

The next €10,000 is deemed to yield €20 per week and the balance is deemed to yield €4 per €1,000 per week.

Where savings accounts are held in joint names, half of the assessed income is counted.

Means test example

Joe is an active farmer who will be 66 in March. The farm is in his sole name and he has a full PRSI contribution record, so he intends applying for the State Contributory pension when he becomes eligible on his birthday.

He will also apply for the IQA for his wife Mary, who is 61. Joe and Mary have a jointly owned cottage rented out yielding €200 a week. They have a joint bank deposit amounting to €50,000, and Mary has €15,000 in a Credit Union account.

Mary's assessed weekly means are:

Rent (half assessable): €100
Joint deposit (half assessable): €5
Sole deposit: €25
Total: €130

So Mary exceeds the weekly limit of €100 by €30 so her IQA will be reduced proportionately in accordance with bands as set down by the DSP.

Taking action

Often a problem only comes to light on the person's death, because the solicitor acting for the estate has an obligation to notify DSP if the deceased's assets were inconsistent with their entitlement to a means-tested payment.

However, more recently, the DSP have been sending out letters seeking an update on the IQA recipient's means. In some cases, these letters are greeted with consternation because an economy with the truth may have come home to roost.

In most cases where people receive such a letter, there is no problem as their means fall under the threshold.

However, some clearly have a problem and my advice is that they respond honestly, as concealing anything would not be wise. You may have to repay any benefit to which you were not entitled, but it is best the matter is addressed now rather than let it wear you down.

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