



PRSI from age 66 ARF & vested-PRSA income

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Contents:

- [What has changed and who is impacted?](#)
- [What does this mean for clients with existing ARFs and vested-PRSAs?](#)
- [What options have been introduced to defer the State Pension \(Contributory\)?](#)

Q1. What has changed and who is impacted?

Before 1 January 2024, ARF and vested-PRSA income was exempt from PRSI (Class M) from age 66.

For people who are already 66 or over before 1 January 2024 there is no change. Their ARF and vested-PRSA income continues to be exempt from PRSI.

For people who turn 66 on or after 1 January 2024

- Those who claim the State Pension (Contributory) at age 66 they will be exempt from PRSI from age 66
- Those who choose to defer their state pension, which is now permitted to a max age of 70, will be exempt from PRSI when they start to receive the State Pension (Contributory)
- Those who are not eligible for the State Pension (Contributory) will become exempt from PRSI from age 70. For example, certain public sector employees who paid PRSI Class D don't qualify for the State Pension unless they qualify separately from another employment.

Clients who are not exempt will pay PRSI Class S at 4% on income from their ARF or vested-PRSA.

Q2. What does this mean for clients with existing ARFs and vested-PRSAs?

In the week of 22nd April, Irish Life are writing to ARF and vested-PRSA clients who turn age 66 in 2024. The letter includes a form asking them to confirm at what age they will start to receive the State Pension (Contributory), or indicate that they are not eligible for the State Pension (Contributory).

If we do not hear from clients we will assume that clients are receiving the state pension from 66.

Q3. What options have been introduced to defer the State Pension (Contributory)?

Your pension rate depends on the age you are when you start getting your pension and your number and class of PRSI contributions. If you don't qualify for the maximum rate, you may get a reduced rate.

If you choose to defer your pension, you may be entitled to a higher rate of State Pension (Contributory). If someone chooses to defer their state pension the proposal is that when it does start it will be increased by approx. 5% for each year deferred. People may also be able to make additional PRSI contributions during this period which could increase the pension for those on a reduced rate.

More information about the State Pension (Contributory), the option to defer and these changes to PRSI is available at www.gov.ie.