



BUDGET 2012

Budget Summary 2012 - Part 1 A summary of the key spending cuts for 2012

Introduction

Minister Brendan Howlin, T.D, with responsibility for Public Expenditure and Reform, today announced spending cuts in the region of €2.2 billion for 2012. Fiscal consolidation in 2012 will need to be in the region of €3.8 billion so the balance of €1.6 billion will come through revenue raising measures which will be announced by the Minister for Finance tomorrow.

Capital spending will contribute €755 million to the consolidation of expenditure in 2012 with the balance of €1.4 billion coming from savings in day-to-day expenditure.

The majority of the Government's current expenditure is accounted for by the three core areas of Healthcare, Social Protection and Education. It is these three areas that will make up the largest proportion of the required spending cuts of €2.2 billion.

Key points for the Life & Pensions Industry

There were no measures contained within the spending cuts announced by Minister Howlin that will have a direct impact on the Life & Pensions industry. However, the revenue raising measures which will be announced by the Minister for Finance tomorrow may contain provisions that will impact the Life & Pensions industry.

We will produce Budget Summary Part 2 tomorrow which will capture any important measures announced by the Minister for Finance.

Key points for the Departments of Health, Social Protection and Education

As the Departments of Health, Social Protection and Education make up over 80% of total current spending, these will contribute the most in terms of the savings required.

The savings required from the Department of Health will total €543 million in 2012 and these savings will be made through some of the following means:

- Reduce numbers and contain pay costs - €145 million



- Introduction of measures to reduce the price of drugs - €112 million
- Increase the monthly threshold from €120 to €132 under the Drugs Payment Scheme - €12 million
- Improve the generation of and collection of private income in public hospitals - €143 million

The Department of Social Protection will be required to deliver savings of €475 million in 2012 and some of the measures announced to achieve this figure are:

- A standardisation of the rates of payments of child benefit for all children over a two year period - €43 million
- A reduction in the fuel season from 32 weeks to 26 weeks - €51 million
- Changes to the redundancy and insolvency scheme, to reduce the employer rebate from 60% to 15% - €81 million
- Changes to the one-parent family payment - €20.7 million

And lastly, the Department of Education will be introducing measures in 2012 to save a total of €132.3 million. Some of the measures are as follows:

- Increase of €250 in the third level student contribution - €18.5 million
- Changes to fee and maintenance supports for new post-graduate students - €12.6 million
- A 2% reduction in core funding for higher education - €23.6 million
- Reduction of costs associated with trainee and apprenticeship schemes - €19.2 million.

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Please note on the tables below the only rate changes are to Disability Allowances and Child Benefit

Social Protection Rates of Payment 2012

Maximum Weekly Rates of Social Insurance from January 2012

Personal and Qualified Adult Rates

State Pension (Contributory)		Present Rate (€)	New Rate (€)
(i)	Under 80		
	Personal Rate	230.30	230.30
	Person with qualified adult under 66	383.80	383.80
	Person with qualified adult 66 or over	436.60	436.60

(ii)	80 or over		
	Personal Rate	240.30	240.30
	Person with qualified adult under 66	393.80	393.80
	Person with qualified adult 66 or over	446.60	446.60

State Pension (Transition)		Present Rate (€)	New Rate (€)
	Personal Rate	230.30	230.30
	Person with qualified adult under 66	383.80	383.80
	Person with qualified adult 66 or over	436.60	436.60

Widow's /Widower's Contributory Pension		Present Rate (€)	New Rate (€)
	Under 66	193.50	193.50
	66 and under 80	230.30	230.30
	80 or over	240.30	240.30

Invalidity Pension		Present Rate (€)	New Rate (€)
(i)	Under 65		
	Personal Rate	193.50	193.50
	Person with qualified adult under 66	331.60	331.60
	Person with qualified adult 66 or over	399.80	399.80

(ii)	Age 65		
	80 or over	230.30	230.30
	Person with qualified adult under 66	368.40	368.40
	Person with qualified adult 66 or over	436.60	436.60

Carers Benefit		Present Rate (€)	New Rate (€)
	Personal Rate	205.00	205.00

Occupational Injuries Benefit – Death Benefit pension		Present Rate (€)	New Rate (€)
(i)	Personal rate under 66	218.50	218.50
(ii)	Personal rate 66 and under 80	234.70	234.70
(iii)	Personal rate 80 and over	244.70	244.70

Note: Death Benefit Pension is not reduced for those aged 66 and over

Occupational Injuries Benefit – Disablement Pension		Present Rate (€)	New Rate (€)
	Personal Rate	219.00	219.00

Illness /Jobseeker's Benefit		Present Rate (€)	New Rate (€)
	Personal Rate	188.00	188.00
	Person with qualified adult	312.80	312.80

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Guardian's payment (contributory)		Present Rate (€)	New Rate (€)
	Personal Rate	161.00	161.00

Increases for a qualified child		Present Rate (€)	New Rate (€)
	All schemes in respect of all children	29.80	29.80

Maximum Weekly Rates of Social Assistance from January 2012

Personal and Qualified Adult Rates

State Pension (Non Contributory)		Present Rate (€)	New Rate (€)
(i)	Under 80		
	Personal Rate	219.00	219.00
	Person with qualified adult under 66	363.70	363.70

(ii)	80 or over		
	Personal Rate	229.00	229.00
	Person with qualified adult under 66	373.70	373.70

Blind Persons Pension		Present Rate (€)	New Rate (€)
	Personal Rate	188.00	188.00
	Person with qualified adult under 66	312.80	312.80

Widow's /Widower's Non Contributory Pension		Present Rate (€)	New Rate (€)
	Personal Rate	188.00	188.00

One Parent Family Payment		Present Rate (€)	New Rate (€)
	Personal Rate with one qualified child	217.80	217.80

Carer's Allowance		Present Rate (€)	New Rate (€)
(i)	Under 66	204.00	204.00
(ii)	66 or over	239.00	239.00

Supplementary Welfare Allowance		Present Rate (€)	New Rate (€)
	Personal Rate	186.00	186.00
	Person with qualified adult	310.80	310.80

Pre-Retirement Allowance /Farm Assist		Present Rate (€)	New Rate (€)
	Personal Rate	188.00	188.00
	Person with qualified adult	312.80	312.80

Guardian's Payment (Non Contributory)		Present Rate (€)	New Rate (€)
	Personal Rate	161.00	161.00

Increases for a qualified child		Present Rate (€)	New Rate (€)
	All schemes in respect of all children	29.80	29.80

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Changes in Maximum Weekly Rates of Disability Allowance from January 2012*

18 to 21 years of age		Present Rate (€)	New Rate (€)
	Personal Rate	188.00	100.00
	Person with qualified adult under 66	312.80	200.00

22 to 24 years of age		Present Rate (€)	New Rate (€)
	Personal Rate	188.00	144.00
	Person with qualified adult under 66	312.80	268.80

Over 25 years of age		Present Rate (€)	New Rate (€)
	Personal Rate	188.00	188.00
	Person with qualified adult	312.80	312.80

* Reduced rates apply to claimants under 25 with effect from April 2012. Where a person has a dependent child and in certain other circumstances the basic rate (€188.00) applies to 18 – 24 year olds.

Maximum Weekly Rates of Jobseeker's Allowance from January 2012

18 to 21 years of age		Present Rate (€)	New Rate (€)
	Personal Rate	100.00	100.00
	Person with qualified adult	200.00	200.00

22 to 24 years of age		Present Rate (€)	New Rate (€)
	Personal Rate	144.00	144.00
	Person with qualified adult	268.80	268.80

Over 25 years of age		Present Rate (€)	New Rate (€)
	Basic Personal Rate	188.00	188.00
	Person with qualified adult	312.80	312.80

Where a person has a dependent child and in certain other circumstances the basic rate (€188.00) applies to 18 - 24 year olds.

Changes in Monthly Rates of Child Benefit from January 2012

Child Benefit		Present Rate (€)	New Rate (€)
(i)	First and Second Children	140.00	140.00
(ii)	Third child	167.00	148.00
(iii)	Fourth and subsequent children	177.00	160.00

Maximum Weekly Rates of Health Allowances from January 2012

Supplementary Allowance Payable to Blind Persons in receipt of a Blind Pension		Present Rate (€)	New Rate (€)
(i)	Blind Pensioner	58.50	58.50
(ii)	Blind Married Couple	117.00	117.00

This summary has been produced by Aviva Life and Pensions Ireland Limited based on its understanding of the laws and practice current in December 2011. While great care has been taken to ensure the accuracy of the information it contains, the company cannot accept responsibility for its interpretation, nor does it provide legal or tax advice.

BUDGET SUMMARY 2012 - PART 2 coming tomorrow. Check your email or logon to www.avivabroker.ie

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