



## Contents

Introduction.....	2
Summary Recommendations .....	3
Publish detailed modelling and undertake further consultation .....	5
The Targeted Child Payment .....	6
Removing the cliff-edges families face as earnings rise.....	6
Improving take-up.....	6
Retain age-differentiated child rates and benchmark adequacy .....	6
Align eligibility for older children in full-time education .....	7
A child payment must be assessed at household level.....	7
The Working Age Payment .....	7
Why reform is justified: the current rules penalise work.....	8
Lone parents: the reform threatens the one support that helps them .....	8
The earnings disregard has been allowed to erode.....	8
The reform would remove the mitigation that has masked this erosion. ....	8
The age-14 cliff-edge is the clearest injustice, and it is unjustified. ....	9
Responsiveness: welcome, but with a guaranteed minimum .....	9
An illustrative model for the Working Age Payment.....	9
Cross-cutting considerations.....	11
Assess overall household income, rather than individual payments.....	11
Recognise caring responsibilities and childcare barriers.....	11
Protect secondary supports .....	11
Ensure housing costs do not absorb the gains from reform.....	12
Conclusion .....	13

## Introduction

The Society of St Vincent de Paul (SVP) welcomes the opportunity to respond to the Department of Social Protection's consultation on the proposed introduction of a Targeted Child Payment and a Working Age Payment.

SVP supports the Department's commitment to reducing child poverty and improving the adequacy, accessibility and effectiveness of income supports for low-income households. We recognise that the current system can be complex and that some households may not receive support despite experiencing financial hardship. We therefore welcome the Department's willingness to examine whether existing arrangements remain fit for purpose.

We see real anti-poverty potential in these proposals. A Targeted Child Payment based on household income, and a Working Age Payment that ensures work always pays, could reach households the current system misses and remove some of the sharpest disincentives within it. Reform of this scale is worth the investment, provided it is judged by the only test that matters: its impact on net income at the level of the household.

That test carries a corollary that runs through this submission. The Targeted Child Payment and the Working Age Payment must be assessed together, for the same household. A gain delivered through one payment is no gain at all if it is offset by a loss in the other, and the households where this risk is greatest are lone-parent families, whose children are at the highest risk of poverty in the State.

While SVP supports the objectives of reform, the proposals remain at a very early stage. The consultation document does not contain sufficient detail on payment rates, eligibility thresholds, how support would reduce as household income increases, or interactions with other supports to allow a full assessment of the impact on households.

The Department has not yet published the detailed modelling needed to assess the impact of the proposed reforms across different household types. Before any decisions are made, comprehensive modelling should be undertaken and published to identify which households would gain, which may potentially lose, the impact on overall household income, and the likely effect on poverty and deprivation.

Given the early stage of the proposals and the absence of detailed modelling, SVP's submission focuses on several key considerations and recommendations that should inform the further development of both payments. These are intended to ensure that any future reforms contribute to poverty reduction, improve income adequacy and protect households vulnerable to financial hardship. We also set out, for discussion, an illustrative model for the Working Age Payment that would protect single adults and lone parents while advancing the Department's own objectives.

## Summary Recommendations

SVP recommends that any reform of the Targeted Child Payment and Working Age Payment should be guided by the following requirements.

- 1. Assess both payments together at household level.**

The Targeted Child Payment and Working Age Payment must be modelled together for the same household. A household should not gain through one payment only to lose through another. The key test should be the effect on total disposable income and living standards.

- 2. Publish detailed modelling before decisions are made.**

The Department should publish modelling showing which households gain, which may lose, and the impact on poverty, deprivation and income adequacy. This should

include one-parent families, working families, single adults, households with fluctuating earnings, and households reliant on multiple supports. A further consultation should follow once detailed proposals are available.

**3. Guarantee that reform does not create income losses.**

“No household worse off than its current entitlement” should be adopted as a strong guiding principle. Any unavoidable exceptions identified through modelling should be made transparent, quantified and accompanied by transitional protection.

**4. Benchmark and index the Targeted Child Payment.**

Rates and income thresholds should be benchmarked to the Minimum Essential Standard of Living and indexed over time. The payment should retain higher rates for children aged 12 and over, reflecting the higher costs faced by families with older children.

**5. Continue support for young people in full-time education.**

Eligibility for the Targeted Child Payment should align with existing Child Support Payment and Working Family Payment arrangements, so that support continues for dependent young people in full-time education up to age 23.

**6. Protect one-parent families as a priority test case.**

Lone parents must not lose out from reform. The Working Age Payment should remove the age-14 cliff-edge, protect the work incentives currently provided through the Working Family Payment, and include a higher earnings disregard for lone parents to reflect childcare, transport and sole-care responsibilities.

**7. Move away from days-based work rules.**

SVP supports replacing days-based rules, such as the “four in seven” rule, with an earnings-based approach. Taking up extra hours or an additional day of work should always leave a person better off.

**8. Build certainty into any responsive payment.**

If the Working Age Payment responds to real-time earnings, it must include a guaranteed minimum. Households with irregular or fluctuating earnings need certainty to budget for essentials such as food, energy, transport and rent.

**9. Re-anchor earnings disregards to the minimum wage.**

Earnings disregards should be linked to a set number of hours at the national minimum wage so that work incentives do not erode over time.

**10. Protect secondary supports.**

Reform must not result in the loss of Fuel Allowance, Back-to-School Clothing and Footwear Allowance, the Back to Work Family Dividend, or other linked supports that low-income households rely on.

**11. Ensure housing costs do not absorb the gains from reform.**

The Targeted Child Payment should be disregarded as assessable income for HAP

and social housing means tests. An anti-poverty payment should not reduce housing support or jeopardise access to essential housing assistance.

**12. Use reform to improve adequacy, not simply simplify the system.**

A simpler system is valuable only if it also reduces poverty. The success of reform should be measured by whether households, especially those at greatest risk of poverty, have more secure and adequate incomes after reform than before.

**13. Ensure child maintenance continues to be excluded from housing and welfare assessments.**

Child maintenance is intended to meet the needs of the child, not to offset the State's income or housing supports. SVP asks that maintenance continue to be disregarded in full across both welfare means tests and housing assessments, including local authority and Approved Housing Body differential rents, so that money meant for the child is not clawed back.

**14. Recognise the impact of housing on child poverty and exclude any child poverty measures from social housing assessment.**

Housing costs are among the strongest drivers of child poverty, and it would be self-defeating to design a payment to reduce that poverty and then count it as means for social housing. SVP asks that the Targeted Child Payment, and any child-focused anti-poverty support, be fully disregarded in social housing eligibility, banding and differential rent calculations.

### **Publish detailed modelling and undertake further consultation**

SVP welcomes the Department's commitment to consultation and recognises that the current process is intended to explore options for reform rather than present a final policy proposal. However, given the absence of detailed information on payment rates, income thresholds, eligibility arrangements and the interaction with existing supports, it is not currently possible to fully assess the impact of the proposed reforms.

Before any decisions are made, the Department should publish comprehensive modelling identifying which households would gain, which households may potentially lose, the impact on overall household income, impacts across different household types, including lone-parent families, working families and households reliant on multiple supports, and the likely effect on poverty, deprivation and income adequacy.

Once this modelling has been completed and detailed proposals developed, a further round of consultation should take place to allow stakeholders to assess the practical implications of the reforms and provide informed feedback before final policy decisions are made.

## **The Targeted Child Payment**

SVP supports the introduction of a Targeted Child Payment as a clear anti-poverty measure. Properly designed, a single payment based on household income could deliver more consistent, more accessible support to low-income families than the present combination of the Working Family Payment and the Child Support Payment.

### **Removing the cliff-edges families face as earnings rise**

The most important advantage of a well-designed Targeted Child Payment is that it can remove the cliff-edges that families currently encounter as their earnings rise. Under the present system, a small increase in income, or a change in working hours or days, can cause a family to lose an entire payment, leaving them no better off, or worse off, for having earned more. A payment that tapers gradually as household income rises, rather than withdrawing abruptly at a fixed threshold, ensures that work and additional hours always improve a family's position. This is the single most valuable feature the reform could deliver for low-income families, and SVP strongly supports it.

### **Improving take-up**

A simpler, single payment also has the potential to address the persistent problem of low take-up. The Department's own consultation document notes the ESRI's finding that between a quarter and a half of eligible families do not claim the Working Family Payment.<sup>1</sup> A payment that is easier to understand and to apply for, and, where possible, awarded automatically to families already known to the system through a means-tested payment, could substantially increase the number of families actually receiving the support they are entitled to. Take-up is not a secondary administrative matter: a payment that does not reach eligible families cannot reduce poverty, however well it is rated.

### **Retain age-differentiated child rates and benchmark adequacy**

SVP welcomes the Department's proposal to retain higher rates of support for children aged 12 and over. Evidence consistently demonstrates that the cost of raising older children is higher than that of younger children, and any future Targeted Child Payment must continue to recognise these additional costs.

Indeed, the evidence shows the current system already falls short for older children. Minimum Essential Standard of Living (MESL) research finds that social protection supports meet 117% of the needs of an infant and 123% of the needs of a pre-school child, but only 95% of the needs of a primary-school child and just 72% of the needs of a second-level child.<sup>2</sup> In other words, the adequacy of support declines precisely as a child grows older and costs rise. This is the same contradiction that runs through the working-age system,

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<sup>1</sup>Economic and Social Research Institute, as cited in Department of Social Protection. (2026). *A Public Discussion Paper exploring options for a new Targeted Child Payment and a new Working Age Payment in Ireland*. Department of Social Protection.

<sup>2</sup>Vincentian MESL Research Centre. (2025). *Minimum Essential Standard of Living 2025: Annual update report*. Society of St Vincent de Paul / Vincentian MESL Research Centre.

addressed later in this submission: the State recognises that older children cost more, yet support thins as children age. A new Targeted Child Payment should close this gap, not preserve it.

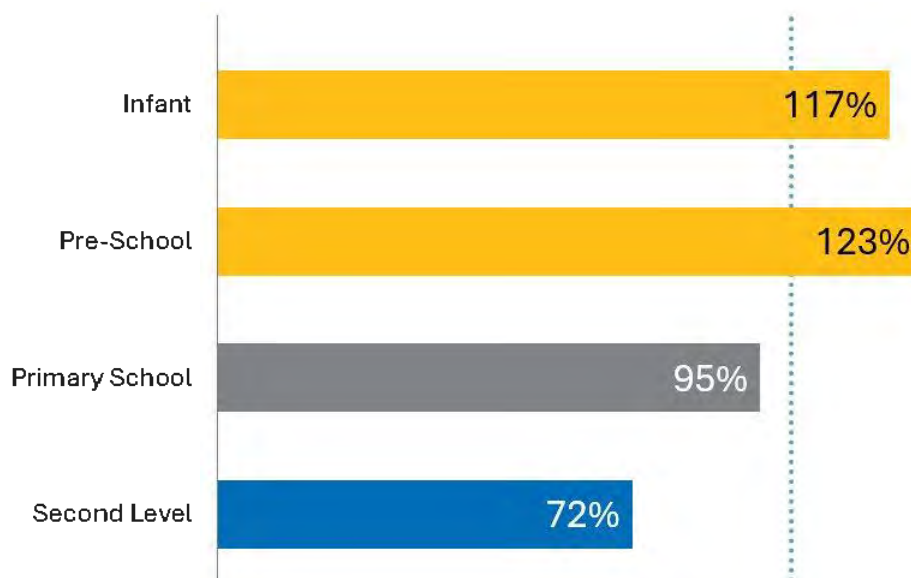


Figure 1. Share of a child's minimum needs met by social protection, by age (MESL, 2025).

We therefore ask that the Department benchmark both the rate and the income thresholds to the Minimum Essential Standard of Living, and index them, so that adequacy is built into the payment and does not erode over time. A standard of “no less than the current rate” tests only continuity; the right test is whether the payment meets a child's actual, evidenced needs.

### **Align eligibility for older children in full-time education**

SVP recommends that eligibility for any new Targeted Child Payment be aligned with existing Child Support Payment and Working Family Payment arrangements, so that support continues for dependent young people in full-time education up to age 23. The financial costs of supporting young people do not end at age 18, and many families continue to provide substantial support while young adults complete education and training.

### **A child payment must be assessed at household level**

A Targeted Child Payment cannot be evaluated in isolation from the income of the household in which the child lives. Children do not live in a vacuum. If the child payment rises while the working-age support beneath it falls, the child is no better off, because the household is no better off. This is why the design of the Working Age Payment, addressed below, is inseparable from the question of child poverty, and why the two reforms must be assessed together.

### **The Working Age Payment**

SVP supports the principle of a Working Age Payment. Ensuring that taking on work always increases income, and removing the structural disincentives in the current system, are objectives we share. But the design must protect the households most exposed to poverty, and as outlined it carries real risks for single adults and, above all, for lone parents.

### **Why reform is justified: the current rules penalise work**

The case for reform is strong, because several features of the current Jobseeker's Allowance system actively discourage work.

The clearest example is the “four in seven” rule. To qualify for Jobseeker's Allowance, a person must be unemployed for at least four days in every seven. If they work more than three days in a week, they lose the payment entirely for that week, regardless of how few hours those days involve. A person can be offered additional work and find that taking it leaves them worse off, because a single extra day removes a full week's support. The rule also distorts the labour market, encouraging both employees and employers to arrange work around a three-day pattern rather than around what is actually needed.

The underlying problem is that entitlement is assessed on the basis of days worked rather than income earned. One hour of work on a given day is treated the same as eight. This produces arbitrary outcomes and shapes people's working patterns around the rules instead of around the work available to them. SVP therefore supports moving from a days-based test to an earnings-based one, which is the central rationale for a Working Age Payment.

### **Lone parents: the reform threatens the one support that helps them**

Particular consideration must be given to lone-parent families, whose children are at the greatest risk of poverty in the State. It would be a mistake to assume the current system treats this group generously. In reality, only one element of the system, the Working Family Payment, operates in their favour, by applying the same income threshold to a lone parent as to a two-parent family. Almost every other feature treats them less favourably: the personal rate assesses a lone parent as a single adult rather than as a household meeting full housing and energy costs on a single income; the earnings disregard has been allowed to erode in real terms; and the transitions between payments as a child ages impose direct income losses. The reform, as outlined, would absorb the one payment that compensates this group, while leaving in place the features that disadvantage them.

### **The earnings disregard has been allowed to erode.**

The earnings disregard for lone parents was introduced in 1997 at €146.50 per week. At that time it allowed a lone parent to work 26.25 hours at the minimum wage before means-testing began, more than half of a full working week. It has not kept pace with wages. At €165 today, against a minimum wage of €14.15 per hour, it disregards just 11.66 hours of work. The real value of the disregard as an incentive to work has more than halved.

### **The reform would remove the mitigation that has masked this erosion.**

A lone parent can hold the One-Parent Family Payment and the Working Family Payment together, but cannot combine Jobseeker's Transitional Payment with the Working Family Payment; they must choose one. For lone parents who reached the Working Family Payment's hours threshold, that payment cushioned the eroded disregard. For those who could not reach it, the frozen disregard has been a straight loss, with no mitigation at all. A single Working Age Payment that absorbs the Working Family Payment removes this

cushion for everyone, and the Targeted Child Payment cannot replace it, because what is lost is adult and household income, not child income.

### **The age-14 cliff-edge is the clearest injustice, and it is unjustified.**

A lone parent in need of income support is supported through the One-Parent Family Payment, and then Jobseeker's Transitional Payment, until their youngest child turns 14, at which point they must move to standard Jobseeker's Allowance. A lone parent who has been working part-time and moves from Jobseeker's Transitional to Jobseeker's Allowance sees their earnings disregard collapse from €165 to €60, a direct loss of income, triggered solely by the age of their child. There is no evidence base for penalising the household at this point. On the contrary, the Department has already accepted the opposite logic: the entire basis of the higher age-12 rate in the Child Support Payment is that older children cost more. The current system therefore raises the recognised cost of the child at 12, then cuts the parent's work incentive at 14. This is incoherent, and the present reform is the opportunity to end it.

Previous reforms to lone-parent supports, including those introduced following Budget 2012, had significant and lasting consequences for many lone-parent families. The current process presents an opportunity to learn from that experience and, by removing the unjustified cliff-edges described above, to begin reversing some of that damage rather than compounding it.

### **Responsiveness: welcome, but with a guaranteed minimum**

SVP welcomes the potential for a Working Age Payment that uses real-time income data, now available through developments in the Department's IT systems and Revenue reporting, to adjust support automatically as a person's earnings change. Used well, this can reduce administrative burden and ensure support responds quickly when earnings fall.

However, responsiveness must not come at the cost of certainty. Many of the households SVP supports have irregular or fluctuating earnings, and a payment that changes every week makes it impossible to budget for essentials such as food, energy and transport. Any responsive payment must therefore include a guaranteed minimum that the household can rely on, however its earnings vary in a given week. Responsiveness on the upside should be matched by certainty on the downside.

### **An illustrative model for the Working Age Payment**

In response to the consultation's invitation for alternative proposals, SVP offers the following illustrative model. It is offered for discussion rather than as a fixed position, but it demonstrates that the single-adult and lone-parent risks identified above can be resolved using the State's own evidence, while advancing the Department's stated aim of treating the two adults in a couple equally.

1. **Individualise the couple payment.** The current working-age payment for a couple is €254.00 (personal rate) plus €168.60 (qualified adult), a total of €422.60. Consistent

with the Department's interest in greater financial independence within couples, this total could be split equally, with €211.30 paid to each adult. The household total is unchanged, so this step is cost-neutral for couples.

2. **Re-derive the single rate from the State's own equivalence evidence.** The current couple payment sits at 1.66 times the single rate, mirroring the national equivalence scale, which assigns a weight of 0.66 to a second adult. However, the State does not use a single scale. For EU-comparable poverty measurement, the CSO applies the OECD-modified equivalence scale, which assigns the second adult a weight of 0.5 rather than 0.66, on the basis that housing, energy and other household costs are largely shared and do not double with a second adult.<sup>3</sup> On that scale, a couple's needs are 1.5 times those of a single adult, not 1.66 times. There is also evidence that the welfare system already behaves this way in practice: research finds that the equivalence weights implicit in Ireland's tax-benefit system are close to the OECD-modified scale.<sup>4</sup> The two figures the State itself uses are therefore inconsistent, and on the lower of them the single rate is set too low relative to the couple rate. Corrected to the 1.5 scale, the single rate becomes  $€422.60 \div 1.5 = €281.73$ , an increase of €27.73 per week on the current €254. Each adult in a couple then sits at 0.75 of the single rate (€211.30), and two adults sum to 1.5. The model is internally consistent.
3. **Correct by levelling up, never by cutting couples.** The same 1.5 ratio could in principle be reached by cutting the couple rate to €381. SVP rejects this. The evidence indicates that single-adult and lone-parent households are under-supported relative to couples; the correct response is to raise them, as they are the households at highest risk of poverty, not to reduce support for couples. The single-rate uplift is also the structural protection that single adults and lone parents need within a tapered payment, where a higher base rate and threshold guard against the losses identified earlier in this submission.
4. **Re-anchor the earnings disregard to the minimum wage.** The frozen €165 disregard should be replaced with a disregard benchmarked to a set number of hours at the national minimum wage, so that it tracks the cost of working and cannot silently erode again as it has since 1997.
5. **Provide a higher disregard for lone parents.** A higher earnings disregard for lone parents would recognise the additional cost of working for a sole carer, including childcare, transport, and the absence of a second adult to share caring responsibilities. This preserves the positive treatment the Working Family Payment currently provides, and that the reform would otherwise strip from the very group whose children are most at risk of poverty.

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<sup>3</sup>Central Statistics Office. (2023). *Measuring Ireland's progress 2022: Background notes*. CSO. The OECD-modified scale assigns 1.0 to the first adult, 0.5 to each additional person aged 14 or over, and 0.3 to each child under 14; the national scale assigns 1.0, 0.66 and 0.33 respectively.

<sup>4</sup>Doorley, K., et al. (2025). How important are the unit of analysis and equivalence scales when measuring income poverty and inequality? Evidence from Ireland. *International Journal of Microsimulation*. The study finds the equivalence weights implicit in Ireland's tax-benefit system are close to the OECD-modified scale.

Taken together, these elements deliver a Working Age Payment that is cost-neutral for couples, levels up the households most exposed to poverty, ends the unjustified age-related cliff-edges, and re-bases the work incentive on a living benchmark.

## **Cross-cutting considerations**

### **Assess overall household income, rather than individual payments**

The impact of reform should be assessed on the basis of total household resources rather than changes to individual payments in isolation. Families often rely on a combination of primary welfare payments, child-related supports, secondary benefits and earnings from employment. A household may gain under one element of the system while experiencing a reduction in overall disposable income. The success of reform should be measured by its impact on overall household living standards.

SVP welcomes the Department's stated intention that existing recipients should not be negatively impacted by any reform. However, consideration must also be given to future recipients. The objective of reform should not simply be to protect current beneficiaries, but to create a system that provides adequate and equitable support to all households who qualify, both now and in the future. Households in similar circumstances should be entitled to comparable levels of support and should not be disadvantaged by the timing of their entry into the system.

We recognise that protecting every household's current income in every case may not be absolutely achievable in a reform of this scale. We therefore propose that “no household worse off than its current entitlement” be adopted as a strong guiding principle, and that any unavoidable exceptions identified through modelling be made transparent, quantified, and accompanied by transitional protection.

### **Recognise caring responsibilities and childcare barriers**

SVP welcomes the Department's recognition that people engage with the labour market in different ways and that family circumstances vary. Any future Working Age Payment should recognise the caring responsibilities undertaken by both lone-parent and two-parent families, support individuals whose capacity to engage in paid employment is limited by significant caring responsibilities, and acknowledge the childcare barriers faced by many parents, particularly lone parents. For many families, childcare availability and affordability remain significant barriers to labour market participation.

### **Protect secondary supports**

SVP welcomes the Department's recognition that the proposed reforms may have implications for secondary supports, including Fuel Allowance, the Back to Work Family Dividend, the Back-to-School Clothing and Footwear Allowance, and other linked supports relied upon by low-income households. A comprehensive assessment of these interactions should be undertaken and published prior to implementation to ensure that no household experiences a reduction in overall support as a consequence of reform.

## Ensure housing costs do not absorb the gains from reform

For a large and growing number of low-income households, the anti-poverty value of these reforms will depend on whether housing costs are addressed in parallel. Where Housing Assistance Payment (HAP) rates are inadequate, tenants meet the shortfall through top-up payments made directly to landlords. In those households, an additional euro of child or working-age support does not improve living standards; it flows through the household and out to the landlord, leaving the family no better off.

The scale of this problem is stark. CSO Survey on Income and Living Conditions (SILC) data show that in 2025 the at-risk-of-poverty rate for HAP households was 20.5% before housing costs, but rose to 58.0% after housing costs were accounted for, almost tripling once rent is paid.<sup>5</sup> The contrast with Local Authority tenants is telling: this group is assessed as being in the same need of social housing support, yet their at-risk-of-poverty rate moved far less after housing costs, from 29.0% to 40.6%. The difference is the burden of HAP top-ups. For HAP households, housing costs are the single largest driver of poverty, and any income gain from these reforms will be substantially absorbed by them unless HAP rates are addressed.

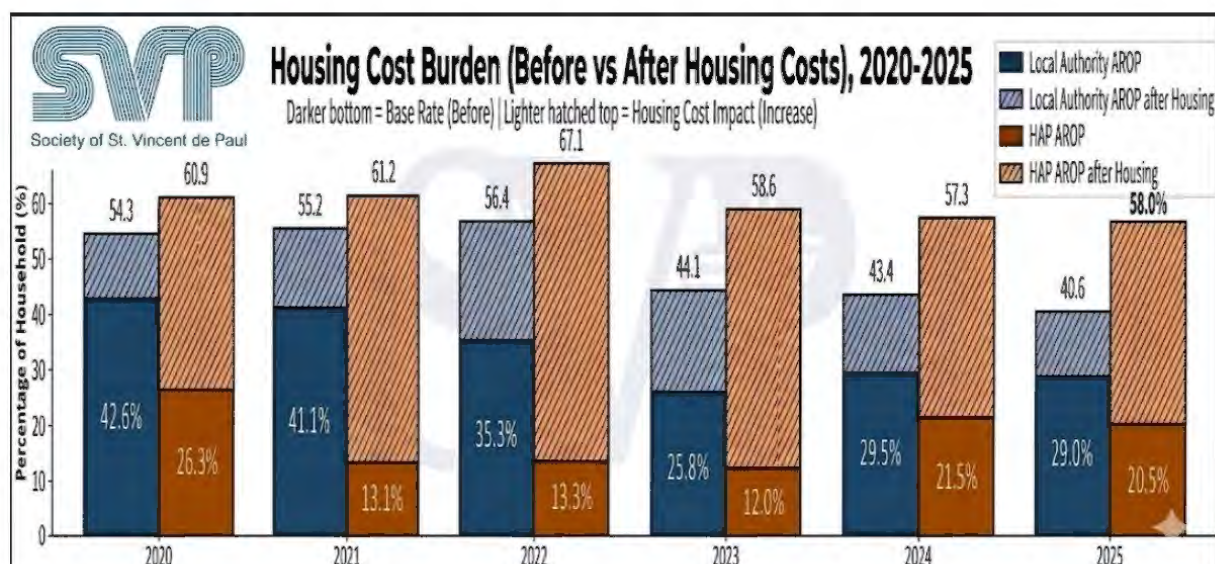


Figure 2. At-risk-of-poverty rate before and after housing costs, Local Authority and HAP households, 2020 to 2025 (CSO SILC data).

It follows that the new Targeted Child Payment, an anti-poverty payment by design, should be disregarded as assessable income for the purposes of HAP and social housing means tests. An income support intended to lift children out of poverty should not have the effect of reducing a family's housing support or jeopardising their eligibility for it. This will require cross-departmental action: a reform delivered by the Department of Social Protection alone, without corresponding alignment by the Department of Housing, Local Government and Heritage, risks seeing its anti-poverty gains absorbed by housing costs.

<sup>5</sup>Central Statistics Office. (2026). *Survey on Income and Living Conditions (SILC) 2025*. CSO. Income reference period 2024.

## Conclusion

SVP supports the Department's aim of reducing child poverty and improving the effectiveness of income supports for low-income households. The proposals identify real problems in the current system: complexity, gaps in support, low take-up, and rules that can leave people no better off, or worse off, for taking on work.

However, further detail, comprehensive modelling and meaningful stakeholder engagement will be essential before the impact of the proposed reforms can be properly assessed. Any future reform should be guided by the principles of poverty reduction, income adequacy, fairness and the protection of vulnerable households.

In particular, the Department should ensure that reforms are assessed on the basis of their impact on overall household income and living standards, including the interaction with secondary supports and with housing costs. The Targeted Child Payment offers a genuine opportunity to reduce child poverty, but it will realise that potential only if the Working Age Payment beneath it holds for the households whose *children are most at risk, above all one-parent families, and if its gains are not surrendered to inadequate HAP rates*. Reform should protect existing recipients, extend adequate and equitable support to future recipients, and be judged by its effect on net household income. Designed along the lines set out above, it can deliver real and lasting reductions in poverty and deprivation.