

€10.1bn
TOTAL VALUE OF IRISH CARD SPENDING IN MARCH 2026
JUST €1BN WITHDRAWN IN CASH

18.6%
RECORD INCREASE IN VALUE OF PERSONAL LOAN ACTIVITY IN 2025
CAR LOANS TOP €1 BILLION

SOURCE: CENTRAL BANK OF IRELAND, BPII



orraine Leahy is the founder of Happy Vibes Kids Camps. Among the main reasons she set up her business was for personal flexibility and access to childcare.

"I didn't want to feel restricted by an employer when it comes to my daughter, whether that's leaving early, taking time off or being more present," she says. "I'm fortunate to run children's camps, which my daughter, Saoirse, can attend. Still, I rely on a patchwork of support from my mum, a childminder and myself."

Ireland is middle of the road in relation to supports for parents

Even with such flexibility, though, childcare costs still add up. "I will still need to pay for a full day with a childminder during the summer to secure my place, which is completely understandable from their side," Leahy says.

"It can be stressful but I'm grateful I can largely define my own day now, without needing permission from an employer to leave early or take extended holidays."

Many parents are in the same boat. Managing childcare when schools close at the end of June is not just logistically difficult but expensive. Whether families choose summer camps or rely on year-round day care, school holidays put a dent in the bank account.

Ireland is among the costliest countries in Europe for childcare. According to the most recent data compiled by Pobal, the community support agency, the median weekly cost for school-age childcare in Ireland is €175 a week. Dun Laoghaire-Rathdown has the highest rates, at €213.

Early years care is even more expensive, at €200 a week nationally and €265 in Dun Laoghaire-Rathdown. The priciest option in the Pobal survey? That will cost you €346 a week.

It is no surprise, therefore, that the average Irish household with two children spends 15 per cent of its disposable income on childcare – almost double the Organisation for Economic Co-operation and Development (OECD) average and behind only the Netherlands, Switzerland and the UK.

TAKE IT OR LEAVE IT

For those who can afford it, there are a range of leave options for working parents. The core statutory supports include maternity leave, paternity leave, parental leave, parent's leave and adoptive leave.

However, the monetary benefits associated with these leave options often imply a cost when loss of salary is factored in. New mothers are entitled to 26 weeks of maternity benefit at €299 a week, plus 16 weeks unpaid. Paternity leave is paid at the same rate for just two weeks. Adoptive leave is €299 a week for 24 weeks. Some employers offer top-ups, but it is at their discretion.

Some parents may choose to take parental leave (26 weeks per child up to the age of 12) or parent's leave (nine weeks per child up to age two), but both are unpaid. Depending on the salary sacrifice that requires, it is an option for people looking for a sabbatical or trying to plug gaps in the childcare calendar.

Mary Cullen, managing director of Insight HR, says Ireland performs reasonably well on paper in terms of the number of supports offered for working parents, but in practice falls behind leading countries, both in terms of financial support and workplace culture.

"In practice the level of supports available varies significantly depending on the organisation, its size and its financial resources," she says, pointing out SMEs cannot afford to enhance statutory entitlements.

"There has also been a growing emphasis on flexible working, including the right to request remote or flexible arrangements," Cullen adds. "Progress is being made but it is gradual and much of the innovation continues to be driven by larger employers rather than legislation."

Despite a clear trend towards more progressive family policies, paid paternity leave remains short by international standards and there is a continued reliance on unpaid leave in key areas. In addition, state payments are generally at a flat rate, rather than related to earnings, which can make extended leave financially challenging.

Most families can't find a Mary Poppins (Emily Blunt) to help with childcare over the summer holidays

"Ireland is middle of the road in relation to supports for parents compared with other countries," Caroline Reidy, head of HR solutions at NFP Ireland, says.

"We have solid statutory leave benefits but payments are often flat-rate or capped, so wage replacement can be lower than in countries with high earnings-related pay. Nordic countries generally offer longer, better-paid parental leave and more universal childcare. The US remains an outlier with no national paid parental leave."

"Across the OECD, Ireland's types of leave align well, but generosity of pay and childcare affordability and availability are where comparisons often look less favourable," Reidy adds.

We'd all love a magical nanny, but many families must piece together statutory leave and fragmented care for their young ones during the school break, reports *Niamh Hennessy*

Summer isn't a jolly holiday for parents juggling with childcare

A REALISTIC PLAN

Aoife Lee is a mother and coach with Parent Support and says what she is hearing from parents on the ground is that the childcare issue in the summer is challenging and overwhelming.

"There's a sense of constant juggling – camps, grandparents, annual leave, flexible working – and in many cases a quiet undercurrent of stress about whether it's all sustainable," she says.

Lee says that while the national childcare scheme and early childhood care and education programme, which covers the cost of pre-school, have made a difference during term time, many parents feel the relief does not stretch into the summer months in a meaningful way.

"Summer camps, which are often the default solution, can range anywhere from €100 to €250 per week per child and rarely align with a full working day. When you add multiple children, the cost escalates quickly. So from what I'm hearing, childcare is still as expensive as ever. For many families, summer is the most financially pressured time of year," she says.

The national childcare scheme provides a universal subsidy for childcare of €2.14 an hour for up to 45 hours a week. There is also a means-tested version of the scheme that is scaled to family income. The early childhood care and education programme provides €69 per child a week in qualifying pre-school settings – in practice, it often applies to a portion of the day in a childcare facility that offers an educational component. The scheme is not paid for summer care.

Lee says one thing that parents can do is start with a realistic plan, rather than try for a perfect one.

"If we want to truly support working families, we need to recognise that childcare doesn't stop when the school year ends. Employers who understand this, and who actively support their employees through it, will not only reduce stress, they'll build loyalty, trust and long-term retention," she says.

Cian Carolan, managing director of DNG Financial Services, knows first-hand how hard and chaotic the childcare years can be.

"In our case, we had our first child, bought a house and got married all within a short period of time and, while it was all positive, it definitely created pressure that we probably weren't fully prepared for at the time."

He says one of the biggest financial pressure points for young families is the transition into childcare – not just the cost but also the timing.

"In a lot of cases, couples go from both earning full-time incomes to a period when one or both are working in a reduced capacity or taking extended unpaid leave after having a child, and that's often funded by savings that have been built up in advance."

Carolan says, however, that when childcare costs start reducing, there is an opportunity to be a bit more intentional with the money.

"It doesn't mean you have to redirect every euro into savings or long-term planning, but even carving out a portion of what was previously going on childcare and giving it a purpose can make a big difference over time," he says.

"When things begin to ease, that's when you have a real opportunity to reset and take a more structured approach again."

Question of money



I am an Irish citizen and worked in Ireland up to 2014, then moved to the US. I just turned 60 and would like to retire my Irish Life pension. I thought I could withdraw 25 per cent tax free and transfer the rest to an approved retirement fund (ARF). However, Irish Life says that, as I am now a non-resident, I cannot take the tax-free lump sum. From an Irish perspective, what are my options? I would like to access a portion to assist with kids' college expenses.

Anon

Under section 790AA of the Taxes Consolidation Act 1997, Irish citizens are entitled to a retirement lump sum regardless of their country of residence. Ireland provides a lifetime limit where the first €200,000 of retirement lump sums is tax free.

The hurdle with your pension provider is likely procedural. Because you are a non-resident without an active Irish tax credit certificate, the provider must apply emergency tax (PAYE) to any distribution. The provider is not technically denying the lump sum; it is stating it cannot pay it gross, or tax free, without specific authorisation. To rectify this, you must apply for a PAYE exclusion order from Revenue or claim a refund of the withheld tax using form IC2 under the double taxation treaty.

While Ireland grants the first €200,000 tax free, the US-Ireland treaty generally grants the primary taxing rights to your country of residence: the US. As America's Internal Revenue Service does not recognise the tax-free status of Irish lump sums, so it will probably treat it as taxable ordinary income. If Ireland withheld tax you can't recover from Revenue, you could claim a foreign tax credit in the US to ease double taxation, but you will still owe the difference if your US tax rate is higher. By transferring the remaining 75 per cent to an ARF is the standard Irish path to keep investment flexibility, but for a US resident this approach carries hefty compliance costs. The IRS often classifies an ARF as a foreign grantor trust. Furthermore, you may be taxed in the US on the annual growth within the ARF, even if you do not make a withdrawal.

You should request a formal "basis of refusal" from the pension provider to confirm if it is denying the payout or withholding tax due to your US residency. Check your Irish personal public service number is active, and submit a treaty relief claim.

Before committing these funds to college expenses, consult a cross-border tax specialist to calculate the exact US liability. That "tax-free" sum could be cut by up to 37 per cent, depending on your US tax bracket. Finally, to avoid severe IRS penalties, ensure all foreign accounts are reported to US tax authorities.

David Funcheon is a certified financial planner with Ask Acon

Send your personal finance or consumer-related questions to money@sunday-times.ie



Eoghan Gavigan
Give a little extra today and your future self will thank you later



Initial compliance describes the tendency to do what is required but only the bare minimum, meeting the letter of a requirement but not the spirit. Not for the first time, I'm thinking about this in the context of retirement planning.

If not during the recruitment phase then at some point after starting a new job, you will be informed what pension provision goes with the role. It wasn't always the case but since the recent introduction of auto-enrolment, all employers must now contribute to a

pension scheme for staff. According to research recently released by PTSB, 48 per cent of respondents stated they were not confident they would be able to afford the lifestyle they wanted in retirement. Where has it all gone wrong?

Joining a pension scheme with only an employer contribution should not need much consideration – it is, as people say, a no-brainer. The more common scenario is for an employee to have to make some level of contribution that the employer matches. The most common employer contribution is 5 per cent.

You may think that even this type of arrangement is a good way along the

road to being a no-brainer. Remarkably, though, many employers who offered matching contribution schemes before auto-enrolment (AE) reported only modest take-up by employees.

The issue, I am sure, can be explained by the concept of hyperbolic discounting. This refers to the human tendency to discount future benefits, especially those very far away, because the pain of providing them is immediate and tangible in terms of income – and, therefore, lifestyle – forgone now. The pensioner reaping the future benefit seems like an entirely different person.

The introduction of AE is positive, but

it won't solve the bigger problem of inadequacy. Many people believe that if they and their employer have always contributed to an occupational pension scheme, they will have enough to retire on. This isn't necessarily the case at all.

The member contribution and matching employer contribution are not necessarily set at a level to provide a sufficient income in retirement; they are set according to the cost that the employer is prepared to bear, and only recently with reference to minimums set by the minister for social protection, which are quite low. If staff retention is an issue for the employer, the company may also factor in what is necessary to be competitive in its sector. None of these factors are, however, in any way related to the pension fund you will need for a comfortable retirement.

If on the day the bank advanced your mortgage it told you that it had set up the repayment for a nominal amount which ultimately wouldn't repay the debt in full, you would object and demand that the correct figure be used. When setting up a pension, however,

Contributions are set according to the cost that the employer is willing to bear

most people, certainly in the early stages of their career, default to the matching contribution that their employer decides.

It follows, then, that most people will need to make additional provision if they are to maintain their standard of living in retirement. This is even more likely to be the case if you started late, have a modest employer match, have taken a career break, or if you want to retire before the most common

retirement age of 65. When you contribute to a pension you benefit from tax relief, investment returns and accelerated compounding of returns due to gross roll-up.

One of the most underused benefits available is the tax relief available on pension contributions. Every year you under-contribute is a year you can never recover. While the amount you can contribute and claim tax relief on increases as you get older, the problem with procrastinating is that eventually you will reach a point of no return where you cannot correct the problem because neither tax relief nor time will be on your side.

Pension penetration in Ireland was remarkably low until the introduction of AE, so if you weren't making provision for your retirement there was probably some comfort in knowing that you were in good company. You are not in good company any more.

Eoghan Gavigan is a certified financial planner and the owner of Highfield Financial Planning; hfp.ie