



Pre-Budget Submission 2021
Department of Employment Affairs and Social Protection

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Rialtas na hÉireann
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List of Recommendations

1. Cost of Ageing in Context

1.1 Commission **research on the Cost of Ageing** to inform Ireland's policy development to meet the needs of an ageing population

2. Setting the Rate for an Adequate Pension

2.1 Increase the weekly **State Pension** by €5 per week to build towards achieving the Government's commitment in the Roadmap for Pensions Reform 2018-2023 for a State Pension set at 34% of average weekly earnings

3. Secondary Benefits

3.1 Increase the cost of the **Living Alone Allowance** by €6 per week

3.2 Increase the **Fuel Allowance** rate by €0.80 to reach €25.30 per week and reintroduce a 32-week payment period

3.3 Increase the **Telephone Support Allowance** by €2.50 to reach €5 per week

3.4 Maintain supports for the **Free Travel Scheme**

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4.3 Offer **targeted education and training supports** to older members of the labour force

Section 1: Introduction and Executive Summary

Introduction

The focus of this submission is addressing inequalities experienced by older people in the most vulnerable situations; protecting those who need it most, through social inclusion schemes and financial benefits is the stated aim of social protection. The Executive Summary captures the key recommendations to the Department of Employment Affairs and Social Protection by Age Action for Budget 2021 with further evidence to support these recommendations articulated in later chapters. Latest EU SILC statistics poverty data showed us that those aged over 65 were showing the slowest recovery still from the Recession with an extra 20,000 people being at risk of poverty year-on-year. There were an increased number of over 65s either at work or looking for work to support their income, with similar increases for those in the labour market aged 60-64 and 55-59.

As we look to recovery from the COVID-19 pandemic as a society it is crucial that older people are not further left behind and that pre-existing inequalities are addressed.

COVID-19 has highlighted the vital role which the social protection net plays in society as well as the challenges many older people have in meeting their costs of living from State welfare payments. It has shown us that there are significant shortcomings in the provision of services and supports for our ageing population and that they are not prioritised in decision making.

COVID-19 disproportionately impacted older people, with people aged over 65 accounting for 25% of all COVID-19 cases, 54% of all hospitalised cases, and 93% of all COVID-19 related deaths. Many older people lost their jobs or were unable to work during COVID: 14% of over 65s saw their employment affected. While eligible according to normal criteria for the Temporary Wage Subsidy, **older people who had lost their jobs during the pandemic were prohibited from availing of the Pandemic Unemployment Payment.** Of concern, some **70% of people on the State**

pension did not qualify for the welcome extra weeks of fuel allowance provided during COVID-19.

To effectively plan for successful ageing, Age Action is calling for ageing to be at the centre of Government planning by adopting **a whole-of-Government approach to ageing** and a **lifecourse approach to policymaking**. Older people are not a homogenous group. Public policy must recognise the diversity of experience and situation of older people. A failure to adequately plan for our changing population has now placed many older people in precarious and vulnerable situations, with groups living on an inadequate income and without access to the healthcare, housing or supports that they need. Urgent adequate investment is needed in the services that we will all increasingly rely on as we age: health, social care supports, pensions and housing.

Executive Summary

1. Cost of Ageing in Context

Recommendation: Age Action urges the Government to commission research on the cost of ageing to inform Ireland's policy development to meet the needs of an ageing population.

The challenge in this period of uncertainty is to ensure that the social protection net meets its aim of protecting the most vulnerable - when they need it - and to provide the necessary supports to help people age in place. Inequality experienced by many older people reflects a cumulative disadvantage as a result of a lifetime of factors including socio-economic status, race, age, disability, gender, and geography. Identifying structural inequalities — such as the disproportionate burden of unpaid work that falls on women, gender inequality in the pension system, child poverty and homelessness — and building cross-society collaboration to address them — will benefit us all as we age.

To address this, **we need to adopt a people-centred approach that recognises that the issues of income adequacy are not addressed at 66 but throughout one's working life.**

At the beginning of March 2020 pre-pandemic, we saw that the State pension had not kept pace with the cost of living in recent years: Budget 2020 saw no change to the State pension, a small increase to the Living Alone Increase and an overall increase of €1.08-€6.08 to the weekly income of older people in receipt of all main benefits, eroding gains in the previous Budgets. The latest official poverty statistics from the CSO indicate that 11.4% of people aged 65 years and over were 'at risk' of poverty in 2018.

Many of those who rely solely on the State pension and secondary supports did not have the financial bandwidth during COVID-19 to meet the hidden costs of self-isolation, care costs and additional costs. Age Action received almost daily calls and contacts from those in receipt of the pension who had lost their jobs and were worried about how they would meet their cost of living: they told us of their particular worries and vulnerabilities as private renters facing rising rents, living in poor housing stock and worried about extra utility bills as they spent more time at home, extra communication costs, additional food costs because they are restricted to home rather than the community centre or family and friends for meals, and costs related to deliveries of living essentials and additional health costs. Many more callers told us about their cuts to home care hours and the need to find urgent funds to pay for any available hours themselves until services were resumed. Looking forward, we know that 40% of those in employment do not have occupational or private pension cover and anticipate relying on the State pension for supports in older age.¹

The **Age Action-Irish Red Cross Hardship Fund launched in April 2020 and saw over 27,000 applications from older people over the course of 3 weeks**, mainly to help cope with increased energy, communication and travel costs, and broken appliances.

While emergency supports remained available during COVID-19 in the form of supplementary welfare allowances (e.g. Exceptional or Urgent Needs Payments), it is clear that many people did not know about or were unwilling to apply for these vital payments. We know that many people in receipt of the State pension may not be

¹ CSO (2019) *Pension Coverage 2019*. Available at www.cso.ie.

familiar with the social protection system or its supports. Age Action urges the Department to engage in an information campaign on these supports and specifically to address their links to the pension.

Many older people – still cocooning or on restricted activities due to their age or underlying medical conditions – will continue to feel the brunt of COVID-19 costs. For those who had been working, they may be facing into job losses or be simply unable to return to work due to their health. There is a danger in pursuing an austerity course of action in response to COVID-19. Many older people have yet to see their purchasing power and income go back to pre-Recession levels. Many more are simply unable to meet their daily cost of living.

In the absence of a detailed analysis of the cost of ageing, questions remain about whether welfare supports through the annual budgetary process are adequate to meet people's needs. **Age Action urges the Government to commission research on the cost of ageing to inform Ireland's policy development to meet the needs of an ageing population.** Central to this analysis is the understanding of people's behaviour and attitudes: how they allocate their income, what they sacrifice to pay for other items and their interaction with the State for supplementary supports e.g. Exceptional or Urgent Needs Payments. Minimum Essential Standard of Living (MESL) data indicates that the State Pension and secondary benefits are adequate for certain cohorts of older people living in urban areas, **however it must be noted that the data is based on the assumption of someone in good health, without any care needs, living in social housing which is reasonably insulated and energy efficient.** Without knowing the true cost of ageing for disparate groups in older age, it is not possible to assess whether current income supports meet the true cost of living in older age.

2. Setting the Rate for an Adequate Pension

Recommendation: Increase the weekly State Pension by €5 per week to build towards achieving the Government's commitment in the Roadmap for Pensions Reform 2018-2023 for a State Pension set at 34% of average weekly earnings.

The top rate of all current State pension contributions remains substantially below the at risk of poverty rate. **The top rate of the contributory State pension sits at 32% of average earnings: this is a worrying 1.2% yearly drop on the 2018 figure.**

Budget 2021 must continue to work towards its 34% benchmark commitment in the Roadmap for Pensions Reform 2018-2023 by increasing the weekly rate of the State pension by €5 over a course of 3 years. We urge the Government to consider applying a safeguard for annual indexes in the form of a **triple lock which guarantees that the basic State pension will rise by a minimum of either 2.5%, the rate of inflation or average earnings growth, whichever is largest.**

The gender pensions gap remains at 35% and wider pension inequalities continue to exist for those in low paid, part-time and precarious work throughout their working lives.

Age Action was pleased to see a number of commitments in the Programme for Government related to the State pension, most notably the commitment to defer the 2021 planned increase to the qualifying age and the establishment of a Commission on Pensions to outline options to address issues including eligibility and payments. It is crucial that any such Commission adequately consults with those most directly impacted upon when conducting its review.

3. Secondary Benefits

Recommendation: Living Alone Allowance increase by €6 per week. Fuel Allowance rate to increase by €0.80 per week and reintroduce a 32-week payment period. The Telephone Support allowance to increase by €2.50.

Census 2016 showed that 399,815 people indicated that they lived alone, of whom 39.2% were aged 65 and over. Over half of all people with disabilities living alone were aged 65 and over. The 2020 MESL update notes that while the expenditure need of a single pensioner remains at just below 80% that of the pensioner couple household, their income from the State pension and secondary supports is between half to two-thirds of that of a pensioner couple household.² MESL data for 2020 shows that

² VPSJ (2020) *Minimum Essential Standard of Living 2019 Update Report*. Available at

pensions living alone in a rural area continue to experience deep income inadequacy, with a weekly shortfall of €47.24-€57.71 in meeting the MESL costs each week. **An increase in the cost of the Living Alone Allowance by €6 per week would support older people living alone to better meet the cost of living.**

Many older people report living in poor, older housing stock which is unsuitable for their needs, more difficult to heat, often in poor repair and costly to maintain. A carbon tax system designed to protect lower income households, can in effect reduce income inequalities and result in a benefit for the environment and addressing poverty which is in the spirit of climate justice. **We urge the Government to increase the Fuel Allowance to €25.30 to achieve purchasing power parity with 2010 levels and reintroduce a 32-week payment period.** This will aid low income households in meeting their energy costs in the context of volatile energy prices across the market. We remain concerned that some 70% of those who receive the State pension are not eligible for the fuel allowance. **An urgent review of the eligibility criteria for the scheme is needed to assess whether it is sufficiently meeting need.**

In the context of an increasing reliance on telehealth measures and public health advice, we urge the Government to increase the Telephone Support Allowance by €2.50 to reach €5 per week. Age Action welcomed the introduction of a new Telephone Support Allowance from June 2018 at a weekly rate of €2.50, however it is currently narrowly confined to those getting the Living Alone Allowance who are also eligible for the Fuel Allowance. We know that communication costs have increased during COVID-19 as people became more reliant on digital communications as a means of communicating with health professionals, arranging essential services and addressing social isolation.

Being able to access suitable public transport is synonymous with independence. For many older people it is an absolute necessity to reach appointments (particularly medical) and may mean the difference between living in the community or being forced into residential care. **We urge the Government to ensure that Free Travel - as a vital support - is maintained in Budget 2021.**

Age Action hears from many older people how crucial the Christmas Bonus is in affording dignity in retirement and helping people to meet the cost of additional season needs. **It is crucial that this secondary benefit is protected in Budget 2021.**

Social welfare increases announced in recent Budgets had the unintended consequence of pushing many people just over the threshold for secondary benefits by small increases, therefore losing their entitlement to some of these benefits. Therefore, **it is crucial that any social welfare increases are matched by corresponding threshold increases, and for the system to work cohesively to protect against poverty.**

4. Employment Supports

Recommendation: For Government to stimulate age friendly workplaces and to tackle discriminatory mandatory retirement clauses. Offer targeted education and training supports to older members of the labour force

In the context of an ageing population and a rising pension age, **more people are choosing or compelled to work for longer whether for social engagement or economic necessity.** CSO data shows that 14% of over 65s and 46% of 55-64 year olds have had their employment affected by COVID-19.

Against the background of the last Recession, long-term unemployment among unemployed 55-64 year olds has almost doubled from 2008-2015, with increases in long-term unemployment and involuntary part-time work. Without targeted supports, we risk condemning the next generation of 55-64 year olds to difficult years ahead. We need to recognise the changing nature of work and of the labour market. **We urge Government to support age-friendly workplaces and to eradicate discriminatory mandatory retirement clauses.**

More direct supports are needed for older workers returning to work, particularly in the recovery phase. **We must avoid a skills divide in our labour market, particularly based on digital literacy.** In the context of employment, digital literacy training and skills are particularly important for older workers to enable job competitiveness,

especially in a job market using more remote working options. **Targeted education and training supports are needed for older members of the labour force.**

Section 2: Supporting Evidence

1. Cost of Ageing in Context

Recommendation:

1.1 Commission research on the Cost of Ageing to inform Ireland's policy development to meet the needs of an ageing population

1.1 Cost of Ageing

COVID-19 has highlighted and exacerbated the issue of income adequacy for older people in Ireland. While annual budgetary processes have seen welcome increases to the State pension and secondary supports post-Recession, in the absence of a detailed analysis on the cost of ageing, we simply do not know whether these supports meet the true cost of ageing for a diverse cohort. The absence of any detailed analysis on the cost of ageing means that:

- **We do not know how much it costs to age in Ireland**
- **We do not know how State supports can best assist to lift people out of poverty and live with dignity in older age**

Most of our existing data sources fail to adequately collect information on older people, let alone by age and gender, for example CSO collection of data on employment and poverty. As a result, many people are simply not counted, recognised or supported by Government policy and planning. Without such benchmarking data, it is difficult to plan a detailed approach to comprehensively meet the needs of vulnerable older people through the setting of appropriate pensions, secondary income supports and service provision. **Age Action urges the Government to Commission research on the cost of ageing to inform Ireland's policy development to meet the needs of an ageing population.**³

³ We are pleased to hear of progress on the cost of disability study in Ireland which provides a methodology for a comparable study on ageing such as an international review of existing research, survey data analysis, and consultation with representative organisations. Crucially, any research must adopt a lifecourse approach to its design and should facilitate the meaningful participation of those most directly affected.

1.2 Income Adequacy in Older Age

The latest OECD Pensions at a Glance report states that the incomes of older people are on average lower than those of the population, even when differences in household size are taken into account. Ireland is slightly below the OECD average with the income of those over 65 years reaching 84.1% of the total population income compared to the 87.4% OECD average for this figure. It found that over three-quarters of older people's income is from public transfers, far higher than the OECD average of 55%.⁴ To this end, the **State Pension has provided a critical, and often sole, source of income for many older people.**

Pre-COVID-19, older people told us that they were still feeling the effects of cuts introduced during the Recession and showing a slower recovery than other cohorts of the population. The net effect of **Budget 2020** on the income **of older person headed households saw increases of between €1.08 - €6.08**, including secondary benefits.⁵

Recent CSO figures show that 40% of workers aged 20-69 had no supplementary pension coverage.⁶ For average earnings of €38,000, the Department of Employment Affairs and Social Protection estimates a replacement figure of 60% of earnings to achieve income adequacy in retirement. **The current State pension rates reach just 57% of this replacement earnings figure leaving those reliant on welfare payments in older age in a particularly vulnerable position.**⁷ We note that that the Programme for Government commits to protect core weekly social welfare rates and are pleased to see reference to the importance of secondary benefits and eligibility criteria for vulnerable groups.⁸ Many older people's concern about a rising cost of living is exacerbated each year by the uncertainty surrounding the annual review of pension and secondary benefit changes in the politicised Budgetary process: **people do not**

⁴ OECD (2019) *Pensions at a Glance 2019*. Available at www.oecd.org.

⁵ Following Budget 2020: those **under 80 and living with another person** are €1.08 better off per week; those **under 80 and living alone** are €6.08 better off per week; those **over 80 and living with another person** are better off by €1.08; and those **over 80 and living alone** are better off by €6.08 per week.

⁶ This includes occupational pension coverage from current or previous employments, and personal pension coverage including those where payments have been deferred for a period of time or are currently being drawn down by the pension holder. CSO (2020) *Pension Coverage 2019*. Available at www.cso.ie.

⁷ Based on average earnings of €38,000, with the state pension replacing approximately 34% of earnings.

⁸ Government of Ireland (2020) *Programme for Government Our Shared Future*.

know whether they will see any increase in these payments to help them keep pace with rising costs.

The last two budgets saw the welcome partial restoration of older people's incomes post-Recession. Vital secondary income supports for older people were devastated. Between 2009-2015 alone, an older person on the State Pension and Household Benefits Package lost €13.18 per week. Recent budget changes include:

- There has been a €5 increase (paid on a pro-rata basis) in Budgets 2017-2019.⁹
- The Christmas Bonus began to be restored in 2014 with all social welfare recipients receiving an additional payment at 25% of their weekly rate. This increased to 75% in 2015, 85% in 2016 and 2017 and to 100% in 2018.¹⁰
- There was an increase in the Fuel Allowance (28 weeks) in Budget 2020 from €22.50 to €24.50

Table 1 below provides a comparison between the cuts introduced during the Recession and the restoration of the income of older people. The table also shows the reality: **for those totally reliant on the contributory State Pension, their income has only marginally improved by €15.62 per week since 2010 – below the rate of inflation (7.5%).**¹¹

⁹ These were introduced 10 weeks into the year.

¹⁰ Parliamentary Question (2 October 2018) Available at <https://www.kildarestreet.com/wrans/?id=2018-10-02a.1570>

¹¹ The percentage change in the CPI from January 2010 to January 2020 is 7.5%. A basket of goods and services that cost €261.79 in January 2010 would have cost €281.43 in January 2020 or an extra €19.64.

Table 1: Weekly Income Supports Comparison, 2009/2010 vs 2019/2020

| Income | 2009 | 2010 | 2019 | 2020 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| State Pension (Contributory) | €230.30 | €230.30 | €248.30 | €248.30 |
| Christmas Bonus (weekly equivalent) | | | €4.78 | €4.78 |
| Total A | €230.30 | €230.30 | €253.08 | €253.08 |
| <i>Secondary Income Supports</i> | | | | |
| Telephone Allowance | €6.00 | €6.00 | €0.00 | €0.00 |
| TV Licence | €3.08 | €3.08 | €3.08 | €3.08 |
| Electricity/Gas | €9.39 | €10.11 | €8.07 | €8.07 |
| Fuel Allowance (means tested) | €12.31 | €12.31 | €12.12 | €13.19 |
| Total B | €30.78 | €31.49 | €23.26 | €24.34 |
| Total A+B | <u>€261.08</u> | <u>€261.79</u> | <u>€276.34</u> | <u>€277.42</u> |
| Difference from 2010 | | | €14.55 | €15.62 |

Note: Assumption of a person in receipt of the top rate of the contributory State pension, under 80 and not living alone.

Looking at cumulative changes over the last 10 years, Table 2 shows that those in receipt of the top rate of the State pension and secondary benefits and not living alone are receiving payments **under the rate of inflation**. Those in receipt of the Living Alone Allowance are in receipt of payments **just over the rate of inflation** and suggests a cohort of people struggling to survive on social protection payments. As discussed in greater detail below, the 2020 MESL update showed that the expenditure need of a single pensioner is just under 80% that of the pensioner couple household.¹²

¹² VPSJ (2019) *Minimum Essential Standard of Living 2019 Update Report*. Available at www.budgeting.ie.

Table 2: State Pension and Consumer Price Index Comparison 2010 vs 2020

| Income | Standard rate, Under 80 Jan 2010 | Standard rate, Under 80 Jan 2020 | Living Alone rate, Under 80 Jan 2010 | Living Alone rate, Under 80 Jan 2020 | Over 80s rate, standard Jan 2010 | Over 80s rate, standard Jan 2020 | Over 80s rate, Living Alone Jan 2010 | Over 80s rate, Living Alone Jan 2020 |
|--|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|
| State Pension (Contributory) Actual Rate | €230.30 | €248.30 | €230.30 | €248.30 | €230.30 | €248.30 | €230.30 | €248.30 |
| Total of all State pension and secondary benefit payments* | €261.79 | €277.42 | €269.49 | €293.92 | €271.79 | €287.42 | €279.49 | €303.92 |
| Equivalent 2010 based on CPI increase from Jan 2010 to Jan 2020 (7.5%) | | €281.43 | | €289.70 | | €292.18 | | €300.45 |

The recent months during the pandemic has only exacerbated this income inadequacy as a respondent to a survey on COVID-19 costs told us:

'I live alone in a semi rural area and was able to do all for myself but now I must pay...for everything. Can't shop, can't select bargain offers, can't avail of specials and find that my shoppers buy dearest items'

The latest official poverty statistics from the CSO indicate that 11.4% of people aged 65 years and over were 'at risk' of poverty in 2018.¹³ This means that just over one in ten older people were living on less than 60% of the national median income of €22,872 (€13,723 or €263.90 per week.¹⁴) As Table 3 illustrates, while the deprivation rate decreased and consistent poverty rate for those over 65 years largely stayed static year on year, the increase in those at-risk of poverty is worrying. Year-on-year, the number of over 65s in poverty rose by 20,000 to 78,000 and as Social Justice Ireland noted in their analysis on this data, **it is likely that this figure will increase as a result of the frozen pension rate in Budget 2020.**¹⁵

Latest CSO SILC figures (for 2018) show a welcome decrease in deprivation rates for the over 65s. In 2018, 8.2% of those aged over 65 years experienced deprivation. This

¹³ CSO (2019) *Survey on Income and Living Conditions 2018*. Available at <http://www.cso.ie>

¹⁴ Equivalised disposable income per individual.

¹⁵ Social Justice Ireland (2019) *'More than 689,000 living in poverty in Ireland, over 200,000 are children'*. Available at www.socialjustice.ie.

means that approximately 61,840 people were unable to afford basic goods and services. Approximately 10,800 of those over 65 were living in consistent poverty during 2018.

Table 3: Poverty rates for those aged 65 years and over, 2009-2018

| | <i>At risk of poverty %</i> | <i>Deprivation rate %</i> | <i>Consistent poverty %</i> |
|------|-----------------------------|---------------------------|-----------------------------|
| 2009 | 9.6 | 9.5 | 1.1 |
| 2010 | 8.7 | 9.8 | 0.9 |
| 2011 | 9.7 | 11.3 | 1.9 |
| 2012 | 12.1 | 13.5 | 2.6 |
| 2013 | 9.2 | 16.1 | 1.9 |
| 2014 | 10.3 | 14.3 | 2.1 |
| 2015 | 10.7 | 15.4 | 2.7 |
| 2016 | 9.8 | 13.1 | 1.8 |
| 2017 | 8.6 | 9.7 | 1.7 |
| 2018 | 11.4 | 8.2 | 1.7 |

Source: CSO (various years) *Survey on Income and Living Conditions*. Available at <http://www.cso.ie/en/silc/releasesandpublications/>

Looking at the current poverty rate for 2020, Social Justice Ireland calculate an at risk of poverty weekly rate of €284.46 for a single person, or €14,843 annually.¹⁶ Many older people therefore survive on incomes which are putting them at risk of poverty, with the **top rate of all current State pension contributions remaining substantially below the at risk of poverty rate:**

- The top rate of the Contributory State pension is €12,912 (€13,432 for those over 80)
- The top rate of the non-Contributory State pension is €12,324 (€12,844 for those over 80)

Minimum Essential Standard of Living (MESL) data indicates that the State Pension and secondary benefits are adequate for certain cohorts of older people living in urban areas, however it must be noted that the data is based on the assumption of someone in good health, without any care needs, living in social housing which is reasonably insulated and energy efficient. Without knowing the true cost of ageing for disparate groups in older age, it is not possible to assess whether current income supports meet the true cost of living in older age.

¹⁶ Social Justice Ireland (2020) *Social Justice Matters 2020 guide to a Fairer Irish Society*. Available at <https://www.socialjustice.ie>.

1.2.1 Rising Costs and the Cost of Living

The capacity of many older people to develop resilience to economic shocks, even small ones such as any slight changes to utility costs has been eroded as a result of a rising cost of living in recent years.

As a respondent to our survey on COVID-19 noted:

'My utility bill having been a lot higher as I am home alone all day every day now. My food bills are also a lot higher as my shopping is been doing locally and not in the cheaper supermarkets...I really need some assistance during these times. I am using my phone a lot to stay in touch.'

Census data shows older people are more likely to be living in owner-occupied housing than other tenures, although an increasing number of older people are now renting. The vast majority of older people in Ireland own their own home (88%), either without a mortgage or other loan (81%) or with a mortgage or home loan (5.4%). Just over 9% of people over 65 years rent, with the majority renting from local authorities (5.7%) or a voluntary body (0.9%).¹⁷ For those reliant on a State Pension, their income is simply inadequate to meet the market rent for private accommodation or in cases to pay any remaining mortgage (22,674 of over 65 households in Census 2016.)

While there has been an assumption that older people close to, and in receipt of, the State pension are generally mortgage-free home owners, **it is clear that this is no longer true with many still carrying large mortgages, in mortgage arrears or living in precarious private rentals** with no security of tenure in older age. Data released for the first time by the Central Bank of Ireland showed over 20,000 over 50s were in mortgage arrears; over 7,000 of this number aged 60-69, over 2,000 aged over 70.¹⁸

As property prices remain high, high property taxes are inevitable, and we believe this poses a risk of serious hardship to older people who may own property but be reliant

¹⁷ CSO (2017) *Census 2016 Profile 1 - Housing in Ireland*. Available at www.cso.ie.

¹⁸ Irish Times (18 November 2018) 'Mortgage arrears may follow 20,000 into retirement'. Available at <https://www.irishtimes.com/news/ireland/irish-news/mortgage-arrears-may-follow-20-000-into-retirement-1.4085908?mode=sample&auth-failed=1&pw-origin=https%3A%2F%2Fwww.irishtimes.com%2Fnews%2Fireland%2Firish-news%2Fmortgage-arrears-may-follow-20-000-into-retirement-1.4085908>.

entirely or mostly on the State Pension. Callers to Age Action’s Helpline often express worry over LPT valuations of their private home based on current market value and they struggle to pay this tax from their fixed income.

The overall change in the Consumer Price Index (CPI) for the past year (May 2019 to May 2020) was -0.5%.¹⁹ Older people often see health insurance as a necessary outlay because they are more likely to need timely access to health and social care services. As evidenced above, house insurance is also a necessary purchase for many as owner-occupiers. The latest CPI shows a high overall increase in health insurance (7.8%) and home insurance (0.7%) and decrease in car insurance premiums (-6.6%) over the past 12 months. However, this often does not reflect the reality of costs for older people who often must pay higher premiums simply based on age.²⁰ **The CPI is not an effective guide to the purchasing habits of older people: it is simply not reflective of the specific purchasing habits of older people or those on lower incomes.**²¹

2. Setting the Rate for an Adequate Pension

Recommendation:

2.1 Increase the weekly State Pension by €5 per week to build towards achieving the Government's commitment in the Roadmap for Pensions Reform 2018-2023 for a State Pension set at 34% of average weekly earnings

2.1 Adequacy of the State Pension

Many of those in retirement are without adequate coverage for their cost of living and rely solely or mainly on State pension supports. **The aspiration should be for a State**

¹⁹ CSO (2020) *Consumer Price Index May 2020*. Available at www.cso.ie.

²⁰ While Age Action welcome the health insurance rebates/waivers provided by many insurers to recognise the reduced number of claims across April/May/June, the question of what happens next in terms of ongoing premiums is still unclear in Ireland. <https://www.hia.ie/news/covid-19-financial-support-measures-introduced-insurers>. At a global level, KPMG states it is hard to determine the impacts of COVID on health insurance and it will differ for each country. <https://home.kpmg/xx/en/home/insights/2020/03/do-insurers-have-covid-19-covered.html>

²¹ See also VPSJ (2013) *Changes in the cost of a MESL in Comparison to CPI Inflation*. Available at www.budgeting.ie and Social Justice Ireland (2019) *Indexation of Social Welfare Rates Review and further proposals by Social Justice Ireland*. Available at www.socialjustice.ie

Pension that is above poverty line, that lifts them away from social exclusion and that enables older people to grow old with dignity.

As referenced above, MESL data analysing the State Pension provides us with a useful analysis of expenditure and adequacy; however it must be noted that this data is calculated to reflect the needs of a healthy older person living in energy efficient social housing.

Ireland is unusual in setting the pension rate in the budget every year without using any particular formula. Indexing of current and future pension rates facilitates proper planning, it provides peace of mind for older workers and crucially it depoliticises the budget process. Age Action welcomes the commitment in the *Roadmap for Pensions Reform 2018 – 2023* to benchmark and index the State pension.²² A further commitment to benchmark pension rates and to address this through the establishment of a pension rates commission was seen in the Roadmap for Social Inclusion 2020-2025. This will bring Ireland into step with most other countries in the EU that apply a formula for indexing the State Pension to some combination of prices, wages or GDP.²³ **Budget 2021 must continue to work towards this 34% benchmark commitment by increasing the weekly rate of the State pension.**

CSO figures for 2019 indicate average annual earnings of €40,283. This equates to average weekly earnings amongst workers of €774.67, which using the 35% benchmark would result in a State pension of €263.38 or an additional €15.08 per week on current pension rates. **Benchmarking the State pension to 34% of the current average weekly earnings would provide older people with an additional €785 per year.**²⁴ Using the above full year 2019 data we see that top rate of the contributory State pension sits at 32% of average earnings: this is a worrying 1.2% yearly drop on the 2018 figure.²⁵

²² The Roadmap contains a commitment to benchmark the State pension to 34% of average earnings for the State pension, with future increases to depend on the Consumer Price Index (CPI) or average wages.

²³ *Department of Social Protection presentation to the Joint Oireachtas Committee on Social Protection* (15 December 2016).

²⁴ CSO (2020) *Earnings and Labour Costs Annual 2019*. Available at www.cso.ie.

²⁵ Average weekly earnings for 2018 were €747.52. See CSO (2019) *Earnings and Labour Costs 2018*. Available at www.cso.ie.

To remove the crucial support of the State pension from the changing nature of the annual Budget cycle and afford certainty to our older population, **we urge the Government to consider applying a safeguard for annual indexes in the form of a triple lock which guarantees that the basic State pension will rise by a minimum of either 2.5%, the rate of inflation or average earnings growth, whichever is largest.**

We know that inequality experienced by many older people reflects a cumulative disadvantage as a result of a lifetime of factors including socio-economic status, race, age, disability, gender, and geography. Those in low paid, part-time and precarious employment throughout their working years suffer a pay gap during their earning years and a pensions gap in retirement. ESRI research from 2019 shows that worryingly the average total weekly pension income in 2010 was €280 for women and €433 for men, indicating a **gender pension gap of approximately 35%**. Half the number of retired women (28%) receive a private or occupational pension in comparison to the number of retired men (55%). Women are less likely to receive a contributory pension and the amount is much lower than that received by men - likely due to time spent out of the labour market and the dependence on a qualified adult payment.²⁶ It is crucial that structural inequalities are identified and tackled throughout the lifecycle— such as the disproportionate burden of unpaid work and low paid jobs that fall on women, child poverty and homelessness – to ensure gender equality in retirement.

Significant pension inequality continues to exist. As part of the discussion on inequalities in the pension system, it is important to address the tax reliefs provided by the State on private and occupational pensions. Age Action is calling on Government to reduce the tax relief on private pensions to 33%, as proposed by the National Pensions Framework. Reducing these tax breaks would not only provide the funds for significant increases for all pensioners, it would also help to reduce the massive income inequality that exists amongst older people.

²⁶ Nolan, A. et al (2019) *Gender, pensions and income in retirement*. Available at www.esri.ie.

2.2 The Transition Pension

We were pleased to see a commitment in the Programme to provide for an 'Early Retirement Allowance or Pension' for those retiring aged 65 which is to be paid at the same rate as Jobseekers Benefit without a requirement to sign on, partake in any activation measures or be available for and genuinely seeking work.²⁷ However, concerns remain about anticipated gaps in payments and eligibility between the State pension and any early retirement allowance or pension paid on the same basis as Jobseekers Benefit, notably no eligibility for the Household Benefits Package, Fuel Allowance,²⁸ Free Travel and a €45.30 weekly different between Jobseekers Benefit and the State pension, or an estimated €2,356 a year. **Clarity is needed on the terms and conditions of the new commitment outlined in the Programme for Government, particularly for people coming close to retirement age and without certainty as to their expected income.**

2.3 Proposed Changes to the Pension System

Age Action was pleased to see a number of commitments in the Programme for Government related to the State pension, most notably the commitment to defer the planned 2021 increase in age eligibility to 67 and the establishment of a Commission on Pensions to outline options to address issues including qualifying age, contribution rates, total contributions and eligibility requirements. **We need evidenced based policies that respond to the needs of people who are affected by them, which is why broad stakeholder participation in their design and implementation is critical.**

Older people are not a homogenous group; some people may want to continue working longer, others will not have the choice because they are unable or cannot afford not to work. All of these issues that face older workers need to be considered for the pension system to work for them. We welcome the commitment to introduce a system to enable people to defer receipt of their State contributory pension on an annual basis and to help facilitate the making of extra PRSI payments beyond pensionable age for those without a full social insurance record who wish to increase their retirement provision.

²⁷ Government of Ireland (2020) *Programme for Government Our Shared Future*.

²⁸ Unless they have already been in receipt of the payment for 390 days See https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/extra_social_welfare_benefits/fuel_allowance.html

A number of wide-reaching reforms to the pension system were outlined in the *Roadmap for Pensions Reform 2018 – 2023*. Age Action remains concerned that **concrete and accessible information on these measures have not been communicated, especially to those coming close to retirement**. Age Action continues to hear from people who are coming close to retirement and simply do not know what income they can expect to receive in retirement. We urge the Government to clarify and communicate information on the new Total Contributions Approach methodology to allow people to adequately plan for their future.

The most recently-published design on autoenrolment in late 2019 which will see increased pension coverage for more than an estimated half a million workers, will further drive existing pension inequalities unless there is a targeted intervention to include people in low paid jobs, particularly women and long term unemployed. Further consultation, adequate guidance for employers and employees and most importantly sufficient time is needed for employees to be informed about this comprehensive new system so that they may plan accordingly.

3. Secondary Benefits

Recommendations:

3.1 Increase the cost of the Living Alone Allowance by €6 per week

3.2 Increase the Fuel Allowance rate by €0.80 to reach €25.30 per week and reintroduce a 32-week payment period

3.3 Increase the Telephone Support Allowance by €2.50 to reach €5 per week

3.4 Maintain supports for the Free Travel Scheme

3.5 Maintain the Christmas Bonus at 100% of standard rates

3.6 Increase the income threshold for all means tested benefits in line with increases to the State Pension and secondary benefits

3.1 Living Alone

The latest Census statistics show that over half a million or 577,171 over those aged over 65 years lived in private households, while those in nursing homes increased by

1,960 to 22,762.²⁹ In April 2016, 399,815 people indicated that they lived alone, of whom 39.2% were aged 65 and over. Over half of all people with disabilities living alone were aged 65 and over.

The Vincentian Partnership for Social Justice (VPSJ) Minimum Essential Budget Standards (MESL) provides useful quantifiable data on the costs of living alone versus a pensioner couple.³⁰ The 2020 MESL update notes that while **the expenditure need of a single older person remains at just below 80% that of an older couple household**, their income from the State pension and secondary supports is between half to two-thirds of that of a pensioner couple household.³¹ MESL data for 2020 shows that pensions living alone in a rural area continue to experience deep income inadequacy:

- Lone pensioners on a **contributory State pension** living in a rural area have an inadequate income with a **weekly shortfall of €47.24** in meeting the MESL costs each week.
- Lone pensioners dependent on the **non-contributory State pension** living in a rural area have a **weekly shortfall of €57.71** in meeting the MESL costs each week.

Both amounts have increased year-on-year showing greater vulnerability for rural older people living alone in particular. For lone pensioners living in urban areas, they show small income adequacy rates at €8.95 and €18.55 respectively for those on non-contributory and contributory State pensions.

It is in this context that Age Action supports an increase of €6 in the Living Alone Allowance to begin to address the income inequality and inadequacy experienced by older people living alone.³²

²⁹ CSO (2018) *Ireland – Facts and Figures 2017*. Available at www.cso.ie.

³⁰ The core costs include food, clothing, personal care, health, household goods, household services, communications, social inclusion and participation, education, transport, household energy, personal costs, insurance and savings and contingencies. See www.budgeting.ie.

³¹ VPSJ (2020) *Minimum Essential Standard of Living 2019 Update Report*. Available at www.budgeting.ie.

³² Using the MESL calculator (www.misc.ie), there is a sample €6 difference in the cost of living for a rural single older person versus a couple.

3.2 Fuel Allowance and Energy Poverty

The principles of climate justice focus on sharing the benefits and burdens of climate change equitably and safeguarding the rights of the most vulnerable. Older people are particularly vulnerable to increasing costs of living associated with climate action. Because most are on a fixed income, for many older people rising prices for energy, transport, and heating fuel will translate directly into isolation, health issues resulting from lack of heating, compromises on other essential goods such as food, and reduced quality of life.

Rising energy costs consistently remains one of the main issues of concern for older people contacting Age Action. Callers to Age Action often raise concerns about anticipated increases in home heating, particularly around carbon taxes and it was a core concern in applications to the COVID-19 Age Action-Irish Red Cross Hardship Fund.

Research by the ESRI³³ estimated the impact of increasing carbon tax on fuel poverty.³⁴ When it comes to older people, the report finds that while only 6% of retired adults report being unable to keep their homes adequately warm, over 40% would be considered to be living in fuel poverty as per the 10% energy poverty measure.

Energy prices across the EU increased by +1.3% for electricity and +1.7% for gas during 2019. Electricity prices in Ireland in the second half of 2019 increased by 0.3% on the comparable 2018 time while gas prices increased by 0.4%. This is a welcome decrease on 2018 figures when Ireland had the highest increase in gas prices, and the fifth highest increase in electricity prices in the EU.³⁵

Increases in energy costs disproportionately affect those on the lowest incomes. Saint Vincent de Paul estimate that up to 28% of the population experiences energy poverty and report that in 2017 fuel and utilities represented 15% (or €30 million) of their direct assistance to households, primarily for home heating oil and solid

³³ Bercholtz, M. and Roantree, B. (2019) *Carbon Taxes and Consumption Options*. Budget Perspectives 2020 Paper 1. Available at www.esri.ie.

³⁴ Ibid.

³⁵ Eurostat (May 2019). *Energy prices in 2018 Household energy prices in the EU increased compared with 2017*. Available at www.ec.europa.eu.

fuel. A 2011 study found a concentration of risk factors for fuel poverty among the older age groups (75+) in terms of lacking central heating, poor housing condition and less adoption of energy efficiency measures.³⁶

The cold can and does kill each winter. The majority of its victims do not die of hypothermia, but from cold-related conditions such as respiratory and cardiovascular illness. In practice, many older people may live in older inefficient homes which are likely to be impractical or uneconomical to heat to comfortable temperatures for much of the year.³⁷ The issue of energy poverty is particularly acute for older people for a variety of reasons, such as a greater risk of cardiovascular and respiratory illness from cold and damp houses, more time spent in the home, a greater dependency on dirtier fuels for heating and a tendency to live in older, less energy efficient, homes. A higher level of disability and chronic ill-health are reported amongst this age group.³⁸ The health impact of a warm home is especially important, as only 9.6% of those over 85 report being in very good health, and 60% have a disability,³⁹ increasing the time spent at home.

The Better Homes Warmer Homes Scheme programme – operated by the Sustainable Energy Authority of Ireland (SEAI) - continues in operation as part of the new strategy and aims to improve energy efficiency and warmth of homes owned by those living in or at risk of energy poverty. The expansion of the Scheme in 2018 to include the upgrading of additional property types e.g. properties with solid walls, is welcome. **However, the year-on-year decrease in the number of homes upgraded under the Scheme remains concerning.**

³⁶ Goodman, *et al.*, 2011. 'Fuel poverty, older people and cold weather: An all-island analysis'. Available at www.publichealth.ie.

³⁷ SEAI (2018). *Energy in the Residential Sector 2018 Report*. Available at www.seai.ie.

³⁸ See CSO (2007). *Ageing in Ireland Dublin*. Available at www.cso.ie.

³⁹ National Disability Authority (2018) *NDA Factsheet 1: Disability Statistics*. Available at <http://nda.ie/Resources/Factsheets/NDA-Factsheet-1-Disability-Statistics-briefing-information.pdf>

Table 4: Administration of Warmer Homes Scheme 2017-2019

| | 2017 | 2018 | To Dec 2019 |
|---|-------|--------|-------------|
| Number of homes upgraded under the Scheme | 6,555 | 5,255 | Over 3,000 |
| Number: Change from previous year | | -19.8% | -23.9% |
| Total Cost (€m) | 22.6 | 35.5 | 39.8 |
| Cost: Change from previous year | | 57% | 12% |

Source: 2017 & 2018 data Parliamentary Question (February 2019) Available at

<https://www.kildarestreet.com/wrans/?id=2019-02-05a.1409>

2019 data Parliamentary Question (June 2020). Available at

<https://www.kildarestreet.com/wrans/?id=2020-06-03a.2268>

Note: Percentage change from 2018 based on maximum 3,999 homes upgraded

Consumer behaviour among older people can also greatly impact their energy security. Ireland has one of the lowest rates of digital skills and internet usage by older people in Europe, a gap that is increasing yearly. **A third of those aged 60-74 in Ireland have never been on the internet.** While we do not know how many over 75s have ever used the internet, best available figures from the National Digital Strategy 2013 show 3% have been online. While we have seen an increase in those aged 65-74 who are online in recent years, worryingly they have basic or below basic skills and may also need support to use the internet confidently or safely.⁴⁰ As a result, **many older people do not benefit significantly from increased competition in the energy market or savings only available online.**

The Fuel Allowance is €24.50 or €686 annually. **We urge the Government to increase the Fuel Allowance by €0.80 to reach €25.30 per week to achieve purchasing power parity with 2010 levels and reintroduce a 32 week payment period.** This will aid low income households in meeting their energy costs in the context of on-going energy increases across the market. Age Action is concerned that an estimated 70% of those in receipt of the State pension do not receive the Fuel Allowance payment. To meet the needs of the most vulnerable, **we urge the review of eligibility criteria for the payment to assess whether it is meeting the needs of the most vulnerable.**

⁴⁰ Just 19% of 65-74 year olds have 'basic' digital skills: the ability to do a limited range of basic tasks independently such as send an email, find information or buy something online. Some 43% have skills considered below a basic level.

Budget 2020 increased the carbon tax to €26 per tonne and outlined the aim to increase the tax to €80 a tonne by 2030. The Programme for Government promises an increase in Carbon Tax to €100 per tonne, however it does not outline how the most vulnerable can be protected from any financial burden this will inevitably cause. **It is important that the original objective of the carbon tax as revenue-neutral is achieved by using the revenue to address the issue of energy poverty**, for example through the extension of the number of weeks during which the Fuel Allowance is paid. Carbon tax, without putting in measures to ensure that low-income households and those at risk of energy poverty are not disproportionately affected by future increases is regressive. However, a carbon tax system designed to protect lower income households, can in effect reduce income inequalities and result in a benefit for the environment and addressing poverty which is in the spirit of climate justice.⁴¹ We are pleased to see a commitment to a Just Transition Strategy in the Programme for Government.

3.3 Telephone Support Allowance and Communication Costs

The Household Benefits Package continues to provide an important supplementary support, particularly for those solely reliant on the State Pension. Some of the cuts to secondary income supports have been partially restored.⁴²

Age Action welcomed the introduction of a new Telephone Support Allowance from June 2018 at a weekly rate of €2.50, however it is currently narrowly confined to those getting the Living Alone Allowance who are also eligible for the Fuel Allowance. While the stated objective of the Telephone Support Allowance is to ‘allow the most vulnerable people at risk of isolation, including the elderly and those with disabilities, access to personal alarms of phones for security’,⁴³ it is clear that **due to earlier cuts,**

⁴¹ A 2019 ESRI report shows findings to support this view and recommends a **progressive, targeted mechanism towards less affluent households to be administered through the tax and welfare system**. Using data from the 2015-2016 Household Budget Survey, the paper noted that while a standard ‘carbon cheque’ for each household would lead to small changes in income inequality (0.5% and 1% for a tax increase of €30 and €80 per tonne respectively), a measure to direct more of the carbon tax revenues towards poorer households would actually reduce income inequality (by 1.2% and 2.8% respectively). See Tovar Reanos, M.A. and Lynch M. (2019) Carbon taxation in Ireland: Distributional effects of revenue recycling policies. *ESRI Special Article*. Available at www.esri.ie.

⁴² In 2020, as outlined in Table 1, while those in receipt of all of the secondary supports saw a small 4.6% year-on-year increase of €1.08, there is a decrease of almost a quarter on comparable 2010 figures.

⁴³ Parliamentary Question (19 February 2019). ‘Telephone Support Allowance’. Available at www.kildarestreet.ie.

many older people had to give up their land line and so lose their personal alarms. In addition, we know that communication costs have increased during COVID-19 as people became more reliant on digital communications as a means of communicating with health professionals, arranging essential services and addressing social isolation. **In the context of an increasing reliance on telehealth measures and public health advice, we urge the Government to increase the Telephone Support Allowance by €2.50 to reach €5 per week.**

3.4 Free Travel Scheme

Secondary benefits play a key role in supporting people to age in place with dignity. Being able to access suitable public transport is synonymous with independence. For many older people it is an absolute necessity to reach appointments (particularly medical) and may mean the difference between living in the community or being forced into residential care. An effective rural public transport system is essential for people to access healthcare as well as for work and education, and this is particularly important in the current COVID-19 context. **We urge the Government to ensure that this vital support is maintained in Budget 2021.**

3.5 Christmas Bonus

Age Action hears from many older people how crucial the Christmas Bonus is in affording dignity in retirement and helping people to meet the cost of additional seasonal needs. We were pleased to see the restoration of the Christmas Bonus from 2017 and a return to the full 100% core rate in Budget 2020. **It is crucial that this secondary benefit is protected in Budget 2021.**

3.6 A Whole of Government Approach to Income Thresholds

Of concern in recent years is the unintended consequence of social welfare increases announced in Budgets which have inadvertently seen **many people subsequently pushed just over the threshold for secondary benefits by small increases and losing their entitlement to some of these benefits** (e.g. medical card threshold)

A 2019 paper by Social Justice Ireland detailed the role that social welfare plays in lifting over 65s out of poverty: EU SILC data showed that in 2009 (last year measured), poverty among those aged 65 plus fell from 88% to 9.6% once social welfare payments

were included.⁴⁴ It noted that those post-retirement have experienced ‘the greatest volatility in their poverty risk rates’ across the years surveyed (1994-2017)⁴⁵ **For the system to work cohesively to protect against poverty, it is crucial that any social welfare payment increases are reflected in corresponding threshold increases across all Departments.**

3.7 Supplementary Welfare Payments

While emergency supports remained available during COVID-19 in the form of supplementary welfare allowances (e.g. Exceptional or Urgent Needs Payments), it is clear that many people did not know about or were unwilling to apply for these vital payments. As one respondent to our Hardship Fund told us:

‘John is almost 80 years of age...and is an independent living alone. He is a very private person and would not apply for social welfare for an exceptional needs payment. I know that he would get the exceptional needs payment if he applied but he refuses to do so.’

We know that many people in receipt of the State pension may not be familiar with the social protection system or its supports. **Age Action urges the Department to engage in an information campaign on these supports and specifically to address their links to the pension.**

4. Employment and Older Workers

Recommendations:

- 4.1 Government need to stimulate age friendly workplaces**
- 4.2 Government need to tackle discriminatory mandatory retirement clauses**
- 4.3 Offer targeted education and training supports to older members of the labour force**

⁴⁴ These were not updated in subsequent CSO publications.

⁴⁵ Social Justice Ireland (2019) *Indexation of Social Welfare Rates Review and further proposals by Social Justice Ireland*. Available at <https://www.socialjustice.ie/sites/default/files/attach/publication/5752/2019-03-26-indexationandsocialwelfarewithcover.pdf?cs=true>.

4.1 Creating More Age-Friendly Workplaces

In the context of an ageing population and a rising pension age, more people are choosing or are compelled to work for longer whether for social engagement or economic necessity.⁴⁶ To address an increasing old-age dependency ratio and a decreasing labour pool across the EU, countries have raised retirement ages and restricted access to early retirement.

Progression to retirement may hide the real rate of unemployment among over 55s. Research shows that becoming unemployed over 55 is generally a 'one-way street'. Ireland has **a higher than average rate of long-term unemployment for those aged 55-64 years**. Older people have seen real increases in long-term unemployment and involuntary part-time work in the last decade, and without targeted supports, we risk condemning the next generation of 55-64 year olds to a similar struggle in the coming decade.⁴⁷

CSO data shows that 14% of over 65s and 46% of 55-64 year olds have had their employment affected by COVID-19.⁴⁸ The effects of COVID-19 on older people's employment came in the context of significant underemployment and long-term unemployment for this demographic: pre-COVID, 32% of 55-64 year olds already involuntarily worked part-time when they would like to work more, and 75% of unemployed 55-64 year olds were already long-term unemployed. These figures are far higher than the OECD averages of 20% and 46% respectively. As a respondent to our survey on experiences during the pandemic told us:

'I work hard as a self employed person and will have to well in to my 70`s because of the previous crash and the pension being hit. As I am over 66 I cannot claim the COVID 19 Payment for being unemployed which I am as I am stuck in the house.'

⁴⁶ Census 2016 showed an increase in labour force participation for those over 65. Participation did vary by gender, with males aged 55-74 years showing increases in the labour force participation rate and those over 75 years seeing a small decrease. Similar patterns can be seen with female participation rates, however a very small increase in participation can be seen here for those over 85 years.

⁴⁷Against the background of the last Recession, the incidence of long-term unemployment among unemployed 55-64 year olds has almost doubled from 2008-2015 (most recent figures). The incidence of involuntary part-time work in 55-64 year olds has also more than doubled in the last 10 years from 2008 to 2018. Again these shifts are significant in relation to OECD averages, which in contrast saw only very small changes in these figures across the same timeframes.

⁴⁸ Employment effects due to COVID-19 include: Loss of employment, temporary layoff, change in work hours, remote working from home or change to business model to online etc.

In addition, of all those whose employment was affected by COVID-19, over 55s were most likely to have to take unpaid leave⁴⁹ which may reflect health and caring needs.

We need to recognise the changing nature of work and of the labour market and for Government to support age-friendly workplaces. Age Friendly workplaces would include introducing more flexible working, minimising age bias in recruitment and encouraging career development at all ages.⁵⁰

4.2 Tackling Mandatory Retirement Clauses

Many older people want to continue working but fall victim to ageism and discriminatory mandatory retirement clauses. Planning for an age friendly society includes developing a coordinated response across all policy areas. It must ensure that employment legislation supports older workers and that retirement practices and policies enable older people to have a choice around when they stop working. We urge the Government to take action on the **remaining discriminatory mandatory retirement clauses in place for private sector workers**, and to provide supports to both employers and employees in navigating this impetus to continued working.

Mandatory retirement is simply age discrimination, forcing someone out of a job because they have reached some arbitrary age set by their employer. The *Public Service Superannuation (Age of Retirement) Act 2018* provided for an increase in the compulsory retirement age of most pre-2004 public servants from age 65 to age 70. No similar work has yet taken place for private sector retirement contracts, following guidance issued on longer working lives from IHREC during 2018.⁵¹

4.3 Tailoring Education and Training Supports for Older Workers

State supports are needed to ensure access to adequate, lifelong flexible measures are needed for both the public and private sector, such as re-training, redesigning jobs to meet physical needs, job transition support, career path re-design, part-time and job-sharing opportunities. These meet already identified needs under Future Jobs Ireland 2019. Many older workers – including callers to Age Action’s Information Line

⁴⁹ Some 13% of affected 55-64 year olds and 11% of over 65s who had their employment affected had to take unpaid leave, compared to an average of 6.5% of affected 15-54 year olds.

⁵⁰ Centre for Ageing Better (2019) *Becoming an age-friendly employer*. Available at www.ageing-better.org.uk.

⁵¹ IHREC (2018) *Retirement and Fixed Term Contracts*. Available at <https://www.ihrec.ie/app/uploads/2018/04/Retirement-and-Fixed-Term-Contracts-Guidelines.pdf>.

- have indicated that **flexibility would assist them in remaining in the work force**, with flexible work arrangements (such as shorter hours and longer holidays) and other non-monetary characteristics of work in cases more important than wages to many. It is crucial that **targeted education and training supports are offered to older members of the labour force**.

Post-pandemic, older workers may require extra support in the area of employment in the recovery phase: to stay in work and to return to work if that is what they choose. We are pleased to see reference in the Programme for Government for a new 10 year strategy for adult literacy, numeracy and digital skills support. This is particularly important for older workers to enable job competitiveness, especially in a job market using more remote working options. **We must avoid a skills divide in our labour market, particularly based on digital literacy.**

The commitment in the Programme for Government to enable a culture of lifelong learning within the workforce is welcome, with a focus on increasing lifelong learning from its current rate of 9% to 18% by 2025. However, currently, Government education and skills policy does not support people who want to remain at work for longer, with most older people excluded from Government education and training policies such as the National Skills Strategy 2025. **Older learners are effectively prohibited from availing of many statutory learning supports.**

About Age Action

Age Action supports and advocates for equality and human rights for all older people. Everything we do is based on a recognition of the diversity of identity and situation among older people and a concern for equality for all older people. In addressing ageing, our work includes a concern to influence perspectives on and responses to ageing. This pursuit of equality and human rights is underpinned by our work to promote ageing in place, life-long learning, and health and wellbeing for older people, empowering them to live as active citizens.

Our work is driven by an organisation that is professional in its operations and lives out its values of dignity, participation, diversity, social justice, and professionalism. Age Action is calling on the Government to plan sufficiently for an ageing population to ensure that people remain active, engaged, and valued in their communities for as long as feasible, with choice and control over their lives, regardless of their age. Equality for people who are older, and for each of us as we age, cannot be achieved without achieving equality for all of us throughout the life course.