Submission to the Public Consultation of the Commission on Pensions

March 2021

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The Scheme to Support National Organisations is funded by the Government of Ireland through the Department of Rural and Community Development

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Introduction

The announced Commission on Pensions focuses on the fiscal sustainability of the pension system in Ireland but we cannot meaningfully discuss this without quantifying adequacy and looking at the lived experience of those reliant on the State pension.

It took a General Election for the voices of people to be heard on issues concerning us as we get older with pensions becoming once of the most important topics concerning voters.[1] During the course of the election and the discussion of keeping the pension age at 66 pending further work saw the 3 main parties that commented on the potential cost of their proposals refer to costs ranging from gross to net figures and €220m to €470m per year, a variance of some €250m which casts doubt on the feasibility of the proposals and what evidence is informing them. This shows that policies are being proposed in a manner that is not evidence based, and that pension planning needs to include the whole area of retirement and longer working lives to address inequalities and support people to have a real choice about how long they continue working.

Persisting to address pension issues in a piecemeal and siloed manner will likely result in continued disjointed legislative initiatives and implementing piecemeal policymaking. It is also undemocratic; the electorate signalled in the General Election that they wanted a reformed pension system that worked for the people. This position has not waned with the most recent Red C monthly political tracker poll for the Business Post reporting that 66% of all voters support retaining the pension age at 66. This opinion is highest among 18-34 year olds, suggesting the 'intergenerational fairness' argument for the increase does not have the support of almost seven in ten (69 per cent) of the intended target.

We do not face a demographic crisis but rather a short-term planning view which is feeding a policy crisis. It prevents us from developing the solutions to fund a State Pension that enables people to age in dignity and to supports older people who want to continue working but fall victim to ageism and discriminatory mandatory retirement clauses.

Age Action's submission to the Commission on Pensions reflects the lived experience of older people currently in receipt of the State pension or approaching retirement who we have

[1] UCD-RTÉ-TG4-Irish Times-Ipsos MRBI (February 2020) *Election 2020 Exit Poll*

engaged with in the course of our work on equality and rights of older people. Due to the limited time available to contribute to the public consultation by the Commission on Pensions it was not possible to facilitate a dedicated consultation with our older stakeholders.

The key issues are set out in response to the questions identified by the Commission on Pensions in their document '*Have Your Say on Sustainable State Pensions*'.[2] It is envisaged that this evidence will inform the options the Commission will deliver to Government in order to address issues of choice, fairness and flexibility for retired people, particularly those people who are reliant on the State pension in retirement.

Q1. What do you expect from State Pensions?

Protecting those who need it most, through social inclusion schemes and financial benefits is the stated aim of social protection. The policy aim of the State Pension is poverty alleviation for people in retirement. The aspiration should be for a State Pension that is above poverty line, that lifts older people away from social exclusion and enables them to grow old with dignity.

Age Action advocates for a State Pension system that recognises the diversity of experience and situation of older people, that is fair, integrated, coherent and sustainable as well as being gender and poverty proofed in terms of eligibility, contributions and payments.

The State Pension should also have a system to govern the increases in the pension to ensure they are fair but also sustainable while remaining outside the annual Budget process.

In retirement people need income adequacy and security; currently the State Pension system is lacking in both areas.

Any changes to the State Pension need to make sure that those due to retire in coming years - who entered the system under one set of rules – are not discriminated against and disproportionately disadvantaged by changes introduced just before they retire.

We know that pension inequalities exist, with a lower rate of contributory State pension and secondary pension cover for women in particular and reflecting caring responsibilities throughout the lifecourse (elaborated upon below); a State Pension system should address inequalities and existing anomalies.

[2] Commission on Pensions (February 2021) available at https://www.gov.ie/en/consultation/0a525-the-pensions-commission-consultation/

We have seen successive pension policy changes introduced across the lifetime of the last Government without adequate consultation and planning which has resulted in gaps and yet more anomalies between policies, often from within the same department. Examples include the Total Contribution Approach 2012 (TCA2012) which was brought in to remedy the unintended and disproportionate impact of changes to the pension calculation rate bands in September 2012, especially on women. Payments were made back to 31 March 2018, still today leaving a gap of 5 years and 6 months in the take home pension of those effected by this.

Despite a number of commitments to also look at and address the complex State pension and retirement issues, people coming close to pension age in simply do not know what system they will retire under or what pension they will receive. The 2020 Programme for Government made welcome commitments to make 'affordable changes' to the State pension system to protect those close to pension age as well as intergenerational equity around the issue, to be underpinned by the principles of 'sustainability, adequacy, and fairness'. There was a firm commitment to retain the pension age at aged 66 pending a review: on 9 December 2020 people who were turning 67 in 2021 learned that legislation to repeal the move was passed. Poor policy planning results in a lack of choice and control over one's life as people cannot make informed decisions.

Q2. What's working with current State Pension arrangements?

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 incomecompared 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%.[3] **To this end, the State Pension has provided a critical, and often sole, source of income for many older people.**

[3] OECD (2019) *Pensions at a Glance 2019.* Available at www.oecd.org.

Q3. How best to accommodate those who provided long-term care for most of their working lives?

When we look at the statistics, it is clear that the odds are tilted towards women being less financially secure by the time they reach retirement age. The difference between men's and women's pension income in Ireland is estimated to be between 30-35%. On average, women earn less money over a lifetime because women almost always take on

the role of looking after family by being caregivers for children, parents and others. This time taken out of the workforce to do the vital unpaid work of raising children or providing care to others can mean women are less able to contribute to their pension savings. For some women, the high cost of childcare can also make it difficult to return to work as the cost of care can eat up a large part of the earnings. The high cost of childcare can also mean that women seek parttime work to fit around their caring responsibilities. To address the cumulative disadvantage in work and income experienced by many women, we need to address contributing factors such as the gender pay gap, the impact of caring responsibilities, discrimination, and women's shorter working lives.

To this end, Age Action supports the recommendations of Family Carers Ireland in relation to equality of outcomes for people providing caring roles. Family Carers Ireland recommends[4]:

1) The introduction of the TCA as proposed by the National Pensions Framework, to improve pension provision for family carers who have cared for less than 20 years.

2) The periodic circulation of PRSI contribution statements to people of working age. Each statement should be accompanied with an explanation of their entitlement to a State Pension (Contributory) based on their existing contribution record. This will allow people to recognise any future pension shortfall and begin to take corrective steps while they are still of working age.

[4] Family Carers Ireland (2021) *Ending the Pension Penalty for Caring* Available at https://familycarers.ie/media/2192/ending-the-pensions-penalty-for-caring-family-carers-irelands-submission-to-the-pensions-commission-2021.pdf

Q4. What concerns you with respect to current State Pension arrangements?

AND

Q5. What specific policy, provision or other changes are needed to make State Pensions sustainable into the future?

1. Flexibility

> *'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.'*
>
> *Person contacting Age Action*

Ageist attitudes towards working later in life still exist, for example many older people have reported high levels of discrimination during recruitment. Discriminatory mandatory retirement clauses (discussed below) are still in place forcing people out of the workforce earlier than they may wish. These two things undermine people's ability to continue working in later life whether by choice or necessity. In the context of a buoyant labour market, we urgently need a fundamental shift in how we view and support older workers.

Many older people want to continue working and some have to work because they cannot afford not to.[5] A more flexible approach to retirement ages is needed in the context of fuller working lives and the changing nature of work and lifestyle.

ESRI research reports that the proportion of the workforce aged 55 and over grew from 10% in 1998 to almost 20 per cent in 2018. This is forecast to rise further. [6] The same report notes that just over 50% cited 'retirement' or 'early retirement' as the reason for leaving.

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

[5] 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 rateand 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.

[6] Ivan Privalko et al (2019) *The Ageing Workforce in Ireland*. Available at https://www.esri.ie/system/files/publications/RS92_1.pdf

voluntary body (0.9%).[7] For those reliant on a State Pension, their income is simply inadequate to meet the market rent for private accommodation or in cases topay 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 50swere in mortgage arrears; over 7,000 of this number aged 60-69, over 2,000 aged over 70.[8]

The recent 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 taken place for private sector retirement contracts, however guidance has been issued on longer working lives from IHREC during 2018.[9]

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[10], and without targeted supports, we risk condemning the next generation of 55-64 year olds to a similar struggle in the coming decade.

CSO data shows that 14% of over 65s and 46% of 55-64 year olds have had their employment affected by COVID-19 which has potentially serious consequences for their

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

[8] 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.

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

[10] Against 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 incidenceof involuntary part-time work in 55-64 year olds has also more than doubled in the last 10 years from2008 to 2018. Again these shifts are significant in relation to OECD averages, which in contrast sawonly very small changes in these figures across the same timeframes.

pension entitlements.[11] 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 that the OECD averages of 20% and 46% respectively. In addition, of all those whose employment was affected by COVID-19, over 55s were most likely to have to take unpaid leave[12] which may reflect health and caring needs. Pension eligibility policy cannot be separated from employment policy; the changing nature of work and of the labour market must be recognised with support age-friendly workplaces.[13]

[11]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

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

[13] Age Friendly workplaces would include introducing more flexible working, minimising age bias in recruitment and encouraging career development at all ages. See Centre for Ageing Better (2019) *Becoming an age-friendly employer*. Available at www.ageing-better.org.uk.

2. Forced retirement

"There was no objective reason for my retirement. I was still rated fit for purpose by the Medical Council and was physically fit, as demonstrated by being able to run distances from 10 km to the marathon... The forced retirement of experienced, able and willing workers is commonplace and represents an enormous waste of human resources." Dr Enda Shanahan

"The frustration of losing my job for no other reason than because I had turned 65 years of age was exacerbated by the financial hardship this policy of mandatory retirement inflicted on me. I was trying to pay a mortgage to the bank and a loan to the credit union at the same time. It was very difficult to keep going. I had to cut right back." Angela Gallagher

Every year in Ireland older workers are forced out of their job for no other reason than they turn 65. This is possible because Irish law permits employers to impose mandatory retirement ages in their employee's contracts, in effect, facilitating ageism and creating a set of second-class employment rights for older workers.

The legal context for mandatory retirement clauses in contracts is the Framework Employment Directive 2000/78/EC. This directive is central to EU labour law. Its aim is to prevent discrimination against workers on a variety of grounds, including age, and it was transposed into Irish law through the Equality Act 2005. Article 6 of the Directive states that Member States may allow workers to be treated differently on the basis of age if "*they are objectively and reasonably justified by a legitimate aim, including legitimate employment policy, labour market and vocational training objectives, and if the means of achieving that aim are appropriate and necessary*".[14] Subsequently, the ECJ has ruled that fixed-term contracts on the basis of age are a form of age discrimination but one that can be justified under Article 6 if such contracts are justified by a "legitimate aim". Irish jurisprudence has echoed these decisions at the European level.[15] In 2015 the Oireachtas passed the Equality (Miscellaneous Provisions) Act 2015. Among other changes to Irish equality law it amended section 34 (4) of the Employment Equality Acts 1998-2011.

[14] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32000L0078:en:HTML
[15] In Donnellan v Minister for Justice, Equality and Law Reform (2008 IEHC 467), Justice McKechie found that while the forced retirement of An Assistant Garda Commissioner at the age of 60 did constitute age discrimination, it could be objectively justified.
In this case the Court accepted that the retirement age was necessary to facilitate promotion prospects for lower-ranking Gardaí and that this was a "legitimate aim" as indicated by the directive. Similar reasoning was applied in Doyle v ESB International (DEC-E2012-086). The Equality Tribunal dismissed a claim brought by a graphic designer who was forced to retire at the age of 65.

It is important to be clear about the impact of mandatory retirement. People who want to work, to put some money aside, to ensure comfort and dignity in retirement by working a few additional years are forced out of their jobs. Instead of continuing to work and to pay tax, older workers are forced to go on the Benefit Payment for 65 Year Olds or to try to find a new job in their mid-60s.

Getting rid of mandatory retirement clauses is not about forcing people to stay working forever, it is about choice, about giving older workers the same job security as their younger counterparts and allowing them to decide when they wish to stop working.

To address the issue Age Action supports the call of ICTU in calling for an amendment of Section 34(4) of the Employment Equality Act making it illegal to force a worker to retire at an age earlier than the age at which the State Pension is generally available.

3. State Pension (Transition)

Age Action noted 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. A Benefit Payment for 65 Year Olds has now been introduced which addresses one of two of the issues that arose in the policy gap between forced retirement and pension age eligibility - the indignity of signing-on and the requirement to be available for and genuinely seeking work in order to receive income support. However, concerns remain about anticipated gaps in payments and eligibility between the State Pension and any early retirement allowance notably no eligibility for the Household Benefits Package, Fuel Allowance[16], Free Travel and a €45.30 weekly difference between the Benefit Payment and the State pension, or an estimated €2,356 a year.

[16] 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

'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 specialsand find that my shoppers buy dearest items'

Respondent to Age Action Survey 2020

'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 done 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.'

Respondent to Age Action Survey 2020

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 ofthe population. This situation was exacerbated during COVID-19. 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 and has fallen further below the 34% commitment in the Roadmap for Pensions Reform from 2018.

The latest official poverty statistics from the CSO indicate a deprivation rate of 11.2% amongst people aged 65 years which is an increase on 2018 figure of 8.2%. This means that just over one in ten older people were living on less than 60% of the national median income (see Table 2 below). The net effect of Budget 2021 on the income older person headed households is:

- Those under 80 and living with another person are €1.88 better off per week following Budget 2021 and have seen a weekly increase of €17.51 since 2010
- For those under 80 and living alone, they are €6.88 better off per week following Budget 2021, and have seen a weekly increase of €31.31 on 2010 income
- For those over 80 and living with another person, their weekly income has risen by €1.88 in Budget 2021, and €17.51 since 2010
- For those over 80 and living alone, they are better off by €6.88 per week following Budget 2021, and €31.31 since 2010.

Recent CSO figures show that 40% of workers aged 20-69 had no supplementary pension coverage.[17] 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.[18]

The last three 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.

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%).[19]

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**
Secondary Income Supports				
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	**€261.08**	**€261.79**	**€276.34**	**€277.42**
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.

[17] 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.
[18] Based on average earnings of €38,000, with the state pension replacing approximately 34% of earnings.
[19] 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.

Looking at cumulative changes over the last 10 years, Table 2 shows that the those inreceipt of the top rate of the State pension and secondary benefits and not living aloneare 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.[20]

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

Income	Standard rate, Under 80 Jan 2010	Standard rate, Under 80		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 latest official poverty statistics from the CSO indicate that 10.5% of people aged 65 years and over were 'at risk' of poverty in 2019.[21] This means that just over one in ten older people were living on less than 60% of the national median income. As Table 3 illustrates, while the at risk of poverty rate decreased the consistent poverty rate for those over 65 years increased and the increase in deprivation rate is worrying. Year-on-year, the number of over 65s in poverty rose by approximately 20,000 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 2021.[22]

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

[21] CSO (2020) *Survey on Income and Living Conditions 2019.* Available at http://www.cso.ie

[22] Social Justice Ireland (2019) '*More than 689,000 living in poverty in Ireland, over 200,000 arechildren*'. Available at www.socialjustice.ie.

CSO SILC figures (for 2019) show an increase in deprivation rates for the over 65s. In 2018, 8.2% of those aged over 65 years experienced deprivation compared to 11.2% in 2019. This means that over 60,000 people were unable to afford basic goods and services.

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

	At risk of poverty %	*Deprivation rate %*	*Consistent poverty %*
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
2019	10.5	11.2	2.3

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

Looking at the 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.[23] 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 someonein good health, without any care needs, living in social housing which is reasonably insulated and energy efficient.

[23] Social Justice Ireland (2020) *Social Justice Matters 2020 guide to a Fairer Irish Society*. Available at https://www.socialjustice.ie.

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 property prices remain high, high property taxes are inevitable, and we believe this poses a risk o of serious hardship to older people who may own property but be reliant entirely or mostly on the State Pension. Callers to Age Action's Helpline often expressworry over LPT valuations of their private home based on current market value and they struggle to pay this tax from their fixed income.

Without having an accurate picture of the cost of ageing 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. Research on the cost of ageing is urgently needed to inform Ireland's policy development to meet the needs of an ageing population.[24]

5. Indexing

Ireland is unusual in setting the pension rate in the budget every year without using any particular formula. Many older people's concern about a rising cost of living is exacerbated each year by the uncertainty surrounding the annual review of pensionand secondary benefit changes in the politicised Budgetary process: people do not know whether they will see any increase in these payments to help them keep pace with rising costs.

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. Government committed to working towards a 34% benchmark for the State pension in the Roadmap for Pensions Reform 2018-2023.

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[24] 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.

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.[25] 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.[26]

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.

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.[27]

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.

[25] CSO (2020) *Earnings and Labour Costs Annual 2019.* Available at www.cso.ie.
[26] Average weekly earnings for 2018 were €747.52. See CSO (2019) *Earnings and Labour Costs 2018.* Available at www.cso.ie.
[27] Nolan, A. et al (2019) *Gender, pensions and income in retirement.* Available at www.esri.ie.

Summary

A summary of Age Action's recommendations in the Submission to the Commission on Pensions is as follows:

Adequacy:

Setting the Rate for an Adequate Pension

Implement the Government's commitment in the Roadmap for Pensions Reform 2018-2023 for a State Pension set at 34% of average weekly earnings and apply 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.

Cost of Ageing in Context

Commission research on the cost of ageing to inform Ireland's policy development on the State Pension and other social protection measures that to meet the needs of an ageing population.

Addressing Anomalies

Align the Benefit Payment for 65 Year Olds payment rate with the State Pension (Contributory).

Flexibility

Forced Retirement

Pass an amendment to the Employment Equality Act making it illegal to force a worker to retire at an age earlier than the age at which the State Pension is generally available.

Choice

Recognising the diversity of experience and situation of older people introduce flexible age qualification criteria to support people who entered into the labour market at an early stage with a long history of contributions and for those people in physically demanding jobs.

Fairness

Carers

To address the cumulative disadvantage in work and income experienced by many women, we need to address contributing factors such as the gender pay gap, the impact of caring responsibilities, discrimination, and women's shorter working lives.

The introduction of the TCA as proposed by the National Pensions Framework, to improve pension provision for family carers who have cared for less than 20 years.

The periodic circulation of PRSI contribution statements to people of working age. Each statement should be accompanied with an explanation of their entitlement to a State Pension (Contributory) based on their existing contribution record. This will allow people to recognise any future pension shortfall and begin to take corrective steps while they are still of working age.

Planning

Any changes to the State Pension need to make sure that those due to retire in coming years - who entered the system under one set of rules – are not discriminated against and disproportionately disadvantaged by changes introduced just before they retire.

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. AgeAction 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.

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