

Irish Congress of Trade Unions

**Statement by Liam Berny to the Joint Committee on
Social Protection.**

The State Pension.

29th June 201

Chairperson and members of the Committee

1. Introduction.

1.1 Congress is pleased that we have been invited here today to address the Committee on the very important topic of the state pension.

1.2 The state pension continues to be an extremely important social transfer payment and for many retired people it is their only income. Equally because the number of people, currently in work, who have no occupational or second tier pension, is close to 50%, it will continue to play a critical role in reducing the risk of poverty amongst older people for a considerable period in the future.

1.3 In this short statement we will focus on 3 main areas of concern for Congress.

2. The Rate of the State Pension.

2.1 Congress has consistently argued that one of the main planks of budgetary policy should be to insulate the most vulnerable groups in Irish society against the effect of price inflation. Congress plans to make a similar argument in the context of forthcoming pre-budget submission. In that regard we would suggest that the rate of the old age pension should be increased so that it continues to have at least the same purchasing power as it currently has. If the rate of the old age pension is not increased in line with at least the rate of inflation we run the risk of reducing the living standards of a large group older people whose only income is the state old age pension.

3. Eligibility for the State Pension.

3.1 In 2012 the Government introduced measures that changed the eligibility criteria for the old age pension.

3.2 We believe that the 2012 changes to PRSI qualification bands for pensions discriminate against women and should be immediately reversed. This was a grossly unfair decision that had the effect of reducing the Contributory Pension of those with an average of 29 annual contributions, by €1500 per annum, more than two thirds of whom are women. There was no political debate; no public consultation and no cost benefit analysis of the measure. There was no consideration given to the issues of fair play, or equity, or minimising hardship to those worst affected.

3.3 Numerous studies have shown that there is a significant gender pension gap. A recent study by Mercer found that the gap in retirement income between men and

women could be as high as 40% ¹. The 2012 changes to the eligibility criteria must be reversed if the gender pension gap in Ireland is to be reduced.

4. Entitlement to the State Pension.

4.1 Apart from the eligibility criteria changes that I referred to earlier the other major policy change that has been recently implemented was a change to the age at which people become entitled to the state pension. In 2014 the state pension became payable at age 66 and further changes are planned with the applicable age changing to 67 in 2021 and 68 in 2028.

4.2 The decision change to the age at which the state pension becomes payable was made without any public engagement and in our view without any real consideration of the implications for working people.

4.3 Congress has suggested that the any further planned increase in the age at which the state pension becomes payable should be suspended to allow space for a proper and more inclusive discussion about the implications of such a policy change.

5. Conclusion

5.1 We understand that the main reason why the Committee has invited Congress to this hearing today is to assist the Committee in the making of a pre-budget submission with a specific focus on the state pension.

5.2 In the event that the Committee decides to make a pre-budget submission we would ask the Committee to:

- Seek an increase in the rate of the old age pension that is at least in line with the rate of price inflation;
- Seek the reversal of the eligibility criteria implemented in 2012; and
- Call for a suspension of the proposal to increase the age at which the state pension becomes payable to allow for a proper debate about the implications of this decision.

¹ <https://www.mercer.ie/newsroom/failure-to-narrow-substantial-gender-pension-gap-risks-long-term-problems.html>