The Government is proud of its record of achievements for older people and greatly values the contribution this group has made to our economic success and continued prosperity. This success and prosperity has generated the resources to enable the Government to provide significant increases in the State Pension and other supports, resulting in consistent improvements in the standard of living for all older people over many years.

We will continue to make improvements for older people a key priority and have set out a wide range of commitments in the Programme for Government, including: increasing the basic State Pension to at least €300 per week by 2012; aiming to secure a retirement income from all sources of at least 50% of pre-retirement earnings; and working to develop flexible responses to retirement.

Reflecting awareness of the fact that our population is ageing, the issue of pensions has moved closer to the top of the public agenda in recent years. The social and economic implications of this trend are emerging and we need to assess our ability to ensure the protection of all our pensioners, both now and in the future. As has been the case with many developed countries, we know that there are significant challenges ahead. We are living longer, and in better health, which is a wonderful achievement. However, while Ireland currently has a younger population than most European countries, over the longer term the impact of population ageing in this country will be considerable. According to new data in this Green Paper, the number of people of working age for each person age 65 and over will fall from 6 in 2006 to 2 in 2050. Taking account of the fact that a proportion of those of working age will not be in employment, the ratio of workers to people aged 65 and over in 2050 will be 1.5 to 1. This demographic change will be a challenge for the sustainability of the pension system because of the expected substantial increase in age-related expenditure in the decades ahead. This issue needs to be considered in the context of our aims to increase supplementary pension coverage and to enable people in retirement to have adequate replacement incomes.

We now have a ‘window of opportunity’ in which to address these concerns. Thus, the objective of this Green Paper on Pensions is to carefully consider the issues involved, before making appropriate decisions for ourselves and future generations. We must decide what sort of retirement we want for ourselves and our children and what choices we as a society are prepared to make to secure that future. Good pension provision costs, whether it is done through a system of private provision and personal contributions or through the State by way of taxes and social insurance contributions.

The Green Paper sets out the wide and complex range of issues involved. It addresses specific issues in relation to Social Welfare pensions, occupational and public sector pensions, and incentives for supplementary pension saving. In addition, it examines issues regarding defined benefit and defined contribution schemes, and the
role of regulation. It also sets out some key issues related to work flexibility in older age and barriers to older people working longer, including possible approaches to flexibility in retirement age.

The essential purpose of this Green Paper is to stimulate debate. Key questions for consideration are posed and some possible approaches to pension development are set out. We wish to thank the social partners and the many individuals, groups and organisations who have engaged in this process to date. We also wish to thank the officials across a number of Government Departments who contributed to the development of the Green Paper.

The consultation process that will follow the publication of this document will allow all stakeholders to contribute towards shaping a framework for addressing the pensions challenge over the longer term. The Government looks forward to engaging in these discussions and invites all stakeholders to participate in working towards achieving an affordable, sustainable and modern pension system to meet the individual needs of those currently in retirement and which also secures the same objective for younger generations.