

## **Green Paper Consultation Responses**

### **Living Alone Increase**

#### **Submission 12**

##### **General Comments**

The State pension system is the only system that guarantees a rock-solid payout for those moving towards retirement. The private or occupational system in contrast does not have the advantage of political intervention if things go wrong.

The performance and security of Private or occupational pensions can sometimes depend on index-linking which can be tied to various markers such as equity markets or futures. There are many instances and law suits where private pension have gone bankrupt due to fraud or mismanagement, leaving investors with nothing.

The Irish government have perhaps spent too much money propping up state pensions especially in the light of elections and improving the outlook on the government with the voters. They are now in a situation where commitments to these pensions may not be easy to keep up with and have begun strongly encouraging people to take out private products. This of course is the result of not seeing the road ahead and taking the easy way out.

Legislative safeguards must be in place to statutory guarantee minimum performance with the financial regulator with private pensions. Many accounts have come from across the world documenting shortfalls and allied issues which cause concern.

The Government should make a distinction strong between savings and pensions for the following reasons: All too often people are hopping in and out of pensions because of their options, to get involved in high risk shares and come out of sound pension schemes because of hearsay talk of a wind fall rumours they heard down the local pub.

The State should ensure that a strong level of competition exists within the private pension market, by assessing premiums and performance against public pensions, and better performing average payouts across the global market for comparison and alignment.

The State should also note that because of the complexity of pension in general, many are discouraged from thinking about it. And like to stay away from things they can't possibly understand. The government are quick to point out the poor levels of literacy when promoting education.

##### **QUESTIONS AS IN EXECUTIVE SUMMARY**

**Chapters 1 to 6 : Various issues.**

**Q1. Answer:** Modern day challenges will include migrant EU nationals who will add considerably to the load on the Exchequer. This is a problem created by our government who did not insert reservations on immigration when EU were signed. There will be implications for the state, as opposed to the individual.

**Q2. Answer:** The use of the word "universal" means 'one' or solitary. There's no reason why this word is used to describe what is essentially a "dynamic" pension designed to fit.

**Q3. Answer:** No Answer

**Q4. Answer:** "Living alone" should not be a policy recipe for extra payments and national policy should be reviewed in due of this serious haemorrhage on the basis of living alone. Nobody should be compensated for living alone per se. This is a complicated area, but it may in fact encourage people to set themselves up in certain situations so they will get more.

**Q5. Answer:** No Answer

**Q6. Answer:** Yes, a formal indexing system is desirable, but should be set below the headline of inflation so was not the cause more inflation or economic pressure. Or delayed prudently in case of rapid or a transient peaks that don't last, and any increases are therefore not merited as such.

**Q7. Answer:** The government should not engage in massive increases in pensions to win elections, and hope to get a bigger vote thereby. This puts a great deal of pressure on the Exchequer and there are more deserving increases needed elsewhere. Pensions and affordability are coming under strain because of massive inflation in every the goods and services in the economy. Pensions are not immune from the rip-off of culture that is now endemic in this country, making the government's job a race to keep up with a no-competition, cartel-driven economy. The government will do themselves a lot of favours if they push for more competition to force down prices and break up the cartels with severe penalties. This will take a lot of pressure off the welfare system in general.

## **Chapter 7**

**Q1 Answer:** The government should make tax incentives the cornerstone of the private pension system if it wishes to promote private or supplement type pensions schemes.

**Q2 Answer:** No Answer

**Q3 Answer:** The government should do its best to ensure a level playing field as much as possible, to avoid a two-tier spilt developing overall. Much of the pensions problems encountered today involve radically different treatment and payout awarded to different schemes, to the detriment of many who don't qualify or can't afford a better scheme.

## **Chapter 8**

**Q1.** Higher social insurance contributions would mean reform of the PRSI system, so the exact percentage of contribution would be known to the employee, but in all cases some level of contribution should be made to the State welfare system in case of problems with high risk occupational and private pensions.

**Q2.** No Answer

**Q3.** No Answer

**Q4.** No Answer

**Q5.** These approaches are convoluted and add greatly to customer dissatisfaction and frustration, given the myriad of issues involved and the problems with understanding them. The government should ensure a level of flexibility within reason.

### **Chapters 9 and 10. Defined Benefit, and Funding Standard.**

**Q1. Answer:** Every effort should be made to rationalize pensions and entitlements as much as possible, to remove the convolution of the current system that leaves many wondering what's going on.

**Q2. Answer:** Primary legislation should force all pension or financial product providers to provide all information and up date clients and the Financial regulator of any changes well in advance.

**Q3. Answer:** Appropriate security for pensions would mean placing deposits with the financial regulator, or the central bank to meet there liabilities. It could also mean forcing the product provider to reinsure with his own insurance to cover any crash in the market, where pension fund are tied to equities. The state must take very a serious view of the security of private and public pensions and insist on strict legislative safeguard, especially in the area of occupation pensions that can go disastrously wrong when the company folds.

**Q4. Answer:** Most people view the word 'investment' as a profitable thing. They do not view the word 'investment' as has been prone to risk, and suffer from all over zealousness which produces disillusionment and anger when things go wrong. There is an aversion towards reading the small print, because the advertisements of such products are seen as beneficial to their interests.

**Q5. Answer:** The government should do everything it can to legislate for the pension industry in ensuring that policy holders are given all and every piece of information regarding their pension benefits, and all risks attached thereto. There are obviously more safeguards with public pensions than with private pensions, which carry far more risk. Guarantees must be guarantees; this is not the case in occupational pensions, where if the pension fund goes bust because of insolvency in the company, the policy holder gets nothing. Any guarantee given with an occupational pension or private pension should be registered and approved with the Financial Regulator.

**Q6. Answer:** A national reserve fund should be established by the State in the case of shortfalls in the standard welfare pension. The government should legislate to force occupational pension providers and private pension providers to establish their own reserve funds in line with the financial regulators strict conditions for solid security. And change the legislation so occupation pensions are not touched by the company in a windup or liquidation.

#### **Chapter 11 Annuities and related matters.**

**Q1:** No answer.

**Q2:** No answer

**Q3 Answer:** The state could be involved in all long-term investment products relating to retirement, whether it's late and it or not.

**Q4 Answer:** All information should be disclosed on the terms and conditions of the product the moment of purchase or entry into the scheme.

**Q5 Answer:** The Irish government should insure new players into the market, and we doubt those trying to corner the market or been involved in price fixing.

**Q6 Answer:** Trade unions are not suitable for encouraging the take-up of the annuities. But, maybe able to assess products on offer for their members. Employers usually occurs employees to invest in shares and some cases have annuities of their own.

#### **Chapter 12: The Role of Regulation.**

**Q1 Answer:** No, more regulation is needed especially in occupational pensions in the private sector, that are prone to a exploitation from delinquent or corrupt fund managers and company performance. And pension holders get nothing if the company goes bust.

**Q2 Answer:** No, there seems to be little emphasis in ensuring that prosecutions are taken in the event of a reckless or corrupt practice that causes pension funds to collapse. This is a matter of notable omission.

**Q3 Answer:** No, it must be clearly felt that pension providers will be subject to severe prosecutions for legislative breaches. Some companies may see these as guidelines are not legal rules.

**Q4 Answer:** All pension charges and fees or other pecuniary levies should be notified and justified to the regulator. Some people take the view that charges should not apply as a separate issue; remain part of the premium, which would cut down on paper work and bureaucracy. All charges relating to any pension should be known in advance and not subject to sudden and unexpected disclosure.

#### **Chapter 13 Public Service Pensions.**

**Question 1:** Answer The public service have excellent job security and can contribute to their own pension funds like the civil science. The public sector also receive a huge public sector pay increases, and should have little difficulty in paying premiums.

**Question 2:** No Answer.

#### **Chapter 14: Work Flexibility in Order Age: A new Approach Retirement.**

**Q1. Answer:** The government should encourage earlier retirement, not later retirement. This country seems to be obsessed with the older generation, much to the great disadvantage of the young. There seems to be no effort whatsoever made in favour of an up and coming generation who need job opportunities. However, nobody wants to stop anybody doing what they want with their lives. The British have encouraged earlier retirement and thus made more opportunities for the young and consequently a pension system full of investment.

**Q2. Answer:** Voluntary deferral of pension entitlements is a good idea, but should have a safeguard of letting later workers apply for job-seekers allowance if work runs out before the deferral date becomes active.

**Q3. Answer:** No, earlier retirement should be preferred. There are undoubtedly health considerations for those in labour occupations, who may could the state more in the long run with health issues. Working beyond retirement may also prevent family life from reaching a higher level due a life long work culture or stress and strain.

**Q4. Answer:** The theory that hard work won't do anyone any harm is a nonsense, and certainly if it's prolonged well past the normal retirement can cause stroke and a myriad of health problem which may cost the state billions in health funding. The overriding principle should be to allow greater opportunity to flourish in the younger generation by forcing retirement. Nobody should be working in a hard labour occupation beyond 65 if reason and common is to be applied. Allowances could be made in some clerical posts provided no satisfactory potential employee can be found of a lower age.

**Q5. Answer:** These questions in this chapter are loaded and preclude where this consultation process is going, which is a no-limit on retirement for the purpose of letting the State off the hook on pension payments that are currently elevated on account of need to win elections. It could be suggested because some people work so long and effectively for life in their greed, that the issue of a pension doesn't even arise. The scenario is— 'work for life and die on the job without a pension or invest in a risky occupational pension, or, retire at a sensible age before health problems arise and get a state or cheaper private pension'.

*Footnote: The Executive Briefing Paper for this consultation is a mess in terms of the way its laid out and will probably lead to confusion on readability and questioning moving from one chapter to another for all who read it unless great care is taken.*

## **Submission 33**

### Submissions for Consideration

#### **1. Living Alone Allowance**

I suggest that this benefit be split into two categories:

1. those up to 80 years of age and
2. those 80 years of age and over

In category a) I suggest that the benefit be rounded up to €10 or more and then indexed with cost of living each year.

In category b) I suggest that the benefit be paid at a much higher rate as the cost can be readily ascertained, as actuarially speaking, it would be payable for an average of only 4.5 to 5 years.

#### **2. Adult Dependent Death Benefit**

I suggest that after the six month continuation of the allowance at the full rate that it should continue at half rate for a further six months. This would ease the problem of the sudden drop and the realisation that you must now adjust yourself in managing on less money.

#### **3. Continuity of Employment after Normal Retirement Date**

In cases such as these I suggest that where the normal retirement date is 65 or over that payment of the social welfare payment be voluntarily deferred and that the rate of payment be annually increased by a percentage for each year of deferral. To encourage workers to continue on in employment after the normal retirement date that payment of PRSI and the like should cease for both employer and employee. In those cases where there is an adult dependent, the adult dependent allowance should not be withheld but paid at the normal time and reviewed each year on budget recommendation.

I have studied the Green Paper and found it very informative and a very useful document. If I can think of any more suggestions I will send them on to you.

## **Submission 45**

### Chapter 6

#### **Reform A.**

**Impact** of earlier social insurance structures must not be allowed to continue:-

Examples – When social insurance was first introduced in 1953.

1. **Males** only were accepted and the females several months later

2. Again, when self-employed were brought into the Scheme in 1988 – the over 55's were excluded even though these people continued working beyond the 10 year minimum period while collecting V.A.T. payments each two monthly period and paying tax due.

**Question 2. NO**

**Question 3. All those born before 1930**

**Question 4. NO**

A more targeted approach should be adopted for the very elderly Living Alone Allowance given to those (again I would suggest those born before 1930) for very many obvious and various reasons).

### **Re: Reforming and backdating Homemakers Scheme**

Many of the very elderly could be short of the minimum of 260 Class A, PRSI contributions unless the same 2 for 1 criteria applies for the pre 1953 stamps.

I do not know about this scheme but it would be a crying our injustice if these 80 year old mummies and grannies were not given the 1040 credits. Any woman who made a home and six or more children (irrespective of when they were born and cared for) should be included in the scheme.

High time the very old are given a small token in recognition of their contribution over the years. The living alone allowance as it stands was the reason why many of our elderly were unable to make a reasoned choice, as to where they want to spend their closing years and inevitably the present system did not help them.

## **Submission 66**

**February 2008**

A review of pensions, Transition and State Contributory is required now in 2008 as there are pensioners today who left the workforce prior to Carers Act 1994 to care for family members, siblings/parents or to get married and need to be considered now due to the high cost of living. Most of them are single people who have the same outgoings as a married couple/partner but have only one income to survive on.

### **Contribution condition**

Persons are at present prevented from getting a pension because they do not satisfy the condition of 260 paid stamps and the shortfall cannot be purchased by voluntary contributions or credits. The condition should be changed so that it can to be make up of a combination of paid and credited contributions.

Alternatively, a universal pension similar to pre-1953 would correct this now not in 2012 when 520 paid contributions are required.

## **Pro-Rata Pensions**

If the pensioner has 260 paid cons abroad he should be given the difference between EU rate and Irish rate of pension on the strength of Irish contributions paid or credited to his record here because of the high cost of living in Ireland especially if resident in Ireland for a number of years.

## **Pensioners Allowance**

Single pensioners on one income pension should receive a high increase in living alone allowance.

Fuel Allowance should not be means-tested, especially to carers of sibling/parents and if a single pensioner (especially suffering from a chronic illness).

Pensioner caring for relative should be exempt of road tax if the patient is unable to avail of travel pass.

Gas Company needs to show more transparency on Gas Bill. Allowance is not itemised or carry forward kilowatts shown.

NTL costs have risen considerably. Can the increases not be discounted for the pensioner?

Telecom Eireann have a charge for delivery of cordless phone. Can the increase be absorbed in the interest of security for the elderly.

A free call number (1800) should apply for all calls to the S/W Dept as it is impossible to get through without holding on indefinitely and especially since all departments are in the country. 1850 and 1890 numbers are charged at full rate as not included in package deals by Telecom.

For taxation purposes, pensioners must be notified of Pension Act each year as pension is now paid into bank.

If a person accepts a reduced contributory pension at age 65/66 and there is a Reform Bill to their advantage can they claim the difference at a later date to improve their existing amount and will they be notified as to the up-date situation?

## **Submission 91**

I am a pensioner age 73 years, living alone on a contributory pension with living alone allowance €7.70. This allowance has never been increased since it was set up many years ago. I have my own home, you have the same cost of up keep and running of a home as if there were a few people in the house.

## **Submission 154**

Replying to your notice re: Pensions

I am 88 years of age and, while I am still able, I wish to live in my own home. I therefore save you the cost of nursing home subsidy, Carers costs etc. I get a pre-1953 half contribution pension plus electricity allowance, television license and telephone allowance. My living alone allowance is very meagre at €7.70. I have to have a cleaning lady three mornings a week which takes up all my pension, there are other costs when you are living alone. Really, €7.70 is a pretty poor amount which I do not think has ever been increased.

Thank you for asking for submissions.

## **Submission 271**

A review of pensions, Transition and State Contributory is required now in 2008 as there are pensioners today who left the workforce prior to the Carers Act 1994 to care for family members, or to get married – pre marriage ban, and need to be considered now from the perspective of equity and fairness. Some of them are single people who have the same outgoings as a married couple/partner but have only one income to survive on.

I feel it is very unfair for older women not to get the benefit of the Homemakers Scheme because it only applies to those who stayed at home to look after children after 1994.

It is difficult to understand the difference between looking after children in the home before 1994 and after 1994?

Many of these women, who were carers between 1953 and 1994 have been denied, or at best received reduced pensions, because they did not possess the credits younger women have been awarded in their capacity as unpaid carers.

Single pensioners on one income pension should receive an increase in living alone allowance.

A free call number (1800) should apply for all calls to the Department of Social Protection Carers are playing a valuable part of the Healthcare System and must therefore receive credits entitling them to a Contributory Pension.

**Marian Harkin, MEP**