Green Paper Consultation Responses

Migrants/Workers Abroad/Returning Emigrants

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 22

Public Sector Pensions:

Public Sector pensions need to change from DB to DC in order to have a sustainable pension arrangement. This needs to be applicable for all new public sector appointments. For existing public sector pension liabilities government needs to consider available funds for public sectors funds and project cash inflow and outflow for the same over next 50 years. They need to provide budgetary allocation for any gaps during each year's budget to make sure that these gaps are addressed.

Private Sector Pension:

This pension should be a mix of Universal Pension and Discretionary Pension.

Universal Pension:

Universal Pension is a minimum mandatory pension for anyone over the retirement age. This pension funding should be part of current PRSI arrangement as well as mandatory employer and employee contribution which should be introduced in the future.

This pension should allow anyone above retirement age to provide for their day to day living expenses.

Discretionary Pension:

This is an additional facility given to self employed and employees to save for their pension. This pension should have following features:

Tax Benefits

This pension contribution should get 50% tax rebate irrespective of level of tax rate applicable. It should be allowed to grow tax free during accumulation period and should be taxed only when received by employee during their retirement year. Govt should consider following EEE model (exempt, exempt, exempt) for this pension arrangement in place of current EET model (exempt, exempt, taxed).

Lock in Period

This pension fund is having a lock in period of 10 years initially. After 10 years a subscriber should be allowed to use this fund for specific purposes e.g. repaying mortgage which are an additional avenue for them to plan for their retirement.

Investments/Choice/Admistration

This fund should be completely portable from one pension fund service provider to another.

It should be managed like a central account by govt agency with subscriber having choice to select his investment funds and switch between investments funds at specific intervals say once or twice every year.

This pension fund should not be any way tied to employer and should remain in force irrespective of change in employment.

Immigrants:

Any non Irish citizen working in Ireland should be allowed to withdraw his pension fund at end of his stay in Ireland. If the same person comes back to work in Ireland then he will need to re transfer his pension funds back into Ireland to ensure his pension liabilities are met by the state.

In case withdrawal is not permitted immediately on his departure, he should be allowed to withdraw at end of specified period e.g. 2 years from his departure from the state.

Pension Age:

Employee should be allowed to retire at current pension age of 65.

However he or she can continue to work in different places after that age without losing his pension benefits.

Annuities:

Annuities should be allowed, however employee or beneficiary should have complete control over his funds post retirement. It is best to assume that a person knows best options available to him to get good returns on his investment.

Regulation:

- Current pension regulation is inadequate and it favours pension service providers as compared to person funding his own pension.

- Fund management charges are still higher compared to many other investment funds

- There are limited fund choices available

- Pension fund providers do not find it lucrative enough to educate about pension and get business due to various reasons.

- All pension funds should be regulated using same regulations. We have some model regulators like SEBI in India which regulates Mutual Fund and IRDA which regulates Insurance schemes including pension schemes. They have a defined cap on annual expenses, entry and exit loads and these charges needs to be defined upfront. There is a scope to increase transparency in this area to a large extent.

Submission 40

A Chara,

As I paid state pension/welfare payments when I worked in [country name] in the religious/social work/ teaching areas during my 23 years there (1971 – 1994), and as there is no agreement between the two countries, I find myself in a very disadvantaged position in relation to the final pension's payment. This seems unjust in that agreements are in place with certain countries. Due to recent changes in the Irish population with large numbers of non Europeans – some of whom will have worked many years in Ireland before returning home, this will also leave them in a disadvantaged position on returning home.

My proposal is that agreements between countries be widened to include the present demographic reality and to make allowances in exceptional cases for contributions made in other countries to cover the missing years.

Submission 42

Like many other Senior Citizens, I was pleased to see reports of your intention to reform the system in relation to the State Pension as currently operated. Your request that the public forward their suggestions as to how best this be accomplished is also appreciated.

The current method of assessing one's entitlement to a full Contributory Pension is illogical, inequitable and if contested in the courts would surely, be found - on the basis that it denies equal rights to all - to be unconstitutional. Niall Crowley, where are you? As I see it, there are three basic sets of criteria used to assess one's right to a full pension.

Group A
Those whose first contribution was paid at the age of 56 and who, on reaching 66 years of age have made an average of 48 contributions per year over that period. This means that such persons are required to have paid a total of only 480 contributions to qualify.

Group B
Under an amendment to the rules made by Proinsias de Rossa, when Minister for Social Welfare, those who commenced PRSI payments in 1979 and who reached age 66 after 5 April 1992 and who had an average of 48 per year over 13 years, giving a total of 646 contributions also qualify.

Group C
Of this group, many are the victims of red tape and because of age are most deserving of immediate changes to current rules. Very many have failed, for reasons not of their making, to meet the strict requirements of either of the above categories. They are required to have an average of 48 contributions per year from their first contribution of January 1953 to the date of their last contribution on their reaching 66 years. As the average is calculated by dividing the total of one's contributions by the number of years elapsing between their first and last, the number of lapsed years can stretch to 50 and require a total of 2,400 contributions. Equality??????

An added difficulty for many in this group is that they are among those who, when work was not available in the 50s, had to emigrate. By their doing, so they saved the State millions of pounds in dole payments and it has been estimated that Emigrants Remittances added billions to the Irish economy. Those who returned brought back skills which helped in no small way towards the establishment of industry in this country and who by their applying these skills personally, thereby trained their workmates.

Years in exile are also regarded as "Lost Years" according to your Department. Those who remained here on the dole were, in addition, given credits towards their pensions. Why not grant credits in respect of years in exile to those who returned? Again we have a further anomaly. Social Welfare contributions paid to British Social Security are taken into account in some instances, but not others, when assessing one for an Irish pension. Why not make them applicable to all? Any pension which one receives from the UK was earned and paid for through our contributions while working there.

We have some politicians, gifted with bi-location, who emulate Boyle Roche's Bird by being in Dublin and Brussels simultaneously and who draw two, pay related pensions, for their services to both Parliaments. For many, absence from the classroom over several years while serving in the Oireachtas and/or Brussels does not debar them from also drawing a teachers pay related pension. Though our contributions were pay related – our flat rate pensions are decided by the Minister for Finance of the day. Why are our pensions based on the average number of contributions rather than their total cash value?

Very many in group C above, are victims of the embargo introduced in January 1953, whereby employers were not allowed to deduct the cost of a stamp from those whose salaries exceeded IR£600.00 per annum. This figure was raised to IR£800.00 in December 1959; IR£1,200 in September 1965 and further to IR£1,800 in May 1971. This cap applied until 1974 when PRSI was introduced for all with special lower rates for Oireachtas members and Public Servants. For those caught in the embargo trap - returned emigrants suffer on the double – these are again lost years according to your Department. It is conveniently forgotten by all that during this period we contributed in the form of income tax, in very many cases at a higher rate than others. PRSI in itself adds to the inequality of the system as contributions vary in cash value according to one's salary. Many of us were unaware that we could have made a voluntary social welfare contribution, discovering this fact only on applying for a pension. We are now told that this was printed on the back of the cards, but as these were held by employers and returned by them to the Department we did not have sight of them.

We have recently seen how an oversight by former Ministers has been corrected by an amendment to the law. Those of us who have tried to have the years of exile or the embargo years be ignored in reckoning our average, (mine is 34), were told the rules could not be altered. If the law can be amended for Ministers, why not for those who pay your salaries through our taxes? I have over 1,300 contributions but because I spent from 1956 to 1963 in the UK and from 1969 to 1974 had a salary exceeding the capped amount I have gaps totaling 11 years in my contributions. My initial pension was cut by IR£6.00 per week and increases since have been cut accordingly. Even though I paid full PRSI from 1974, five years earlier than required by de Rossa's amendment, because I reached age 66, 36 days prior to 5 April 1992, I was assessed on my contributions from 1953 to 1993 and as a result have been cheated out of more than €3,000 and rising. Money can be found to compensate former Ministers. How about us?

Records in your office will show that my letters to successive Ministers have met with a negative response. One would hope that a precedent having now being set in respect of TD's that you will see your way to amend current regulations and thereby refund monies due to those who were short changed when being assessed for their pension.

Submission 66

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 109

I would like to bring to your attention a personal and distressing situation caused by an odd anomaly in Irish pension legislation.

My mother has been living in Australia since 2005. She is 90 years old, almost totally blind, deaf and in failing health. She can no longer care for herself independently and is not safe to live on her own. Her daughter wishing to do the right thing brought her to Australia (under costly circumstances with the Australian authorities) to care for her in her ailing years.

Unfortunately, when she left Ireland she lost her widow's non-contributory pension. To give her the necessary care she now needs, this has put an enormous stress on her daughter's family to provide for her as she now finds herself without any income.

I cannot understand the rationale behind not paying a non-contributory pension outside of Ireland while paying the contributory pension in the same circumstances. My mother got her pension by virtue of being a farmers widow and farmers were not required to contribute to a pension scheme. As a farmer my father made a significant contribution to the local economy (and therefore the national economy) by employing many farmhands. Ironically, he paid their pension contributions throughout their working lives.

My mother was not employed but, as was the custom in those times, played an essential role bringing up a family. In addition, you will appreciate that an "unemployed" farmer's wife would put in many hours of work on the farm itself. It would be very wrong to consider her pension to be not earned.

Had I left my mother in Ireland, the local authorities would have had to provide her all the additional funding that is necessary to keep an aged person in a residential care facility. It seems odd that the authorities do not have the discretion to allow her to continue her pension in view of all the savings they are making. It also seems somewhat demeaning that Ireland is prepared to abandon some of its citizens in this way when they relocate abroad to join their remaining family.

Can I ask that you review the Widow's Non-Contributory pensions, for people like my mother, who find themselves in a position of having to emigrate to a family member, for no other reason other that they have become too old and frail to look after themselves in their own home and who are no longer in a position of earning an income?

Submission 142

My family and I were responsible for the bereavement procedures for my father and mother. When I went to look for the Bereavement Grant, I was amazed to see that this benefit is restricted to contributory pensions and thereby people who had not paid Irish contributions could not benefit from this Grant. My father worked with [name of employer] before he emigrated to England. As he was in the an age bracket which was not registered, he would not have contributions paid. He returned from England and took up the family farm from his father and, as he had no transport, he could not seek work outside the farm. There was virtually no way he could get social assistance for that reason, as there was no work except road building, even though he was well educated and went to evening school. At no stage was he made aware that as he had no welfare benefits, that he would be deprived of benefits. It does not seem right that those people had to live by cutting hay with a scythe, dig with a spade, cut turf by hand, thatch, milk cows by hand and we are now told that they are not eligible for a Bereavement Grant, after all that hardship.

My mother was brought by an aunt to Chicago and worked there as home help. In 1935, when the depression came, she returned and got married and had three in family. It says in the welfare booklet that if she had any evidence of living in America she could qualify. As I had information to stipulate that she had become an American passport holder and citizenship, I sent this on to Sligo as it proved she worked there. The reply was when she had no contributions in this country, she did not qualify. She returned in an era when married women were not allowed to work, this was not possible. As she was excellent at embroidery she was given work to do by a company who had a factory. This was piece work and she no welfare contributions.

What hurt me is my father and mother were in the situation through no fault of their own. When I queried this, I was told that they had property and that was the reason. This was not so as there were big families and only for families emigrated and sent money home, those homesteads would not have survived, which I did myself. This would explain the welfare system for that category of people such as it is, however it does not give consideration to all those people without any means. I think the people responsible for the burial costs should get a bereavement grant. The fact that there is a contributory and non contributory pension means that those who have not got a non contributory pension are not entitled to an equal burial. I think whoever looks after the demise of the bereaved and produces “documentation for burial and monument by way of receipts and photographs should be reimbursed.”

When I visit graveyards, I am appalled with the neglect of some of the older areas. If the maintenance were made tax deductable it would be an incentive for people to give respect to those people who deserve some recognition.

Submission 150

I worked in Ireland for a number of years before permanently emigrating to England in 1996. During my employment in Ireland, I accumulated contributions. I am very settled in England now and will not be returning to Ireland. Therefore I will not need to avail of the contributions that I have accumulated.

I was wondering if it would be possible to transfer the contributions, which I have made to my mother in order that they could be used to increase her pension entitlement. My mother stayed at home and did not go out to work, while she was rearing her family. She played a vital role in bringing me up and ensuring that I completed all of my studies, which have held me in good stead in every aspect of my life and employment. If possible the transfer of my contributions to my mother would be a small recompense for all of the love and attention over the years.

This suggestion would not result in any further liability to the state, as the contributions have already been made and will only be used by the recipient of the contributions not the donor. Any possible entitlement of the donor would be waived by the donor upon transfer. I would be obliged if you could consider the suggestion of transferring un-used contributions from a family member to a mother who stayed at home to rear her family, as part of the pension review process under the Green Paper.

Submission 210

I was ordained a Columban Priest and worked in Lima, Peru. I then got married and have been working in Lima ever since. The Columbans did not have a pension fund for its members and I have never paid into an Irish pension fund. That might possibly change after the example given by the Spanish government. That would be wonderful because when I retire my state pension here in Peru will be 7 Euros a day. As is obvious it would be impossible to live off a pension so low.

If the Irish government would see fit to help people like me, even if I have not paid into a pension fund, it would be a great blessing. Could I afford to live in hope!!

Submission 250

On a Contributory Pension, the law presently provides that one is entitled to claim full pension if one has contributed for an average of 48 contributions per year for ten years. I came home from abroad and contributed an average of 52 contributions per year for 12 years. One would therefore assume that I was entitled to a Full Pension but that was not the case.

I pointed out to the Department that contribution would also have been made on my behalf for my one years salary in 1962-1963 of £500 per year by my employer in Dublin before I went abroad. No one has stated how much that might have been but, based upon present day deductions, it would have been £42-10-0 or 53.86 for the year. Therefore, because of that payment, my average, instead of being 52 weeks for 12 years is now brought down to

28 weeks for 43 years and my weekly pension is reduced by €50 per week. In brief, my contribution of €53.96 45 years ago now costs me €2,500 per year for the remainder of my life. More importantly, it shall impose undue hardship on my widow. If I had claimed under the Non-Contributory Plan, I would now be receiving a larger State Pension.

I retained a farm here while I was abroad but I was informed by my accountants of the time [Company Name] that I was not permitted to make a pension contribution as a non resident. Those intervening years were, therefore eliminated by the State for contribution but are not eliminated by the State for averaging. I have written to the Minister and the Ombudsman and, while they agree with the unfairness of my situation, they quote the law as it presently stands.

While I am sure that the law is written in that manner for the normal situation of a full time resident, I request that an allowance, or alteration, be made in the law to cover a situation like mine so that one is not penalised for years in which one is precluded by law from making a contribution.

Submission 255

I have worked for nearly 20 years (in a voluntary capacity) in the provision of social housing for the elderly, day care facilities for the elderly and I see the plight of people who have had none or little pension provision (most of the clients I have experienced are returned emigrants who worked in low paying jobs in the UK or US or who wasted any money they saved.) They returned to Ireland as poor and with no home to return to.

In my own life, I have always had a personal pension and lately a PRSA. No employer, despite my loyalty and trust, has ever given or offered an employer contribution to my pension. I have worked in the private sector for nearly 25 years. I am 45 years of age and I take a keen interest in current affairs and the gaps in the social structure in the country.

I believe that the retirement age should not be moved from 65 years of age. Doing this will penalise people in the low paying jobs, or people who never had proper employment. The high earners and public sector will not be affected. We should allow people over 65 years to continue in any job if they wish and let them work tax- and PRSI-free from the age of 65 providing they frontload the tax/PRSI foregone by the State in to their final pension fund which should ultimately benefit the pensioner and reduce dependence on the state.

There should be a minimum state pension for all persons over 65 as is at present , a statutory pension contribution scheme for all employees like construction industry pension scheme where employees and employers contribute to it. Employers and employees would contribute. A minimum amount (%) of gross pay tax-free like the PRSA would operate for any yearly earnings.

A beefed-up Pensions Board to control and administer the scheme and control the employer and employee contributions linked to the Revenue Commissioners.

The Pensions Board to maintain a stricter control on the pension providers on costs, management charges and returns on investment equal to estimated return, i.e. make them more accountable by ensuring the best return to the pension account owner.

Therefore, all working persons would have a pension fund to top up the minimum state pension and ultimately reduce our dependence on the state.

There is a case as well where the PRSI system could be revamped as part of any change to the PRSA / new statutory contribution scheme to encourage voluntary contributions and a new state scheme where all employees and/or employers would pay a (%) of income to a full health coverage covering hospital, GP and medicine costs. The minimum contribution would cover a basic health cover and enhanced cover would require a larger contribution from the employee allowing persons to choose the level of cover. The VHI, Vivas and Quinn could be employed to handle this scheme. If the health service is accountable and transparent, people will be willing to pay more taxes for a proper service. The link to pension is important in that a universal contribution scheme to healthcare would mean people of my age group would be assessed for health problems at a younger age for free, avoid a greater cost at a stage later in life at a greater cost to the taxpayer, and clogging up the health system and live longer to be able to enjoy the fruits of their pension scheme.

Submission 274

My wife and I attended the Dublin Seminar and were assigned to workshop 2.

During our deliberations it became apparent that there was a lot of unhappiness in the way which people are assessed for Contributory State Pensions.

In my own case, in December1955, whilst on vacation from my studies, I secured a two week post as a temporary Postman.   This job was temporary with no prospect of full-time employment.   After Christmas vacations, I returned to [college name] to complete my studies by Dec 1956.

Once qualified, I went abroad to work and I did not return to Ireland to work until 1981. Going abroad for employment was a common event in those days.

When Mr S Brennan was appointed Minister for Social Affairs, he stated that two of his priorities were to alleviate the hardship and anomalies.   I feel I fall into either of these categories because of these two contributions paid in 1955, when I was legally still considered a minor.

Although I have in excess of 530 contributions I have been assessed as being entitled to a pension of €111.70 per week.   I understand that a person can enter the system at the age of 55, work for 10 years and qualify for a full rate Contributory Pension.   I feel that people should be assessed on contributions paid over a reasonable period and not a whole lifetime of 48 years employment from the fifties, when the employment climate in Ireland was very poor indeed.

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The conditions for old age/retirement (i.e. contributory state pension) include rules about average contributions paid since entry into insurance. These rules can have serious effects that affect females and returning emigrants generally more than males and those who stayed at home, possibly unemployed.

The system needs to deal more effectively with the realities facing many women who had and still have to work part-time or intermittently because of the important duties they undertake as mothers and homemakers and indeed they undertake a disproportionate share of caring.

After a lifetime of juggling work and home duties they get clobbered by social welfare average contribution conditions that were probably acceptable in Bismarck's time but which were already becoming outdated in 1953. And the situation is getting worse not better for those women who tried to put a little in a pension plans when they were working because the pensions system only really serves the wealthy who can put millions into pension plans.

People with fragmented pension plans face all kinds of difficulty when they retire and so called advisers are powerless, or maybe not just interested, when the insurance companies insist on penalising these women in numerous ways.

One simple thing the Minister could do, and there is a precedent for it, would be to revise the alternative average contribution test to apply from 1988 when PRSI for the self-employed was introduced. The concept of using an average based on relatively recent years was adopted in 1992 mainly for administrative reasons, I believe that the cost was negligible when administrative savings, increased tax take and switching from means tested pensions were put in the balance. It should now be adopted on grounds of equity and equality for female contributors.

A start could be made with by using 1988 instead of 1979 as the base year for average contribution conditions for married women immediately and then look at the implications, in cost terms, as well as in equity in result, of taking a more daring approach such as having an average test based on the last 10 years where, at a minimum, the person can demonstrate that she is losing pension because she had to emigrate or assist on family farms etc, undertook substantial periods in homemaking or in assisting family businesses and were thus unable to pay social insurance on their own account and is thereby facing a reduced benefit because of the extended averaging rules

Similar considerations would also arise in relation to males who felt compelled to emigrate and having returned to Ireland in recent years also face reduced or nil pensions because of extended average rules

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In view of the issues and challenges facing the Social Welfare pensions system and the approaches to reform discussed in this chapter, the key questions include:

1. In the light of the reforms to the Social Welfare system undertaken in the 1970s, 80s and 90s which will, in future, see most people qualifying for contributory pensions, are there implications for people who are at present not receiving support through the Social Welfare pension system?

There are many considerations that would need to be addressed individually. One of the most critical would be how to deal with worker mobility within the EU both in respect of Irish-born citizens who spend some of their careers overseas and also workers who come to Ireland for part or all of their career. Presumably coordination and integration of national pension arrangements is something that should be dealt with at EU level.

2. Is the introduction of a universal pension arrangement a desirable and feasible option?

Pension arrangements need to be simple to understand. However, there will inevitably be some level of complexity for exceptional cases. But for the majority of workers in the mainstream there should be a universal pension arrangement.

3. If universal provisions are not considered appropriate then what groups, if any, currently outside the Social Welfare pensions system should be targeted for action?

There should be a needs-based approach whereby those with most need, i.e. those in economic hardship, should be targeted.

4. Policy in relation to pensions has, for many years, concentrated on improving the position of all pensioners. Is this the most appropriate way of improving pensioner incomes or should there be a more targeted approach using measures such as the Living Alone Increase?

Basic State pensions, as stated above, should be universal and simple to understand and meet basic financial needs. Other enhancements should be means tested and funded through mainstream Social Welfare funds. The basic State pension should be related to minimum wage rates on a 35 hour-week basis.

5. If the basis of qualification for contributory pensions was changed from average contributions made, to one based on total contributions, what would be an appropriate level of contribution a person should be required to have to receive a full pension?

The present arrangement of average contributions is the most equitable. It could be improved by increasing the number of variations to, maybe, 10 year multiples. e.g. 10 years contributions = ¼ pension, 20 years contributions = ½ pension etc. The calculation should also give credit for contributions paid elsewhere in EU.

6. Should a formal indexing arrangement linking pensions to some level of prices, earnings or risk of poverty threshold be introduced? How would a formal indexation mechanism be operated having regard to the overall budgetary and economic position?

Absolutely, pensions should be indexed to CPI, or average hourly pay-rates, or minimum hourly pay-rates or some other appropriate benchmark

7. Given the issues raised in this chapter, in Chapter 3, and in the Green Paper in general in relation to the long-term affordability of existing arrangements, how can the challenge of the growing cost of Social Welfare pensions be addressed?

It is not a question of "can it" but how it should be done. All citizens of the state are entitled to a basic pension that meets basic needs. The debate should be around how much is "basic" and how funding from the Exchequer should be raised and allocated.