Green Paper Consultation Responses

Retirement Age

Submission 6

Thank you for addressing the issue of pensions. It is badly in need of attention. I propose that: a) the distinction between a contributory and a non-contributory state pension is unfair to people such as homemakers or people who have lived and worked for a time outside Ireland or the European Union. That eligibility should be based on the total number of social welfare contributions the individual may have had over their working life rather than a notional average, and that special arrangements be made for widows based on their husbands' or partners' contribution record. b) retirement funds be split between annuities and approved retirement funds, according to the wishes of the citizen, so that they cater both for their own needs for a pension and to make provision for their heirs, in the proportion chosen by the individual citizen. c) insofar as is possible, the individual citizen be permitted to choose extending their own retirement age beyond age 65 in return for a higher pension later on.

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 20

OLDER ADULT EDUCATION/TRAINING and the PENSION ISSUE

1. I**ntroduction**
   This note is written in response to the Green Paper on Pensions. It argues that adult education/training and, in particular, older adult education can play a key role in addressing the issues raised in the green paper. It argues also that pensions and demographic issues alter fundamentally the economic arguments for state investment in older adult education in favour of such investment. It claims that older adult education is challenging and difficult requiring a strong sustained new national policy and investment if it is to contribute its strong potential to national pension provision

2. **Available Options**
   The Green Paper - Chapter 3 - outlines the available options for safeguarding the pension system into the future. Three of the five options raise serious issues in relation to older (40+) adult education/training. They are:

   - Raising the retirement age
   - Increasing the share of the population at work
   - Improving productivity and competitiveness.

Older adult education has a major potential for increasing the participation, persistence and productivity of older workers. As with young people, acquiring qualifications or gaining credit in the NFQ confer a self-confidence, competence and work motivation on older people. For example women who have withdrawn from the work-force for important family reasons may later be motivated and helped to return to employment by acquiring new or up-dated qualifications. Increasing the employment rate of 55-64 year olds from its present 53% can be addressed by providing relevant upskilling and educational opportunities at a variety of levels to adults over 40.

3. **Economics**

   The pensions issue, demographic change and the objective of greater and more productive workforce participation by older people have changed the economics of state investment in older adult education. In the past, in simple terms, it could be argued by economists that the large young age cohorts deserved priority educational investment because of the long “pay-back” time for that investment. Now Chapter 2 of the Green paper tells us that older workers are projected to form a more significant part of the work-force. Their productivity – related to their experience and qualifications – is a key economic issue.

   In the past the “front loading” of education i.e. education of young people prior to employment was the dominant state investment. With longer working lives, changing employment and technology and global competition a new educational model with the upgrading and upskilling of adults as a routine element is needed. Pension considerations focus this on older (40+) adults, that is those giving long term consideration to retirement plans.
   Comparatively small state investments in older adult education that results in increased workforce participation, persistence and productivity confer, in the pensions context, a major return for that investment.

   Chapter 14 of the Green Paper raises the issue of intergenerational equity. That less was invested in the education of older people is illustrated by the proportions of persons aged 45-49 and 25-29 with low qualifications.

	Highest Qualification by Age Group 45-49	**Highest Qualification by Age Group 25-29**
Primary or less	11.4%	3.5%
Lower Secondary	27.4%	12.4%

4.

Source: Census 2006, Vol.10

Those aged 45-49 with low qualifications may be those for whom an educational intervention by the state will change their future workforce participation and productivity. The pensions issue means that the social and intergenerational equity gained by investment in older adult skills coincides with hard economic objectives.

Discussion of pensions always alludes to the obligations of individuals, employers and the state to invest in pension funds. Such discussion should now include the need for individuals, employers and the state to also invest in older adult skills.

5. **Market Failure**

Individuals, employers and the state benefit from investment in education /training. It is widely recognized however that for many categories of persons and employments there is market failure in relation to the provision and up-take of upskilling opportunities. The National Development Plan (NDP) recognizes this (p.192) and envisages a public role in providing encouragement and guidance for adult training and in providing that training in cases of market failure such as ‘for low and unskilled people and those working in the SME sector’. Older people form a particular target group for the NDP. To the ‘social good’ arguments in favour of state investment are now added arguments derived from the pensions and demographic issues of the Green Paper. The NDP support for state investment is strengthened.

Education for older adults will simply not occur in formats, levels and disciplines to match many of their needs without a new significant state investment in a national programme.

6. **Future Skills Reports**

The NDP states as an objective the implementation of the National Skills Strategy. The Expert Group for Future Skills Needs (EGFSN) in its 2007 report Tomorrow’s Skills: Towards a National Skills Strategy addresses future skills to the year 2020. It includes major proposals in relation to adult upskilling. It recommends that 70,000 adults upskill from levels 1 and 2 to level 3 and that 260,000 upskill to levels 4 and 5. Additionally it recommends that 170,000 upskill to levels 6-10 including 140,000 to levels 6 and 7.

The education of older adults in a pensions strategy context is therefore fully compatible with future skill needs proposals. Indeed, pension considerations strengthen the Tomorrow’s Skills recommendation that the 150m.euro annual cost of upgrading 270,000 to level 4/5 be funded by the state (at least for older adults).

The Enterprise Strategy Group's 2004 report Ahead of the Curve included the One Step Up proposal. Pension considerations now support its recommendation that (older) adults upgrade themselves at least to the next level in the NFQ to increase their participation and productivity in the workforce.

The Tomorrow's Skills Report emphasises basic and generic skills. Basic skills include literacy, numeracy and using technology at a variety of levels. Generic skills include people related skills, problem solving and organizational skills. Enhancing such skills in older adults confers self-confidence and competencies of value to a range of employers.

7. **Challenges**

Enhancing the qualifications of adults in the National Framework Of Qualifications is challenging and particularly so in relation to older adults without high qualifications. Older adults have work and family responsibilities. They may not regard themselves as potential learners and may have distant ambiguous school memories! They will not have heard of the NFQ with its focus of individual learners and its ambition to promote relevance, access and progression. They are not helped by bland declarations in favour of life-long-learning that neglect to outline the practical means of access, delivery, assessment and resourcing of such learning.

The pensions issue suggests the economic value of a new sustained national initiative to address the enhancement of older adult qualifications. New education formats need to be proposed and promoted to address adult access and need. Education providers such as the VECs need to prepare and provide new formats of education at a variety of levels in the NFQ. If, as the Green Paper informs us, the workforce of the future needs to contain many more older adults then formats of learning matching their needs must become routinely available. Early morning classes for those at work, morning courses for mothers planning to return to work, day release courses, Friday/Saturday morning courses, modular courses are amongst the formats that must be explored. Expecting older adults to conform to traditional academic formats such as the 22-24 week teaching year of HE is unreasonable.

The NDP lays an emphasis on Adult Guidance offering 'information, advice and guidance on an individual and group basis to assist people to make the best choice of learning'. A special importance, in the pension context, should be attached to such advice for older adults or those planning to return to the workforce.

Adult education is not helped by inadequate information on its outcomes and effects. Annual reporting should give full information on qualifications and credit achieved in the NFQ. Follow-up studies should review the outcomes for those enhancing their qualifications. Participation statistics alone, where available, are largely meaningless in relation to outcome and effect.

8. **Incentives**

The Tomorrow's Skills report of the EGFSN discusses a range of options available for the resourcing of the upskilling of adults (pp. 104-106). The education/upskilling of many older adults will simply not occur unless strong incentives are provided both for learners and for providers. The pensions issue justifies strong incentivisation by the state.

Incentives vary between those provided to learners, employers and providers. Learners can be incentivised by tax credits (if they pay tax), by employer support, by fee exemptions, by learning vouchers, etc. A motivating incentive can be a benefit payable to a learner on achieving a qualification or credit in the NFQ. Employers or employer organisations can be incentivised to enable and facilitate employee learning. (The British are moving to oblige employers to facilitate the acquisition of qualifications to level 2 – British system). Employers are less likely to upskill low skilled and older workers. SMEs are less likely to upskill workers. VECs should be resourced to initiate new nationally available adult programmes in a variety of formats and at a variety of levels using NCCA, FETAC and other validation. City VECs should be enabled to establish Adult Education Centres located near public transport hubs.

The Tomorrow's Skills report has suggested that the state fund the upskilling of adults to levels 4 and 5 of the NFQ. (The British have a similar idea with state support up to level 2 – British system).

9. **Conclusion**

Older adult education and upskilling has a major role to play in addressing the issues raised by the Green Paper on Pensions. Such education can result in increased participation in more productive work by older adults who will form a growing part of our workforce. Pension considerations, changing demographics and global competition all have changed the economics of investing in older adult upskilling in favour of such investment.

Chapter 14 of the Green Paper poses the question: Should measures be put in place to encourage late retirement? The answer is yes and one of these measures is older adult education. Obliging employers to facilitate older worker education can change the mindsets of employers and workers towards remaining longer in employment.

Nationally available education programmes and formats matching the needs of adults will not occur unless strongly driven by a state initiative. Pension considerations justify such an initiative. Economic reality coincides with the aim of social and intergenerational equity.

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5. Census 2006: Education and Qualifications, Vol. 10, CSO, Cork
6. World class skills, 2007, Department for Innovation, Universities and Skills, UK.

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 47

Extracts from Oireachtas pensions debates 2002 - 2007

This submission is very large. It may be downloaded below in pdf format.

Download Extracts from Oireachtas pensions debates 2002-2007

Submission 56

Longer working/raising effective retirement age

I had to retire on age grounds at 60 years old from the Irish Army. Age of retirement in our Army should be based on a voluntary basis. It should not be compulsory. The military police corps of our Army has not kept up in numbers. Is this the way to go? Experienced people forced to retire at age 60 and not being replaced except on a phased basis. Gardai are also forced to retire at age 60 years. “Wrong” I say, very experienced people leaving at a young age.

I believe that both the Army and Gardai age limit should be raised to 66 years. We need experienced people retained, this would give back to the economy and reduce on pensions, it would give rise to better standards in the work place.

I also believe that in pubs, grocery shops, etc., older people who, by and large, are more dependable, should be retained. In business premises, older staff and younger staff are the ideal blend for our economy. It would be a case of good clientele/owner relationship.

To sum it up:

a) raise the retirement age to 66 years in both the Irish Army and the Gardai;
b) maintain older people in the work force up to at least 66 years old; and
c) it makes good sense to keep the work place open to our senior citizens

Submission 65

Many years ago, the Government in power began to reduce the age at which the non-contributory pension was payable from age 70 to age 65 years, which would have been the age for UK pension. It was done on a year by year basis 69, 68, 67 etc., but when 66 was reached the government was voted out of office and the non-contributory OAP is still payable at 66.

At no stage have I heard or read of any dissatisfaction with this position either in the media or in the Oireachtas, which I find surprising. Neither was any attempt driving our affluence to complete this job. On the other hand, the social welfare contributory pension is payable at 65 years. I think this anomaly should be corrected.

I suspect that the magic number of 66 was used for the introduction of the free travel pass because of the above anomaly. This must surely cause dissatisfaction to those who retire at 65 on their contributory pension. During a whole year at the start of the their retirement they may be discouraged because of the high cost of travel, from visiting the more distant parts of their country. I think therefore that the free travel pass should be issued at age 65. You will have noted that the Northern Ireland Executive propose to introduce free transport at age 60.

No reference is made above to the possibility that the age of retirement may be extended in the future. Let us deal with first things first.

Submission 77

I wish to make a submission re Green Paper. I believe that raising the effective retirement age will be good for the individual and for the economy as well.

I personally believe that we should have the opportunity of working beyond the present retirement age subject to job opportunities for young people and to one's health. I am approaching the retirement age in June 2009 and I would welcome the opportunity to work on for a few more years.

I believe that everyone should contribute to a private pension plan to some extent in addition to paying the Stamp. Sooner or later, this will have to be introduced to stop the drain on the Revenue from Unemployment, Health Payments, etc.

Submission 81

As with most Irish legislation, it's inherited from the UK - the maximum retirement age of 65 came about via the 1925 Contributory Pensions Act when life expectancy for newborn male babies was 56.

I'm in an occupational pension scheme with a maximum retirement age of 65. The option of working beyond 65 would be welcome.

Submission 82

I have been working in the construction industry since the late sixties, working with a large collection of Irish firms very few of whom were members of the C.I.F. or any other pension fund. As a result of my work, I have arthritis and serious back problems. I have tried on a number of occasions to put in place a pension or something similar. The first occasion was with [company] and just recently with [bank]. I lost all my savings on both occasions.

You talk of raising the limit of retirement - I have being told by my doctor to retire before I suffer more damage. I am 58 years old.

Submission 86

I believe people like myself who have paid social insurance all our working life are entitled to the benefits of our investment in the social welfare system that promised to deliver what we sacrificed from our wages. If there is to be change, it should not be at the expense of people who have been paying like myself for the past 40 years. I also believe there is no equality in the present system that gives a pension to women at 65 and differentiates between men by not giving them theirs until 66. Surely, in the interest of fair play, this cannot be right. It is also a terrible assumption to think that people will all be physically able to continue on working beyond 65 while this may be possible in some occupations where no physical effort is required but those types of occupations are the minority.

Submission 88

I wish to make a submission to raise the effective retirement age from 65 years to 67 years for Civil Servants staff pre 2004. As it stands only entrants from 2004 can remain in the work force after 65 years.

I returned to the service in 2000 as a former civil servant who was forced to retire on marriage in 1967. Thus when I retire in 2010, I will only be entitled to a portion of the state contributory pension. If I could stay on in the work force for two years longer I could increase my contributions. There are a number of colleagues in the service that this applies to and we have been ignored in the green paper on pensions. Hoping you will give this submission the urgent attention it merits.

Submission 90

I was forced to retire in 1973 due to the marriage bar and spent from 1975-2000 at home rearing my family. I was recruited back to the civil service in 2000. As it stands, I will be due to retire in 2015 aged 65.   Now, through no fault of my own, I will only be due a minimum Civil Service pension and a portion of the State OAP. My category should be included in the post 2004 entry legislation which enables staff to remain in the work force after 65 in order to boost my pension contributions.

Submission 93

1. A large number of women had to resign from State and Semi State Bodies on marriage up to 1973. Their years of unemployment prior to marriage are not counted for PRSI pensions and this should be changed as it is a huge problem.

2. The twelve year allowance for stay at home mothers starts from 1994. This is of no benefit to mothers who stayed at home in the seventies and eighties and were already back at work in 1994.

3. People should be given the option to stay working until the age of 70 without drawing the PRSI pension. At the age of 70 they should be paid a higher pension.

Submission 106

I am fifty nine and have only been back in the workforce for the past ten years. I am in a company pension for eight of those years.

The Company policy is that you retire at age sixty five.

As I have only been back working for a short time, I would like to be able to continue working, if I am well and able which I hope I will be.

I feel the age of retirement should not be set at sixty five regardless. People should have the option of retiring then if they wish, or continuing if they so wish.

If I am forced to retire at sixty five, I will have very little to live on and that is my fear.

My husband was unemployed on and off and we have nothing to fall back on yet.

Working longer would mean I would have a chance to build up a nest egg and a better pension.

Submission 108

I would like to put my views forward which are the following:

Longer working /raising effective retirement age from 65 years to 70 years.

This should be optional.

Submission 110

I was forced to retire in 1972 due to marriage bar and spent from 1973 to 2000 at home rearing my family. I was recruited back to the Civil Service in 2000 as a former Civil Servant. As it stands I will be due to retire in 2012 aged 65. Now through no fault of my own I will only be due a minimum Civil Service pension and a portion of the state OAP. My category should be included in the legislation which enables staff to remain in the work force after 65, in order to boost my pension entitlements.

Submission 112

I am due to retire next August from the public service and would like to make three points: Raising retirement age (I would like to work on)

Reasons for:

- I am healthy, as are most older people nowadays, and my experience and knowledge will be wasted on retirement.
- I need the money as three of my children are still in education (this will also be so in the future for young people who now have their children later).
- I would be one less burden on the state pensions.

My pension is only based on 19 years service and I don't qualify for the state pension as my PRSI contributions were at the D rate (If I had known this earlier I could have done something about it). Politicians/popes/judges etc don't have to retire at 65! Colleagues at work who came into the service after 2004 don't have to retire at 65 so there is discrimination. Older people tend to be more committed and available for the job as they don't have young children to consider.

Older women not getting any PRSI allowance for the years spent child rearing again discrimination against people who were out of the workforce pre-1994 to rear children whereas now contributions are credited during child rearing years.

State pensions being based on salary for last three years service: employees, for family reasons, may have to refuse a promotion or downshift and can loose out on pension amount.

I was on a higher scale for 10 years but downshifted to be working nearer my home while the children were young and as result my pension will be based on the lower scale which I have been on for the last 9 years.

Submission 114

Lifting of barriers to continuing working - Age Discrimination.

I am absolutely amazed in this day and day that age is being used to terminate people in employment.

While it is stated there is no mandatory retirement age in Ireland and that individuals are allowed to work past the age of 65, in reality they do NOT HAVE THE RIGHT TO CONTINUE WORKING IN THEIR CURRENT JOB. This is discriminatory.

Each individual should have the right to work and that, if an employer wants to terminate an individual's employment, this has to be objectively justified on grounds other than age.

Submission 116

While I agree that pensions will need to be funded in a totally different way in the future, they will also need to be distributed in a different way to take account of the many anomalies in the current State Contributory Pension. Women in particular are the main victims of a society who puts very little value on the role of the homemaker. Many women who worked in the Civil Service became victims of the marriage bar, stayed at home, reared large families and then went on to care for elderly parents. When the elderly parents passed on, the carer may have received an inheritance (perhaps not very large). This would not only have de-barred them from a pension in their own right but also excluded them from the qualified adult portion of a husbands pension. This I believe is not an appropriate way to treat the carers of the nation.

- Homecarers Years need to be back-dated to include many of the current pensioners who cannot avail of those disregards.
- The yearly average needs to be reviewed and a basic pension paid to all plus an extra percentage for each 5 or ten years worked.
- Women who worked in the Civil Service and were victims of the marriage bar need to have their modified Contributions recognised as full rate Contributions
- Retiring age needs to be more flexible thus allowing people the choice of remaining at work and either drawing their pension at the same time or deferring their pension with added bonuses

Submission 118

My issue concerns the current anomalies created by the compulsory age restrictions to qualify for a full contributory pension and public sector retirement schemes.
I wish the members of the Oireachtas to consider the following recommendations in the drafting of new legislation:

- Delete the compulsory retirement age of 65 years in the public sector.
- Delete the age restriction of 56 years for making contributions to qualify for a contributory pension.
- Delete the compulsory retirement age for all local authority officers including those permanently employed before 2004, when the Act was arbitrarily amended.
- Facilitate the continued payments, through PRSI towards contributory pensions for public sector employees, including the local authority retirement benefits, to qualify for full or maximum entitlement in relation to the number of years of service towards a full benefit.
- Replace compulsory payment of state and public contributory pensions at age 65 years with an elective system to enable those without the full entitlement at age 65 years to forgo a partial entitlement payment and continue to make payments through PSRI until full entitlement is paid, or until a person elects to retire.
- Make the legislation retrospective so that those currently over 65 years, lacking the minimum number of payments to qualify for a full contributory pension, who are still in employment and are paying PSRI can qualify for entitlement to a full contributory pension. This can be achievement through a sum payment of the value of the missing number of PRSI payments.

In my opinion, these amendments are necessary to ensure that new legislation, implementing the EU directive regarding the elimination of discrimination based on age, complies with the directive.

Submission 121

It is submitted that:

1. The new legislation will acknowledge the changing environment where over-65s are able and encouraged to continue in employment.
2. The new legislation will acknowledge that the public service and local authorities are able to employ over sixty fives due to changes in 2004
3. There is consequently a need to change the rules:
    - Requiring compulsory retirement at age 65/66
    - Requiring the qualifying entry age at age 56
    - To allow “stamps” to be paid beyond age 65/66
4. The Contributory pension should not be paid to anyone continuing in employment
5. Incentives should be given to anyone continuing in employment after age 65 in sectors where there is an identified skills shortage
6. That disincentives be applied in those sectors where there is no skill shortage to allow younger staff to be promoted to have their skills recognised and enable them to make their contribution
7. Legislative changes should be retroactive
8. Both Irish citizens, and anyone who qualifies under a Bilateral Agreement, who is adversely affected by existing legislation should be able to make up PRSI contributions by lump sum payment thereby qualifying for the Contributory Pension
9. A review of the service delivery of the Department be undertaken to ensure appropriate service level contracts are negotiated with Government

10. The current delays (two years in my case) responding to enquiries is not acceptable by comparison with international best practice
11. The role of the Social Welfare Appeals Board should be reviewed and the Board given powers to make decisions on appeals without depending on input from Departmental officials whose decisions are being appealed in the same way as Bord Pleanála makes rulings on planning matters based on the reports of its inspectors and the Board's understanding of the merits or otherwise of the issue being appealed

Submission 128

I submit the following for consideration:

Provision should be made to allow Public Sector employees who were over 25 when joining the Public Sector (and who do not qualify under the 7 years added scheme for these who have professional qualifications), work until they reach their 70th birthday or until they have completed 40 years service, whichever is the earlier.

Such a provision could reduce the need to purchase added years.

This should be subject to the provision of a Doctors Certificate of fitness to work every other year.

Submission 139

Background to submission

I am making this submission as an individual who has been fortunate to have been in gainful employment since January 1962, but am now approaching my 65th birthday.

The submission relates, not to the broad and well researched issues in relation to pensions in Ireland as a whole, but rather to a very minor area, which to me seems quite an anomaly.

Continuing in work between a persons 65th and 66th Birthday.

At the present time I am in employment and as someone who has always expected to be able in time to benefit from a state pension, I would not like to see the retirement age increased, in the short term.

I would like to be able to continue in some form of part time work following my 65th Birthday, but under the present pension regulations, as I understand them, I would lose my pension entitlement if I earn €38 per week (€1976 pa) or €3174 pa if self employed.

This anomaly, which has the effect of forcing people who want to work to refrain from doing so for a year, is recognised as an issue in Chapter 14 of the Green Paper. I would therefore expect that when the full review is finished and the Government introduces a new pensions Bill, this issue will be taken into account.

The enactment of new Pensions Legislation

Introducing new legislation in any area takes time. With the complexity of the whole Pensions issue, including funding etc., it is likely to take some considerable time for any new legislation to come into force. In the meantime many people in my position will continue to give up work unnecessarily.

Interim Solution

Pending the introduction of more comprehensive legislation, it would be possible for the government, in the legislation following the 2008 budget, to introduce a small change in the Social Welfare Act which would allow people who are in receipt of the State Pension (Transition) to claim the normal pension, but to "sign off" for any week that they are in employment, as happens at present with Jobseekers Benefit. This would result in the State benefiting through the non payment of the Pension for periods and perhaps also benefiting from an increased Income Tax take, depending on the circumstances of the individual. There would be an added benefit of maintaining the individual's work skills and practices for the benefit of the workforce into the future.

Such a minor change would also avoid recently retired people who might wish to continue working, getting out of the habit of regularly going out to work, with perhaps consequences for both lifestyle and general physical and mental health.

Action required now

For the suggested changes to happen, this submission needs to be removed from the broad range of submissions to this Green Paper and, instead, brought to the attention of the Senior Departmental Staff, who will be advising the Minister and, through him, the Cabinet on legislative changes to be introduced at budget time later this year.

Even such minor legislative changes must be seen in a positive light by the electorate and the Government opposition and would not any negative cost implications for the state.

Submission 140

The amount and level of experience now been lost to the Public Service such as Civil Service, Local Authorities, HSE and the rest of the Public Service is now of seriously high numbers and this is caused by the retirement age of 65. These people and their experiences cannot be measured and this loss has to be stopped for the good of the public service and the people it serves. Speed is of the essence here and, as we have seen, our Governments speedily introduce legislation when necessary. The same urgency applies now and this should be introduced in the next few months to prevent this constant loss. This legislation should be retrospective for a fair length of time but certainly urgency is the keynote now if we are to hold the good standards in the Public Service together. People can still give of their best into their seventies and we should avail of this ability and experience and quickly do something about it

Submission 148

Retirement is traumatic to say the least I have been through it. One week it is all "go" with workmates, the next week you are on your own. This can be demoralising and frustrating.

I would suggest that a person be allowed to "work share" at say age 65 for a maximum period of ten years. The remuneration during this period would be ½ pay plus ½ of the State pension, ie. (transition & contributory state pension), as applicable.

1. This system would ease a person into retirement
2. It would be beneficial to the health
3. It would reduce the Social Welfare and health burdens for the State
4. Senior citizens would remain fit, active, and contented well into old age.

Submission 153

1. From Jan 2020 contributions paid should be 1040 (20 years).
2. From 2020 non-contributory pension should be abolished. Everyone should pay into a pension fund.
3. Retirement should be still 65 to make way for new entrants to the work force

Submission 155

My review would be that the Government would put in place a policy in all work places to give the opportunity to anyone who when reaching the present pension age, 65 years, continues to work beyond this time if they so wish.

In my case, I have just 12 years of pension as I reach retiring age next year. I would be happy to work on a build up a pension.

Submission 157

To whom it concerns please take note of the following, my wish on the pensions would be that women would be given the choice to take their pension at 60. I am working 50 years in January 2009; I am now 64 and honestly very tired. I went to work the month after I was 14 and have done so since. I don't want to retire full time, I wish to work as long as I can but I would like the choice to say yes or no at 60. Or perhaps now or even be allowed to job share, just my view.

Submission 160

My submission deals only with the section of the paper dealing with extending the retirement age, as it is the area that I feel I can contribute most to given my personal situation.

I am 60 years of age and my working life started when I was 12, working part time after school. I started working for a semi-state body at the age of 16. I am working with this company, paying tax, PRSI and company pension contributions for 44 years. My present situation is that I can retire now or wait until I am 65 when I will have to retire.

I believe that extending the retirement age or giving people the option to do so is wrong. People who work forty years plus deserve to be able to retire and relax away from the routine of a long working day and the pressures of working life. They need time at the latter end of their life to do other things

From my own experience, when a person reaches sixty they are not physically as active as they were at fifty. Whether your job is physical or not, it gets harder to continue at the same pace. The physical side of it is obvious but if a person is working in a desk job or management role, the demands and pressures are getting more difficult all the time and one thing that goes with age is your tolerance to deal with these pressures.

The challenges facing the Irish Pension System are mainly financial challenges and the quality and quantity of retirement life for people who have worked hard for most of their life should not be interfered with.

On of the arguments put forward is the extended life expectancy, which will create additional financial strain on the pension system. At my age, one is constantly seeing people of our own age incapacitated through illness and attending many more funerals then we used to. I believe your body will tell you when to take it easy and from my own experience that starts around sixty. Some people do not know when to stop and will work until they drop so encouraging people to work beyond a natural working age is doing them no favours.

A number of years ago we were being told to retire early so that we could have reasonable and quality time in retirement (the American way). That was at a time when we needed to create work for our younger people, (what has changed?). Nothing – only the argument is different and we now cannot afford to give people the retirement they earned and deserve.

I would suggest that we look at all the issues surrounding the challenges facing the Irish Pension System but that we do not create the situation where people are expected to or encouraged to work to an age where there is no time left to enjoy their retirement years.

Submission 168

In response to your request to the general public to make submissions on the above issue I am making the following comments:

Those who are employed in the public sector e.g. civil servants, gardai, nurses, etc., are adequately provided with pensions as are those in large businesses e.g. Banks, building societies etc. There is no legislation which obliges private sector employers to contribute or to provide a pension for their employees. In general these tend to be small to medium sized employers. The result is that thousands of private sector employees have no pension and therefore will be reliant on the state pension which is inadequate or insufficient.

Many people do not worry about the future and make no financial arrangement for themselves or their families. The state will have a large bill to pay as growing numbers of employees are now living and working to retirement age and beyond. In fact, some people have to keep working past retirement age as they have no pension or the state pension is insufficient.

It is up to the government to bring in legislation obliging employers to provide pensions for private sector employees. Of course it should also be in the legislation that the employee is also to contribute to his or her own pension pro rata. This would alleviate the growing burden on the state. Of course this legislation may not be well received in some sectors. However in the long term employers, employees and the state will benefit.

Submission 176

Why can't social welfare payments be paid at 65 and not 66? Northern Ireland and England are 65. Also bus passes should be given at 65 - not 66. Northern Ireland residents at 65 can use their bus/rail pass in the 26 countries yet we can't until 66? Isn't it time to standardise payments the same as Northern Ireland is part of our Island?

Submission 198

Currently, retained fire-fighters must retire at 55. This can be extended on request to CFO to 58 years of age even though they are subject to a yearly occupational medical confirming their fitness to continue working.

This discrimination does not exist in the United Kingdom and Northern Ireland as they have adopted EU legislation on age discrimination. In fact, there is no age limit at all in those jurisdictions for retained fire-fighters, just the ability to pass their yearly medical. Unfortunately, Ireland has not followed suit.

Therefore, I would appreciate if you could see your way to look into this matter and resolve this anomaly.

Submission 202

I and many of my friends in their early 60s are of the opinion that we should be given the option to continue working beyond 65. There are as you must be aware, many companies etc who dismiss their employees at the age of 65, which is totally wrong.

In these times, older employees are well capable of discharging their duties, in some cases with a lot more vigour and success than their younger counterparts.

I'm sure this move would be quite beneficial to all concerned, especially the economy, as we would not be in receipt of a pension until later on in life. Many thanks for giving me this opportunity to voice my opinion, and hopefully you will give this suggestion your kind consideration.

Submission 204

I have paid UK and Irish PRSI contributions all of my life; at 65 years for one year I will be required to live on less money than any other time in my life due to the transitional pension system.

In August 2008 I will be 65 years old; The company that I work for locally has a policy of retiring people at age 65. The government has policy of retiring at age 66 for pensions (when did they sneak this one in?) Either the government or my employer is out of step here. Where is the European legislation, in the UK it is 65.

There is a transitional year from 65 to 66 years, with conditions. As I understand, if I earn more than €38 a week I will not receive any pension for this year. At 66 years I can have an extra income and still receive my pension. Note also that I do not receive any of the benefits of TV licence, ESB, Telephone allowance etc. until I am 66 years.
There is definitely something amiss here, why should my employer be allowed to finish me at 65 years? Should the government not legislate that companies retire people at 66 years? Or give a proper pension at 65years?

There is definitely something amiss here, when the legislation does not force my employer to retire me at 66years

Submission 246

Some years ago I put forward a couple of ideas regarding pensions in Ireland. This was based on the declining birth rate against death rate and an aging population over 65 years.

The benefits to industry and the country by keeping people over 65 at work by using their expertise, knowledge and experience is un-calculable. Also it would take a lot of the financial burden from the existing pension fund and allow it to be better regulated.

(1)

1. (1) People in certain occupations which does not demand a great deal of physical work could easily work up to 70 years of age. From the age of 65 they could retire any year after that if they felt the work was too strenuous or their health was not up to doing the work.

   As an incentive
2. They would not have to pay Social Welfare contributions after 65.
3. The amount of their pension would be included in their tax free allowance from 65 as an incentive.
4. People with a superannuated pension would be given their lump-sum at 65 and their pension when they retire.
5. They could also be allowed to build up “A” stamp credits if they needed them to increase their Social Welfare Pension entitlement when they retire.

To use as an example:

It would probably be best to take one firm and use it as a model. FAS has a number of pension schemes and also different types of work force and therefore ideal to see if it was possible for it to work.

(2)

If a scheme was designed where every PAYE worker paid a sum of say €5 per week and this money was invested. The money would be deducted even if they were drawing unemployment benefit. People not on PAYE would be allowed to opt into the scheme.

After five years the interest was paid to those who retired while the capital sum was still being collected. After a certain number of years the interest would not only pay the increase in inflation but would do away with the government's contribution altogether and give a pension that people would be able to live on comfortably.

Year 1. 2m workers @ €5 = €10m per week 52 weeks = €520m + interest

Year 2. €1040m Capital Sum + Interest

Year 3. €1560m Capital Sum + Interest

Year 4. €2080m Capital Sum + Interest

Year 5. €2600m Capital Sum + Interest

Year 6. €3120m Capital Sum

The interest from this year would be paid out to the people on the pension register. When the interest exceeded the cost of living the additional amount would be taken off the monies paid by the Government.

Eventually the monies paid by the Social Welfare Pensions would be reduced and the people would have a guaranteed pension which would give them a good standard of living.

The capital sum would never be touched. Running expenses would be paid from the interest.

Year 7. €3640m Capital Sum

Year 8. €4160 Capital Sum. And so on

To set up the scheme by using the first weeks money, hire staff, buy equipment and premises required to run a successful organisation. The whole thing would eventually belong to the members. The staff would be totally independent of any influence from Ministers or Government but would be overseen by an all party committee in the Dail which would have no say except as watching brief.

This is not a quick fix, but a long term solution to the problems of people pensions.

Submission 252

Looking at colleagues and friends over a number of years, it would seem that the retirement age of 65 years is now totally unrealistic. It seems such a waste of qualifications, skills, experience and resources. In addition there are the costs to the State of the pension, and in many cases significant personal difficulties in having to adjust to a new lifestyle after a lifetime of studying/working.

Accordingly, I refer to the enclosed and request that you consider the following:-

1. Raise the retirement age to at least 67 years of age
2. Make it a right of the employee to continue working until the new retirement age, and not a favour to be requested from the employer.
3. Do it soon.

I am dreading having to retire in the middle of the year 2010, when I reach 65 years of age – it makes me feel like 'dead man walking'. Raising the retirement age would afford me the opportunity to continue to make a contribution in the workforce, to build up extra funds for living costs and healthcare, and obviously enable the State to defer my pension. I am ready, willing and able to continue working and feel competent, healthy and motivated in my job. It would be very frustrating and worrying to be stopped from doing a job that I am eminently capable of and enjoy.

In the event that it is decided not to raise the retirement age, those over 65 years of age should be allowed to continue working, if they are ready willing and able. It would be important that it would be a right and not a favour to be requested from the employer.

Submission 239

This submission highlights four issues concerning private and occupational pensions.

1. The need for private/occupational pension provision

This arises from the demographics as set out in the Green Paper. That deals mainly with the population as whole. It is also worth translating the broad demographics into implications at individual and family level.

Working life begins later as years in full-time education increase. Despite higher life expectancy, there has not been any general extension at the other end. Thus the ratio of post-work lifespan to working lifespan is increasing. Say 24 years post-age 65, compared to a working or life of about for a pension contributing life of about 45 years i.e. **pensions need to provide for a duration over half their working life**. I see this as the major challenge.

Post-work income can arise from the State, from family or from personal provisions. Changes in family life mean **the average 30-year old may have his/her own family to**

support, parents approaching retirement age and grandparents still living. So it is unreasonable to expect the working family to offer much personal support to its elders.

This throws responsibility back to the State which again translates to workers supporting a higher number of dependants. Although the older dependants will have votes, as set out in the Green Paper, ability and willingness to provide has to be limited. Individuals' confidence in a generous State pension should likewise be limited.

Therefore, personal/occupational provisions are important.

2. The need for flexibility

Given the rate at which jobs appear and disappear and how people move to better themselves, inside Ireland and beyond, (beyond adding another layer of complexity), the traditional concept (for the lucky) of a pension paid after a lifetime job is no longer realistic. It is therefore desirable that people moving from job to job retain cumulative entitlements and do not lose when they transfer jobs as many do at present.

Flexibility should also extend to actual retirement age and timing of drawdown of benefits, so that people can enhance their income if they defer taking benefits and do not fall into traps such as continuing to pay contributions while benefits are capped after a fixed age or a fixed number of years of service.

3. The inadequate participation to date

I believe that the low participation rates in private/occupational pensions are influenced by two system weaknesses:

1. The need has not been adequately communicated in ways people understand, such as the points I have set out above longevity and the unlikelihood of family support.
2. Product weaknesses

Mostly, when you go to buy a product, it is clear what you get and it comes with some form of guarantee. Pensions, whether DB or DC, are exceptions. They rely to varying extents on investment performance, annuity rates on retirement day and survival of the supplier over a long-term - say 70+ years plus for someone joining at 20. That is all a bit daunting.

If people were promised reliably that their contribution of €100/week now [at age 25], increasing annually would give a lifetime indexed income from age 65 of [say] €160/week in real terms, or double that assuming a modest rate of inflation, it might mean more to them. [The arithmetic is indicative only].

Some pension arrangements, such as PRSA, have been very narrowly defined to exclude benefits which have come to be taken for granted in most occupational schemes (illness, spouse/partner survival pensions). This needs to be reviewed.

4. Elements of a solution

1. Communication of the need and that products that meet people's exist and are affordable (including tax reliefs or/ direct support from the State).
2. Suitable investments: products which can be relied on to produce what they promise and which do not attract excessive charges
3. Availability of suitable reliable products may need more participation by the State, partly or wholly, directly or indirectly - for instance, thorough issue of index-linked bonds by the NTMA, permitting individuals and/or providers to participate in investments managed by the NPRF, a pension protection scheme which covers the risks of scheme shortfalls, some provision to share in the "risk" of increased longevity.

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 272

Introduction

Formulating an ideal pensions system is commonly viewed as next to impossible by the various bodies, interest groups and representative organisations because of the fundamental differences in opinions between them as to what constitutes such a system. As a result our pensions legislative environment and by extension the resulting pension systems are inordinately complicated and complex as different elements of different arguments have attempted to be accommodated – but with one eye firmly on ensuring that the existing regime is not in any way impacted by each change as it is being made. Added to this is the fundamentally changed macro regulatory environment that exists globally and impacts directly (and in a costly manner) on employers coupled with the sea change in access to information which means that members and potential members want and demand significantly better outcomes from any pension arrangement.

We have an opportunity to look at what makes an ideal pension system today and what will the Irish people need from their pension system in the future. I hope that the policy makers have enough confidence to adopt the best approach rather than commit the sins of history by once again tinkering at the edges of the system.

What would be the ideal system?

As mentioned, there are differing views on this but I would suggest the following would be accepted by most parties:

1. Equal and open access for all
2. A guaranteed level of income for all
3. Full transferability between jobs and employment status
4. Some encouragement for those that wish to provide higher benefits
5. A spreading of the costs and risks between employer/employee/government
6. A Simple System for everyone

In order to achieve this I would suggest the following be implemented

Revised and simplified State Backed Contributory Pension scheme

A significant reform of the Social welfare pensions system separating Contributory Pensions completely from the rest of the Social Insurance system. A mandatory Contributory Pension contribution to be made by employers and employees (and the self employed) to this state system (this would replace the existing contributory pension). Contributions will be set (as present) on a % of gross income basis. This new state contributory pension system will operate on a funded DB basis. There would be no ability to "cash out" or transfer out benefits from it. It will provide every contributing member with a defined benefit pension plan from age 70 (with no early retirement option). The benefit will be fixed equivalent to 2/3rd of the GAIE (or some similar measure). Benefits to accrue on a simple 30ths basis – i.e. if you have contributed for 30 years then you get 30/30 X 2/3rd of GAIE when you reach age 70. Consideration should be given to providing some simple way of providing a relevant benefit on death. This could be phased in over a period of time in the interest of fairness.

Why this is important in the ideal model

The above system provides a **universal guaranteed minimum pension in retirement for all** based on a very simple calculation. The benefit is at a level that most benefits the lower paid and the contribution basis means that the higher paid contribute more to the scheme than those lower paid. The system is **fully portable between jobs and employment status** as it is provided by the state. It is effectively a **State guaranteed** mandatory Defined Benefit scheme – historically the Unions have always pushed for a DB environment whilst the Employers have resisted this due to the burden it places on them. **This approach provides every Employee with a defined benefit scheme without placing an excessive burden on Employers.** Also as it is **using the existing PRSI infrastructure** and broad model, it can be implemented without an excessive burden on the state.

Finally it meets the need for **simplicity** – everyone should know how many years or partial years' contributions they have made and therefore will know exactly what benefit that they will get at age 70. I haven't formulated the exact contributions to be made by each party but I would expect a splitting of the cost across employers/employees and the state.

I would suggest it move from the current PAYG system to a **funded scheme** basis with the funds managed for the State by NTMA. Legislation can be introduced if there is a need to exempt this scheme from some of the rules that apply to private sector DB schemes.

I would suggest that this be implemented for all workers – private and public sector. This would mean that the quite high cost of this new measure would be somewhat ameliorated by the removal of the public sector pension for the impacted employees. A spin off of this approach would be to significantly simplify the current benchmarking process.

Single Simplified DC arrangement for all private pensions

I propose that **all existing DC arrangements** (personal, executive, AVC, Retirement Bond) should be **converted into PRSAs** and all new arrangements be set up from outset as PRSAs.

There should be a **reduction** in the maximum **charges** allowed under a **Standard PRSA** to make them more attractive and cost effective for members.

There is no reason to suggest that any existing DC arrangement could not and should not be converted to a PRSA. Protections can be put in place to ensure that the conversion is done on a zero charge basis (legislation already exists covering transfers into and out of PRSAs which has the same effect). It should also be a feature of this change that the pension arrangement post conversion should have an ongoing charging structure no higher than that which obtained immediately pre-conversion. This can be verified by the PRSA actuary. This coupled with the zero charge in or out on transfer will mean that there is no risk of mis-selling.

This could be implemented on reasonably short notice – perhaps 12 months to allow providers to adjust their PRSA charging structures. I would suggest that a further 12/18 month period could be allowed to enable existing DC pension providers amend their systems to comply with any additional requirements that would arise on the conversion of this business to PRSA. That said, as this only applies to DC pensions there shouldn't be many particularly onerous issues – in addition the majority of the providers in the market are already PRSA providers and therefore will already have the necessary systems and processes in place.

Some changes might be considered to the PRSA regime – most importantly the facility to access partial benefits – this would allow people move to reduced hours without suffering too significant a loss in earnings by using a combination of reduced salary and part of the pension fund.

Why this is important in the ideal model

In an environment where the above mentioned State operated DB scheme was in place there would (arguably) be only a limited demand for private DB or other similar schemes. As above system provides the lower paid (i.e. those earning up to the GAIE) would have a guaranteed income of 2/3rd of that GAIE they would have little need for further pension income in retirement.

The higher paid, on the other hand would generally require additional income in Retirement. The amount needed increasing for people as their income increases further away from the GAIE. These people should be encouraged to look after that need for themselves – through private pension plans. I would suggest that every study in this area has clearly indicated that a simplified and flexible private pension model will succeed where the current raft of complicated models has hitherto failed.

This simplified model approach again builds on the existing infrastructure – there is already a PRSA model in place in terms of product/provider/regulations/regulator - no reinvention required. By removing the raft of other pension types and multitude of products within these types you are left with a very simple and transparent system which can be easily understood by all.

Although a recent report by the Pensions Board found that the Trust Model was appropriate for pensions I would respectfully suggest that this is only true for DB arrangements (where it is important to separate the Employers own assets from the Employers DB pension scheme assets). In a DC environment, the assets are held in individual member accounts. The contract model in a DC environment provides **ownership**, **security** and **control** to the person that actually needs it – the plan holder

This model meets the requirement from members and Unions for **simplicity**. It meets the industry requirement for there to be a substantial element of **private provision** rather than a move to 100% state provision. It is **voluntary** which should mean there is no reason for existing plans not to be maintained.

Revise the Tax Relief system

I would suggest that a simplified credit system (similar to the SSIA) be implemented whereby a contribution made by a member generates a direct additional contribution from the state. I would suggest that this be **standardised so as to remove the additional tax benefit currently being bestowed on higher rate tax payer**. This approach should go some way to assisting the general public to appreciate more readily the contribution that the State is making to their plans. The level of State additional contribution will depend on the overall costs of the above changes but should be set so as to be sufficient to generate a positive overall after tax position on retirement for members.

As contributions will now come from after tax monies, and given that all benefits will be subject to at least some level of taxation in retirement, and in the context of the existing maximum allowable retirement fund, there would be no requirement for the current maximum contribution. In terms of the post retirement regime I would suggest that the imputed distribution regime from ARFs should only commence at age 70.

From the employer side I would suggest that employer contributions remain fully deductible against company profits. As corporate tax is just 12.5% this is not a major cost and it can be positioned as a compensation for employers having to pay a mandatory contribution to the new State Contributory pension mentioned above. The benefit of this approach being that companies remain incentivised to pay into members pension plans.

What this would mean when implemented

If the above "ideal" was implemented everyone would benefit as follows:

1. Up to 2/3rd GAIE payable from age 70 following completion of 30 years employment
2. This would be paid by the state through the existing SW system and would have been provided on a pre-funded DB basis with contributions from Employers, and Employees collected through the existing tax system
3. It will have been ring-fenced completely from the Social Insurance fund and the Non-contributory pension arrangements

4. Additional pension benefits would come from a very simple PRSA account providing a tax free lump sum of 25% of fund and either a taxable ARF or a taxable annuity. The PRSA could be accessed on a full or partial basis from age 60
5. The maximum PRSA fund would be the current €5M Standard Fund Threshold (as indexed)
6. The PRSA would be completely voluntary but any contributions from members would attract an additional contribution from the State
7. Any Employer contributions to PRSAs would be offsetable against corporate tax

This model meets the oft-stated requirements of Unions, Employers & industry bodies. It also arguably meets a number of the wider societal needs in that the higher paid help subsidise the lower paid and the benefits are structured so as to dis-proportionately benefit lower paid members of society.

The biggest benefit though is that it provides a system which meets the criteria regularly put forward as crucial to the success of a pensions regime :

1. It's simple
2. It's universal
3. It's transparent
4. It's regulated
5. It has guarantees - State backed
6. It's fully portable
7. It's very flexible
8. It can be implemented onto the existing infrastructure
9. It protects existing arrangements without having to retain existing inefficiencies
10. It spreads the costs between all the relevant stakeholders
11. It delivers a reasonable income in retirement for all

Submission 285

It is my view that a cross-departmental focus on pensions and ageing in general is required for a successful pensions and ageing strategy. In particular, as it is beneficial for the economy for people to work beyond age 65, all Departments should facilitate this. This will require the Department of Enterprise, Trade and Employment (DETE) to encourage flexible working hours, downshifting and a focus on re-training for older workers. The Department of Justice, Equality and Law Reform will need to be vigilant with regard to age discrimination but also set this in the context of a positive message that older workers should be valued. I think DETE should work to find out what jobs are particularly suited to older workers and encourage hiring in these areas. This is not a question of forcing people to work beyond 65 but of allowing and supporting those that do wish to do so. The Department of Social Protection has responsibility for the Green Paper Process but other departments and agencies will need to contribute to the process to make a pensions/ageing strategy a success.

Submission 289

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.

Submission 291

I am very close to retirement so my submission is very much related to immediate concerns. I suggest the following:

1. DC Scheme members should not be forced to buy an annuity but should have the flexibility, as those in self employed pensions and PRSA members, to invest in AMRF's and ARF's. Safeguards could be implemented – an AMRF type arrangement for example to stop people cashing in their assets too early. I am against annuities as the benefits payable are only marginally above fixed interest rates and the capital is lost - to the profit of insurance companies. A DC member has had to bear the ups and downs of stock markets for many years so why should he and his estate have to surrender his capital in the latter years of his life. The DC member is not being treated on a par with the self employed and PRSA members – appears to be taken as someone less responsible
2. It should be possible to draw on the cash free lump sum gradually over a number of years – rather than as a once off "take it or leave it".
3. The contributory social welfare pension should be introduced from age 65 as opposed to the current age of 66 – so that if people are working up to 65 they could continue to work full time or part time and not have the disincentive of losing out on the pre retirement pension payable from 65 which is given to those not in paid employment.
4. The mandatory draw down from pension funds (2% / 3%) is a disincentive to continuing employment. Some people may wish to continue in some form of employment while deferring the immediate taking of a pension. By deferring draw downs from their pension fund in the early years they can better provide for possible later years. Some paid employment, combined with the Social Welfare pension and the more favourable tax position for those over 65 would provide adequately for some people in their initial senior years. I think the mandatory drawdown was introduced for the very wealthy with large pension funds – but it has the effect of hurting the person with a very modest / inadequate fund.

Submission 292

Developing a Better Pension System

1. INTRODUCTION

In responding to the Green Paper, I am seeking to avoid repetition of, or unnecessary reference to, the wealth of data already provided; focussing instead on the broad policy principles on which I hope to see agreement and action in the near future.

In my view, early action of the kind suggested below is now urgent and should be seen as a national priority. I strongly believe – and the data confirms – that Ireland's 'demographic dividend' is rapidly waning in value; we no longer have the luxury of endless debate; and no further delays are acceptable if we are to develop a better pensions system - one that is truly inclusive and protective of all the 'children of the nation' irrespective of age. Thus I would argue that the various proposals put forward below, for changes in the tax, social insurance and occupational/other supplementary pension systems, be made in tandem - concurrently rather than consecutively - as we have no time to waste.

2. BACKGROUND AND OBJECTIVES

Trade unions such as SIPTU have striven for decades to negotiate the introduction and/or improvement of many hundreds of Occupational Pension Schemes (and, more recently, some PRSAs) in the private sector. They have also secured improvements in public sector pension arrangements, particularly for lower-paid public servants. They have lobbied consistently, with some successes, for improvements in the social welfare pension system; and have been the main advocates for the maintenance and further development of the social insurance system.

However, some of these gains are now being eroded. Many workers for whom good pension arrangements have been secured (and paid for) are now finding their benefits are being reduced; and, almost as worrying, that they are becoming objects of anger, aggression and envy, or victims of attempted 'levelling-down' to the poor position of those without adequate pension arrangements.

The agreed objective, in a civilised, wealthy and socially responsible society, must surely be the opposite: **to 'level-up' everyone to good standards of pension provision**. The fact of increasing longevity makes this increasingly important, albeit increasingly costly. But the longer the cost issue is avoided, the greater the bill becomes, as the period over which it must be paid also decreases. So it stands to reason that the sooner we start investing more in pensions, the better.

A further concern is that even people who believe themselves to be in 'good' or even 'adequate' pension arrangements may find this belief to be mistaken when they reach pension age. And at that stage, they may find themselves unable to do much about it. The **adequacy** of many existing arrangements is therefore a serious concern.

The other major concern is that nearly half the workforce has no supplementary pensions cover at all – whether good, bad or indifferent. Nothing whatsoever to supplement the social welfare pension, which does at least cover most workers, nowadays.

If this situation is allowed to continue, and half of today's workforce of about two million people retire on an income equivalent to about one-third of AIE, this will mean a lot of people retiring on far less than half their pre-retirement income. Anyone earning more than two-thirds of AIE will be in this unenviable situation.

Therefore, in my view, our **'priority objectives'** in relation to pensions, should address three main issues: **Protection, Adequacy and Coverage.** Protection of good existing pension arrangements, in both the public and private sectors. Adequacy of pension provision in both the public and private sectors, especially for lower-paid workers in both. And resolution of the coverage issue in a manner compatible with achieving the other two, equally important, objectives. This latter point raises a further important point of principle, because of course any one of the above objectives could be realised at the expense of one, or both, of the others. As could other desirable objectives, like equality and equity – both achievable by extending coverage of a very poor standard to the entire population!

I believe that Ireland can and should build on what I would see as 'the bones' of a good pension system in order to achieve adequate pensions for the high proportion of the population who will not otherwise have post-retirement incomes sufficient to maintain a standard of living that is both minimally adequate and also bears a reasonable relationship to their former earnings.

This can be done if we first accept the absolute necessity of doing so; if we then face up to the real financial cost of adequate pension provision of this kind (and indeed the social and human cost of **not** doing so); if we assess, fairly and squarely, the most efficient way of meeting this substantial financial cost; and then agree to a 'fair sharing' of the costs involved.

3. OVERVIEW OF SUBMISSION

These three key objectives – extending **coverage**, ensuring **adequacy** and **protecting** good existing arrangements – could be achieved by a combination of reforms carefully designed to build upon and develop the positive features of the present system and remove the negative features.
Specifically, I would argue that

1. The **social welfare pension system** requires reforms to further extend its coverage and make it more **fully inclusive** – see **section 4** below.
2. The **level of the social welfare pension** should be raised to at least 40% of AIE1 over the next 6 years; and then to 50% over the subsequent 6 years – see **section 4** below.
3. The **tax incentive** for people to save for retirement should be 'equalised upwards', i.e. those on lower-incomes, paying tax at the standard rate (or less) should receive the equivalent level of relief or subsidy as those paying at the higher rate. This

particular reform should be seen as part of a more comprehensive approach, for the reasons explained in **section 5** below; because as a 'stand-alone' reform, it may not be sufficiently effective in relation to the main 'target population', i.e. people on low and low-to-middle incomes.

4. Planning should commence immediately for the introduction, in 2009, of a system of **mandatory pension contributions** in respect of incomes which fall within a specified band and which are not already adequately 'pensioned' – see **section 6** below.
5. The commencement of **'Child Pension Accounts'**, first suggested by SIPTU in 2003, should be the subject of an early Feasibility Study tasked with examining the possibility of introducing such Accounts in 2010 – see **section 7** below.
6. **Other reforms** designed to safeguard occupational pensions in both the public and private sector, are suggested in **section 8** below.
7. The issue of **costs**, and how these might be met and shared, is discussed in **section 9**.

4. THE SOCIAL WELFARE PENSION SYSTEM

The further development of the social welfare pension system is vitally important for both current and future pensioners; and in my view, both parts of the system (i.e. the social assistance and the social insurance pensions) should be improved so as to deliver better pensions to a higher proportion of the population.

(i) Inclusion

At this stage, after several decades of improvements and reforms, the social insurance system is fairly inclusive, but not fully so. This process must be completed by including, on a fair and equal basis, those groups who have traditionally been excluded because their 'employment status' or work patterns did not conform to the perceived 'norms' of the time.

Over the years, the system has adjusted to social realities and the exclusion of particular groups has been addressed. Thus categories such as non-manual workers, married women, public servants, self-employed people, part-time workers, and certain carers and homemakers, have been brought into the social insurance system for some or all of its benefits.

However, difficulties and anomalies remain, e.g. for 'assisting relatives', carers with spouses earning over specified amounts, homemakers who had children and left their employment before 1994, people who entered social insurance before a certain time, women who were victims of the 'marriage bar' and so on.
Surely the time has come to tackle the remaining anomalies, promptly and fairly; and for the Exchequer to pay the requisite amounts into the Social Insurance Fund so as to ensure that at the very least, people of pension age are not excluded from basic entitlements?

I see considerable merit in a system of **social insurance**, as distinct from a universal system paying basic pensions to all citizens or residents. However, the social insurance system **must be fully inclusive;** it must cater for the vast majority of the working population, so that only a small minority need depend on the non-contributory, social assistance pension financed wholly by the taxpayer.

This social welfare pension system should also allow for **greater flexibility** than at present e.g. in relation to retirement ages. Greater **transparency** would also be helpful, because despite the Department's range of booklets and fairly user-friendly website, it can be difficult for people (irrespective of their age!) to access information about their entitlements, their insurance record and so on. The system for checking people's PRSI records and likely entitlements, in advance of retirement, should also be improved.

(ii) Level of Social Welfare Pensions

At €223.20 per week, the current Contributory State Pension is barely 30% of estimated current AIE, which is about €750 per week. (I do not accept the Department's convention of expressing the **current** pension as a percentage of the **previous** year's AIE – even though the latter is generally the most recent figure to be published by the CSO. If the latest published figure is updated by reference to the known increase in average earnings in the interim, this gives a more realistic picture and usually proves quite accurate.)

Trade unions such as SIPTU have consistently argued for the contributory social welfare pension to be raised first to the target level agreed in 1998, which was 34% of AIE; and for progress to then be made towards 40% and ultimately, 50% of AIE. It is disappointing that so little progress towards this target has been made to date and I now believe that strenuous efforts should be made to achieve a national consensus in favour of (a) reaching 34% over the next 2 years, i.e. by 2010; (b) reaching 40% over the following 4 years; and (c) reaching 50% over the following 6 years, i.e. by 2020.

As for the non-contributory pension, I would favour the retention of a small differential (no more than 10%) between it and the contributory pension, so as to underline the principle of social insurance and deliver some financial reward to PRSI contributors. I welcome the present government's commitment to raise the non-contributory pension to €300 per week by 2012 and would like to see a parallel commitment to ensuring that the contributory pension rises to €330 per week by the same date. However, instead of these numerical targets, it would be preferable to **index both pensions to AIE** and to avoid adjustments in the percentage differential between them, as present practice enables unacceptable anomalies to arise (e.g. in one recent Budget, a smaller increase was given to contributory pensioners than to non-contributory pensioners, presumably so that the lower rate could be seen to be reaching the government's promised target, without incurring the cost of proportionate increases in the higher rate).

5. THE TAX INCENTIVE

There has been near-unanimity in recent years, among the 'key players' on the pensions pitch, that improving and equalising the value of the tax incentive (which encourages people to make or increase pension contributions) would be helpful in increasing pension coverage. Whether it would be sufficient, on its own, to bring enough of the 'target population' into good pension arrangements, is another matter. But there was general agreement that it was worth trying. The trade union representatives added a rider to the effect that it would be worth trying, **for a limited period** (as with the SSIA offer, for example), as long as it did not preclude or slow down planning for more radical measures if it proved insufficient on its own.

Unfortunately, however, successive governments have baulked at this idea – or, more likely, the cost of implementing it and the absence of any tangible short-term or even medium-term political gain from doing so. The immediate fiscal cost of extending to lower-paid workers a tax incentive which has proved highly effective for middle and upper-income earners, would obviously be high if the measure proved successful in increasing pensions take-up; but so would the long-term social benefit (and indeed, the returns to the Exchequer, arising from more people having higher taxable incomes in retirement).

If the power and potential of the tax incentive in relation to pensions is to be fully explored and exploited, the government should introduce a radical new scheme in Budget 2009, giving all taxpayers an opportunity to have their pension contributions tax-relieved at the same rate as higher-rate taxpayers. As this rate comes close to 50% (when the PRSI and Health Levy are added to 41% tax), this relief should be given in the form of **'one for one' matching contributions** – not only for simplicity and transparency, but because this 'SSIA-style' mechanism has so recently proved popular, comprehensible and effective in encouraging savings.

However, as with the SSIAs, any such measure should be strictly time-limited (e.g. people should be given no longer than 12-15 months to enrol in new pension or PRSA arrangements); and take-up should be carefully monitored so as to assess its effectiveness in relation to the main target population (i.e. women, young people and lower-paid workers in the 'least-pensioned' sectors). And, at the same time, work should also be intensified on the issue of whether and how a system of mandatory pension contributions can be introduced if the improved tax incentive proves insufficient.

Unfortunately, it is quite possible that even a greatly improved SSIA-style tax incentive will prove inadequate to the task of persuading low-paid workers, with heavy day-to-day demands on their disposable incomes, to make provision for their retirement. Nor would such a scheme act as any additional incentive to employers who currently will not, or maintain that they cannot, make a worthwhile contribution to their employees' pension fund, even though such contributions are fully tax-relieved. For this reason, it is important to stress that work on an appropriate system of mandatory pensions must be immediately resumed and intensified – see next section.

6. MANDATORY PENSIONS

In my view, serious planning must begin for the introduction of a system of mandatory pension contributions which is appropriate for Ireland's particular stage of pensions development, so that no more time is wasted if the improved tax incentive fails to deliver the required results within the agreed timeframe. The purpose of this new tier of pensions provision should be **to close the gaps** in pensions coverage which currently exist - and may still exist, even after the tax and other improvements described above have been implemented - and **not to replace or weaken existing good provision**. Indeed, it is crucially important that extending good pensions **coverage**, to those currently without it, is not done at the expense of the other two main objectives – ensuring **adequacy** and **protecting** good existing pension arrangements. The experience of other countries is instructive in this regard.

The 2006 Report on Mandatory Pensions, prepared by a sub-committee of the Pensions Board within a very short time-frame, at the request of the then Minister for Social and Family Affairs, Seamus Brennan, made an excellent start in devising a system that would be appropriate to Ireland's needs. After studying the experience of other countries, commissioning some relevant research and deciding on various parameters and sets of assumptions, the sub-committee concluded that the type of system which would best suit our needs would be one that built on the present system by (a) further improving the social welfare pension and (b) introducing a supplementary scheme that would be mandatory for those without cover that was at least equivalent.

Specifically, what this Report recommended was

1. An increase in the **social welfare pension** to **40% of AIE**, over a 10-year period; in 2006, in round figures, this would have meant increasing it from €10,000 per annum to €12,000 per annum. This would benefit both present and future pensioners.
2. Introduce **Mandatory Supplementary Pensions** – which it called *'Special Savings for Retirement',* or SSRs – for all those at work who did not already have adequate provision and whose incomes were within specified bands. Thus all workers, both employed and self-employed, would be covered, if they earned between 50% and 200% of AIE (the suggested 'eligible income' band). In 2006 terms, using a round figure of about €30,000 per annum for AIE at that time, this would have implied compulsory contributions for anyone earning between €15,000 and €60,000 per annum who was not already in an adequate pension arrangement.

The Pensions Board based its costings for such a system on a required total contribution rate of 15% of 'eligible income' – so for someone on exactly AIE, for example, the total annual contribution would be €2,250 and for someone on twice AIE they would be €6,740. The Board accepted that contributions totalling 15% of 'eligible income' were the least that would be needed in order to produce an eventual pension of about 50% of that income.

How exactly this 15% contribution should be shared was, in the view of the Pensions Board, a matter for the government of the day to decide. (In Chile, for example, employees pay the entire contribution; in Australia, employers pay it all and it's up to workers to decide whether to add anything. Neither approach has yet resulted in what could be seen as 'adequacy' because the total has not been high enough; although in Australia, the employer contribution has now reached 9% and some workers choose to add to this.)

It seems to me that the fair and obvious way of sharing the cost would be an equal, 3-way split between employers, employees and government, i.e. 5% each. And even if, in some cases, this had to be phased in (e.g. over 5 years), the important issue is the necessity to achieve, as soon as possible, a total contribution rate which will produce adequate pensions. There is no reason to believe that the 15% figure, accepted by the Pensions Board in 2006 as minimally adequate, is too high; if anything, unfortunately, it may now be too low.

Other features of the scheme devised by the Pensions Board were: **collection** of the contributions via the existing PRSI system (which would clearly be the most cost-effective, since the mechanism already exists) and **investment** of the contributions by the state – either directly (e.g. through the NTMA) or by letting individuals decide between various state-approved investment vehicles (as in New Zealand, for example).

The **investment issue** was one of the potential problem-areas identified by the Pensions Board as requiring much further attention than it was able to give it in the early part of 2006. If the state collects the contributions, and arranges their investment (directly or indirectly) must it also provide a state guarantee of the outcome? The experience of other countries appears to have been mixed: in Australia, they started with a single investment option only, but recently introduced a 'choice of funds'; in Chile, the state has no involvement in investment, but nevertheless guarantees the outcome.

Other potential problems identified by the Pensions Board were the **compliance issue** (who to exempt, how to decide who already had 'adequate' cover, how exactly to define 'adequacy' and what resources would be needed to ensure compliance) and, of course, the **danger of downward pressures** on existing standards.

These are crucially important issues to resolve before introducing any system of mandatory pensions in Ireland, but I believe that they can and should be resolved, through careful planning and consultation with all the key interests involved. There is no virtue in doing further damage to system already under pressure from a combination of forces, some of them almost entirely outside of our collective national control. Conversely, we cannot, as a society, tolerate further inaction which leaves both the current and future generations of pensioners at the mercy of these forces.

7. CHILD PENSION ACCOUNTS

At this stage, our national pension policy should aim to be fully comprehensive in the short, medium and **long term**. Thus, early improvements in the **social welfare** pensions are needed, in order to benefit today's pensioners and those workers who are coming up to retirement age shortly. For those who still have time to plan and save for better incomes in retirement, the social welfare changes plus improvements in the tax incentive, combined with the introduction of a new system of mandatory pension contributions for those who still do not have adequate cover, should between them deliver better pensions. And for those at an even earlier stage of life, we need measures which then could perhaps defuse the so-called 'pensions time-bomb' entirely for future generations.

The commencement of **Child Pension Accounts** (CPAs), suggested by SIPTU a number of years ago and elaborated on in some detail in 2003 and subsequent years should, in my view, be the subject of a Feasibility Study to be started in mid-2008 and competed by Easter 2009. If the scheme is considered to be both feasible and desirable, it should be introduced in respect of everyone born after January 1st, **2010**.

As part of SIPTU's pension proposals for Budget **2005**, the following measures were suggested as a possible way of addressing the long-term pensions challenges, with proposals to phase-in the measures over 16-18 years so as to minimise the start-up costs:-

"Set up a Pension Account for everyone born after 1st January 2005;
"Raise the Child Benefit rates to €150 / €185 per month and add 10% for pensions. For every child born after January 1st, 2005, add 10% of the basic Child Benefit rate (i.e. an additional €15 per month in 2005) and put this into their Child Pension Account (CPA).
"Facilitate additional contributions to CPAs – encourage parents, grandparents and other 'sponsors' to add (limited) amounts, tax free, to these CPAs (e.g. a maximum of 3-4 times the state contribution).
"For pre-2005 children, set up the Pension Accounts as they come off Child Benefit (usually between the ages of 16 and 18) – the state to put in a lump sum 'start-up bonus' (e.g. 6 months CB). This would mean a €900 'pension start-up bonus' for 16-18-year-olds in 2005, again with a facility for extra amounts to be added.
"This would mean that after 16-18 years, every young person below the age of 32-36 would have an established pension fund to supplement their Old Age Pension and to which further contributions can be made, by employers and by themselves.
"
(SIPTU, September 2004)

Clearly, these 2004 figures would need to be updated: Child Benefit is now €166 per month for each of the first two children and €203 for the third and subsequent child(ren). An extra 10% for CPAs would therefore mean an additional €16.60 or €20.30 per month, in 2008 terms. (These amounts would have to be standardised to ensure that all children born in the same year started with the same amount, e.g. €20 per month per child.) The amounts which parents, grandparents, etc. could contribute, tax-free, to these 'piggy-bank pensions' would also require careful consideration; as would the phasing-in arrangements and the mechanism for subsequently transforming these funds into occupational or personal pension schemes, or PRSAs, to which employers would also contribute at a later stage.

However, the virtues of starting 'the savings habit' at such an early stage should not be under-estimated; and there are also a number of other possible attractions associated with the idea of CPAs. For example: **partial encashment** of the fund could be allowed (say 25% at age 25 and a further 25% at age 50) without doing major damage to the eventual pension; and **greater flexibility around retirement ages** would also be possible, in the future, if a pension fund had been accumulating for 55 or 65 years - or more - rather than 40, 35 or even fewer years as at present.

As regards the issue raised in Ch. 14 of the Green Paper, of **raising retirement ages** and/or enabling people to postpone retirement and remain in employment, I would see the introduction of CPAs as an important mechanism for easing the pressure on future generations of older workers to continue working for longer than they actually wish or are capable of doing. People should not be pressurised into postponing retirement for purely financial reasons, i.e. because their pensions are inadequate or it will 'cost too much' to provide pensions for them when needed. Such a system is likely to increase inequality in retirement and to impact most adversely on those who are already disadvantaged.

However, I am fully in favour of providing **real choices**: of encouraging employers to retain older workers – if the workers wish to be retained; of encouraging workers to work beyond Normal Retirement Age – if they wish to do so; and perhaps redefining NRA and ‘retirement’ itself. But these must be provided as real choices, **real ways of improving peoples’ quality of life**, rather than as ways of cutting pension costs at the expense of older peoples’ dignity and liberty.

8. OTHER ISSUES

A few other issues require brief mention:

(i) Later Retirement

This has been referred to at the end of section 7 above. If seen as a way of providing workers with free and real choices, I would favour greater flexibility and the ability to remain in employment, as long as this is **on a voluntary basis**. If seen merely as a way of reducing pension costs – by increasing pressure on older workers to remain in employment – then I have major reservations. In my view, a better way of reducing pension costs later in life, is to start making pension contributions at a much earlier stage in life (i.e. through CPAs) and to ensure that the contributions are adequate throughout one’s life, especially one’s working life (e.g. through supplementary pensions, whether voluntary or mandatory). This cannot be done for the current generation of pensioners, or for people due to retire soon, but it can and should be done for future generations.

(ii) Annuities

The main reforms needed in relation to annuities would seem to be as follows:

1. DC holders should have **greater flexibility** in relation to the timing of their annuity purchases. They should not be compelled to buy at their exact moment of retirement.
2. Individuals approaching retirement (and, indeed, before that time) should receive **better information** about their entitlements, the comparative costs of annuities, the choices they have (and haven’t), etc.
3. The **state should become a provider** of annuities, in certain circumstances. E.g. where a company with a pension fund collapses, or transfers its engagements, the state should take over the assets of the fund and ensure that the appropriate pension payments, or annuities, are made thereafter.

(iii) The Funding Standard

I would urge considerable caution in relation to further amendments or relaxation of the Minimum Funding Standard, despite current market volatility and the consequent pressures on DB schemes. To date, there has been heavy reliance on the Pensions Board to assess serious under-funding situations and to read warning signs correctly, on a case-by-case basis. This approach has been successful to date, but if it is to continue, it may be necessary to increase the resources of the Board, in order to minimise the danger of delays with such assessments (e.g. to appoint temporary staff, and/or create a panel of experts to be drawn upon at short notice).

(iv) Growth of DC

Trade unions have been working for many years to try to ensure that the growth of DC schemes has not been accompanied by the growth of insecurity, inequity and inadequacy of pensions provision. The worst fears of pensions practitioners have been confirmed by recent surveys indicating serious 'under-pensioning' of members of DC schemes and PRSAs. More effective publicisation of this problem and more widespread emphasis on the need for higher contribution levels (e.g. the 15% taken as being minimally adequate in the 2006 Pensions Board Report on Mandatory Pensions) would be helpful; but probably, the only fully effective solution is to **require** a minimum contribution level (15%, updated to take account of 2008 realities?) so as to **ensure** better outcomes.

(v) Integration

While consistently seeking increases in the social welfare pension, trade unions have long been faced with the dilemma that many lower-paid workers who are in DB schemes, both in the public and private sector, view this as counter-productive. This is because it can have the effect of decreasing their 'pensionable pay' and thus the portion of their total pension which derives from their occupational scheme, as distinct from their social welfare pension. (And the consequent savings in contributions, by both employers and employees, are not always seen as being available to improve the benefits deriving from the scheme.)
One possible approach to resolving this problem, at least in the private sector, may be via better trustee training and greater clarity when preparing and explaining pension fund accounts. Better explanation of the 'savings' accruing to the contributors to integrated schemes whenever the social welfare pension increases; better identification of the beneficiaries of such savings; and better-informed discussion (between actuaries, trustees, pension fund advisors and administrators, employers and employees) of possible alternative uses of such 'savings', could all contribute to progress in this area.

However, in the public sector, where unfunded schemes predominate, and governance and accounting procedures are very different, alternative mechanisms for discussion and progression of the integration dilemma would have to be devised; and in my view, work on this issue should commence as soon as possible.

(vi) Discrimination against same-sex/unmarried couples

Trade unions such as SIPTU have for many years sought the removal of all forms of discrimination against unmarried couples (whether same-sex or opposite sex) based on their marital status and/or sexual orientation. This includes discrimination in several areas of tax, social welfare, inheritance and pensions law and practice.
Many private and occupational pensions schemes have already remedied such discrimination in their rules and it is time for the state to do likewise, both in relation to the social welfare pension system and the civil and public service pension schemes. If civil partnership legislation is introduced, this may improve the position for some unmarried

couples (i.e. those same-sex couples who then choose to enter formal contracts) but it will not ensure equal treatment for the remainder of unmarried couples, whether same-sex or opposite sex.

9. COSTS

There is no point in avoiding 'the elephant in the room' – the issue of greatly-increased costs, if adequate pensions are to be provided for all who need them now and in the future. However, it is difficult for the lay person to calculate these precisely. Nor, for that matter, is it easy to calculate the precise social and human costs of **not** ensuring that older people have adequate incomes in retirement - and can also, with encouragement and support from the state, maintain their pre-retirement living standards, at least to a certain, socially-acceptable level. But, clearly, these costs are also very high, due to such factors as higher health and social services expenditure; lower output by older workers and hence lower GNP; less voluntary and social work by older people; lower purchasing power by older people, resulting in less tax revenue from a growing portion of the population. (The 'silver economy' will be of increasing significance, to the economy as a whole, in future years.) If it were possible to compute all these 'future costs' and weigh them against the more measurable current costs, the picture would look very different and more complex than simplistic snapshots of current-year tax and welfare expenditures would indicate.
Each of the reforms proposed will involve additional expenditure in the immediate short-term and the primary question now is whether this can be faced, fairly and squarely, and accepted as being **both socially and economically necessary**. If it can, then the second issue of exactly what the costs are, and how these should be shared, must be confronted.

I can only give a broad view on the likely costs arising from each of the above proposals and how they could/should be met:

(i) Social Welfare Pensions

1. The cost of removing all the various '**coverage**' anomalies and making the system fully inclusive, should, in my view, be calculated and met from the **Social Insurance Fund** (SIF) and, if necessary, in the context of Budget 2009 (i.e. as a once-off Exchequer contribution), bearing in mind that recent Exchequer contributions to the SIF have been very low and that large amounts, regarded as 'surplus', were removed from the SIF some years ago; therefore the question of raising employer or employee PRSI should not arise in this context.
2. The additional cost of ensuring **adequacy**, i.e. raising the level of the social welfare pension to the recommended amounts in the coming years, should be estimated and then allocated to the Social Insurance Fund (in the case of the contributory pension), to general Exchequer funds (the non-contributory pension) and to the National Pensions Reserve Fund (NPRF - see also section (iii) below).

   If necessary, the Exchequer contribution to the NPRF should be raised from its current level of 1% of GNP to a more appropriate level; as should the Exchequer contribution to the SIF. Increases in both employers' and employees' PRSI may also be necessary at some stage; and/or further increases in the income ceiling for employees' PRSI. The actuarial assessments of the SIF, started in the 1990s, should be carried out on a more frequent and regular basis than heretofore, so as to ensure that ongoing contributions are adequate and that drawdowns from the NPRF, after 2025, will also be sufficient.

(ii) Public Service Pensions

These are an essential element of public service remuneration. It is vital that the integrity of the public service pension system be maintained and if possible improved, particularly for lower-paid public servants. Actuarial assessments of the cost of public service pensions must be carried out regularly and there must also be regular checks to ensure that the portion of the NPRF allocated to public service pensions is clarified and is likely to be adequate to the task for which it was intended.

(iii) The National Pensions Reserve Fund

This Fund was set up in April 2000 following separate recommendations from two separate bodies - the NPPI and the PSPC. Strictly speaking, there should have been two separate funds as they were intended for quite different purposes, but initially they were rolled into one fund and it was said that roughly one-third of it was for public service pensions and two-thirds for social welfare pensions. Over the years, this distinction has become blurred; many people now believe it's entirely for social welfare pensions, others believe it is all for public service pensions; and this is most unhelpful in relation to costing both social insurance and public service pensions.
Apart from this confusion, which is not of course the fault of the NPRF or its staff, or the Commissioners who oversee its operation, the Fund has performed well in the face of global uncertainty and is the only Irish fund to have signed up to the UN's Principles and Guidelines on Socially Responsible Investment. It would seem to be the best available vehicle for increased state involvement in pensions in the future, e.g. in relation to annuities and the investment of mandatory pension contributions.

(iv) Equalising the Tax Incentive

Giving lower-paid workers (who pay tax at 20% or less) a higher level of tax relief or SSIA-style subsidy towards pension contributions, would of course be 'costly' if take-up were high. If successful in incentivising a further 20% of the workforce to start or increase pension contributions, this could raise the present cost of tax relief on workers' contributions by up to one-third, i.e. from €540m. to about €720m.
However, if **un**successful, and if only an extra 10% of workers responded to such an incentive, the experiment would only cost an additional one-sixth (€90m. per annum) or €630 per annum in all. There would also, of course, be additional 'costs', i.e. tax foregone, in relation to investment income and any increases in employers' pension contributions. (The Green Paper contains somewhat different figures to these, but the basis of those calculations is not explained and is not clear to me.)

(v) Mandatory Pensions

The Pensions Board estimated in 2006 that the cost of introducing a mandatory pensions system of the kind it recommended would, as a percentage of GNP, raise the current Exchequer cost of pensions from 2.4% (in 2006) to 7% in 2026 and to 7.8% in 2056.
It found it difficult to model the exact costs because the effect of the new system on existing schemes was hard to predict. (And it would be even harder to predict if existing schemes had first been boosted by an improved tax incentive.) Again, there would be various ways of meeting the cost: it could be through extra injections to the NPRF, additions to PRSI, or existing taxes, or new taxes/levies/charges; or combinations of these; and it could be done on a funded and/or PAYG basis.

(vi) Child Pension Accounts (CPAs)

The cost of introducing CPAs in the manner suggested – i.e. phasing them in over 16-18 years – would be easier to calculate. The state contribution would be an extra 10% of about 2/17 of the annual cost of Child Benefit (assuming roughly the same number of children in each age–group: 0-1 and 16-18), but these figures could be done more precisely by the relevant government Departments, by reference to the actual, known numbers. There would also be a certain amount of tax foregone if parents, etc. were allowed to add to the CPAs on a tax-free basis, depending on the limits imposed. The question of whether to allow the investment income to build up tax-free (as in existing funded schemes), would also have to be addressed.

10. SUMMARY AND CONCLUSIONS

In putting forward the above proposals for the development of a better pension system for present and future generations in Ireland, I am aware of the substantial costs involved and the potential difficulties of not only meeting those costs and sharing them fairly, but also of ensuring the effectiveness and proper targetting of such high expenditures.

Nevertheless, I believe it is vital to seize the present opportunity for debate, consultation and clarification of ideas, if this vision for the future is to be realised in the not-too-distant future. Early action to ensure greater investment in pensions for all - for existing pensioners, people who will be retiring soon, and people who are still many years from retirement - must be seen as a major national priority.

Submission 294

I make this submission in good faith in reply to your Green Paper on Pensions, as:

1. An Elected Member of Meath County Council, and
2. An Elected Member of Trim County council, and as
3. Chairman of the Tara Mines Disabled Workers & Pensions Association, and
4. As a PAYE taxpayer and now as a pensioner.

The following are my submissions:

With SW OAP pensions increasing at a rate above inflation in order to meet the Government's commitment to have the OAP at €300 during the lifetime of this Government, and the majority of occupational pension schemes deducting one and a half times the OAP from basic salary. With wage increases linked to cost of living/inflation, this means the worker's pension is actually reducing each year in real terms. To compensate for this, I am suggesting for a test period of say 10 years, the deduction of one and a half times the OAP, be fixed at say the 2007 SW OAP rate.

It becomes even more ridiculous and unfair in some of the State companies where the deduction is twice the SW OAP from basic pay. This deduction leaves thousands of lowly paid workers with a pittance at 65. To give some increase in pension, this deduction is changed/reduced to maximum of one and a half times OAP and as I have explained in (1) the deduction fixed at the 2007 SW OAP rate.

The present retirement age of 65 years for workers should be increased to 70 years of age.

The present retirement age for Gardaí is too early and needs to be increased as many Gardaí consider them fit enough to take up private work when they retire. The taxpayers could be better served by increasing the retirement age and/or the total years of service within the Garda Siochána by say 5 years and the change reviewed in say 10 years.

The Terms of Reference / powers of the Pensions Ombudsman be revisited and in particular the rules for the election of Trustees.

The Terms of Reference / powers of the Pensions Board be revisited and in particular the rules of the Pensions Act for election of Trustees.

I believe the fines/penalties against companies/pensions brokers and trustees for misdemeanours and breach of the Pensions Act/s are not a deterrent. I believe the penalty should be jail as the companies can write off any fine against profits and trustees have insurance against any fines or claims against them for breach of duty fully covered!

Legislation to ensure income continuance plans are fully integrated with pension schemes, i.e. where income continuance provides 5% escalation of pension payments, the accompanying employer's pension scheme provides a pension at 65 which fully accounts for this 5%.

The pension scheme rules should provide funds to be made available for any member/s to go to the High Court when a worker or group believe their pension scheme is not being administered as per the rules, or maladministration, or not being run in the best interest of members.

The present structure of Boards of Trustees is unbalanced. Despite there being the same number of company representatives as the numbers representing the workers. With the employer having the right to elect the Chairman, and the Chairman having a casting vote or second vote, this then hands the power of veto to the employer, making the employer the dictator and the workers' representatives' power to change really worthless.

Many companies employ workers who do not belong to any trade union. Since it is the union nominees who become workers' representatives on Board of Trustees, the non-union workers have no representation.

Teachers who took career breaks in the 1960s and 1970s, and may have withdrawn their pension contributions, should be allowed to repay pension contributions without having to again take up a career in teaching (which may not be possible due to age). This would allow them get credit for their years of teaching service and add to their final pension, etc.

With the switch from Defined Benefit to Defined Contribution pension schemes, even less workers will be prepared to join private pension schemes for the reasons as outlined above as well as the uncertain time for workers!

I am prepared to go before the Joint Oireachtas Committee on Pensions to discuss the issues outlined by me in good faith. The same applies to any meeting with any Minister or Member of Government or group of civil servants as I believe that pensions provisions are an important part of remuneration and it's essential that the incentives are put in place to protect workers' rights.

Councillor Philip Cantwell

Submission 298

I was born in 1945; I have worked since 1961 when I started training in the Precision Engineering Profession. I took 5 years to train. I have worked all my life continuously since then in this profession which is coming up on 50 years now. I contributed P.A.Y.E continuously to the State through the companies I have worked for. All the taxes they required of me plus full PRSI contributions from my weekly wage.

Between these years of 1961 and now 2008, I have built a house, got married, reared a family, sent this family through college and worked continuously full-time throughout this period, never leaving the State to work elsewhere. I kept myself in exceptionally good health by running, cycling, and mountaineering and by not smoking, not drinking and being very selective with what I eat. This is the reason why the State may think I can continue to work on. The State did not make or have never made any contribution to my very good health and well being. This is a decision made totally by myself. Unfortunately there just two negative things that effect me brought on by old age, I suffer from arthritis and glaucoma which with the high precision work I do, I find it more and more difficult as time passes to continue at this work for the obvious reasons. I did plan to retire at 65 which would have left me working in and for the State up to 50 years and no where else. I think I would find it nearly impossible to work any longer because of the rapid decline on two major things I need most to do my work, good eyesight and flexibility in my hands. I think I have made a full contribution to the country and State by working without being asked to work on any longer.

I know many other people in similar professions like mine who are affected as I am and who also want to retire at 65 for similar reasons and find extending the retirement age would present great difficulties for them also.

I think later retirement should be a voluntary decision by anybody that wants or needs to work on, but not a mandatory request by the State on those who want to or have to retire at 65.

These are the only changes I think should be made to the present retirement pension system, but that the State should allow it to be voluntary to continue for those who want to take this option.

Submissions made on behalf of myself and on behalf of other people known to me to be in a similar situation to mine.

Submission 306

I am forty seven years of age. I have spent a huge part of life as a homemaker. I am very proud of these years and I place a lot of value on this work. This is my story.

I left school in 1977, got married in 1983 and in 1984 my husband's job was relocated to Co. Clare and I had to give up work. This was during a time of economic recession when unemployment was very high in Ireland. At this time I tried to sign on the live register but was refused. I appealed this decision and won. I signed for fifteen months, when this ran out no one in the Department of Social Welfare informed me of the importance of continuing to sign for credits.

In 1986 I had my first child and became a stay at home mom, I then had a second child in 1989.

I feel let down for all the years I spent at home caring for my family with no recognition from the state. The role of caring and nurturing that I have taken on is not valued or seen as contributing to society.

When my second child was well established in school, I went to sign on explaining I was available for work but was told I couldn't. I then applied to go on a FÁS course but again I couldn't because I wasn't on the live register. I get so angry because within our constitution the family is recognised as central to society yet these years caring are disregarded and women are classified as adult dependents in many cases financially dependent on their spouses.

I felt totally isolated from the world outside of my family. I couldn't get back into employment because I needed to be re-skilled. I decided to take on some summer work thinking this would bet back in credits but unfortunately I wasn't aware of the break from employment rule which meant you must work for a continuous twelve months but as we live in a seaside resort this is seasonal.

By this time my father had got sick and I decided not to take work in the summer of 2000 so I could be available to visit him at a moment's notice. I continued to sign on and by the time my father passed away I was unemployed for one full year. I couldn't believe I had finally qualified for a community employment scheme.

I was delighted to be involved in a way where I could meet other people and be re-trained in new skills. I decided to go to college and began working in full time employment in 2005.

By the time I am due to retire it will be 2025, I still don't know if I will qualify for a contributory pension. I tried to find out in 2004 and I was told to come back when I was older. It makes me so angry that information is so hard to get, I wasn't aware of homemaker's credits until 2007. This information needs to be disseminated to all women in the country. It isn't good enough to say we will disregard years spend caring. Why should these years be disregarded when women are contributing to society in most important and meaningful way?

I would like to see the language used within the social welfare code changed, words such as 'Disregards' and 'Adult Dependents' these are negative terms. I am angry that my role as a wife and mother is not recognised as important in Irish society**. I believe women should be credited for the years spent as homemakers.**

Submission 317

We wish to have recorded our submissions on the Pensions Green Paper. I did attend your seminar in the Gresham Hotel on 28 Feb 2008 last but some of my points were overlooked in the final summary of our section room/Group 4.

We feel it is very very unfair that a person must retire at 65 years of age and that they can't continue to work and get the State Pension (Contributory) until they are 66 years of age. They can only get State Pension (Transition) for this one year but can only have earning up to €38 a week in order to get it. We feel this must be changed without delay so that a person can get the State Pension (Contributory) at 65 years of age and still be allowed to work as they can from 66 years onwards. After all they have paid their PRSI contributions to cover this all their life time, in most cases 40 years contributions have been paid into the Exchequer by then, or even more.

We believe the Government must get rid of this old age State Pension (Transition) payment and bring forward the State Pension (Contributory) to 65 years of age.

Very few people realise that for that one year from 65 to 66 years of age if a person works even part-time and earns over a ridiculous and unrealistic figure of €38 a week, they won't get the State Pension (Transition) of €223.30 a week. But once they reach 66 years of age and onwards a person can work with no restrictions on earnings, part-time or full employment, and they will get their State Pension (Contributory) of €223 a week which they are entitled to and have paid towards with PRSI contributions all their lifetime.

When a person has to finish work at 65 years of age, they will find it nearly impossible to find work at 66 years of age if the job they did work at is gone. They are by then out of the workforce for one year, be out of the routine of getting up and going out to work, get into a rut and maybe lose confidence and get depressed. Feel his life is finished, feel worthless. It causes such big psychological problems for most people who want to work because work was their life and they were workers. We feel it is soul destroying especially for a man who wants to work and keep busy.

It's so very unfair that a person who worked all their lifetime possibly – in excess of 40 years – paid all their taxes and PRSI contributions and can't get the State pension (Contributory) until they are 66 years of age but have to finish work at 65 years of age. We believe that the retirement age should be left open ended with no fixed date put on it. Once a person has good health and can do their job and their employer is happy with them and their work and they want to work, then why should they have to finish at 65 years of age. Just look at the wealth of experience a company is losing, not to talk about what the employee is losing both health wise and financially. We believe people should be allowed to ease into retirement gradually, by shorter days and weeks over a few years, if the type of work/employment allows it to be done this way.

What are retired people expected to live on? There is such a drop in wages – by at least 50% to 70% in most cases in their weekly income except for the lucky ones that have had a good professional paying job and now enjoy a good pension plan from their company. The ordinary working person is expected to live on €223 a week pension. We feel this needs to be increased to at least €500 plus per week.

We feel the whole Social Welfare system is so very unfair and needs to be changed. There is no incentive for people to work hard and save for their retirement when you have people that can work in the black economy and pay no tax or PRSI and yet get at 66 years of age a non-contributory pension of €212 a week. This is about €11 less per week than the person that paid into the Exchequer all their working life. Let those people be means tested. It's not fair.

We hope our views on the whole Pension system will be considered and by the next Budget in December we will see changes made that will be of benefit to all Irish citizens by being more fairly and justly worked out and passed into law.