

Green Paper Consultation Responses

Retirement Condition – State Pension Transition

Submission 60

The person reaching age 65 with sufficient “stamps” to qualify for a State Pension (Transition) is only permitted to earn the paltry sum of €38 per week and therefore is effectively barred from continuing to work until age 66 when the State Pension (Contributory) comes into force, and earnings can be unlimited.

This does not make sense in this day and age, when there are many people who wish to continue working, or need to continue working because the State Pension is inadequate to live on. There are many people in this situation, including some Civil Servants who are forced to retire at age 65.

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 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 139

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 150

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

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

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

Submission 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 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 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.

Submission 323

I turn 65 this week and I have been working since 1957 when I left school, that's 51 years of paying my dues. I have been informed by Social Welfare that if I apply for my pension now at 65 I can only earn €38 per week. The pension is €223.30 per week and if I earn more than the €38 I would lose the pension. How can this be? Who made this crazy rule?

My Company will only employ me for three days per week and I sign on for three days per week. The Social pays me €98 per week and if I apply for my pension they will pay me €223.30 which you well know will not cover my weekly outgoings. Why do I have to give up my income until I reach 66 years when you also know that no employer will employ me at that age? Why can 65 year olds not retain their pensions and tip away at part time work to keep themselves out of the Poverty trap and to keep the body active at the same time. Are we the forgotten workers? Please please do something to change this crazy rule.