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**OIREACHTAS REPORT FOR APTI**

**February 12 - 14, 2019**

**PENSION ISSUES**

**Dail**

Tuesday, February 12

**Written Questions**

**State Pension**

***Deputy Paul Murphy****asked the Minister for Employment Affairs and Social Protection her plans to allow those who have reached 65, and are retired, to apply for the full State Pension; the cost of such a reform; and if she will make a statement on the matter.*

[**Minister for Employment Affairs and Social Protection**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** It is well known that people are living for much longer. This is very positive. As a result of this demographic change, the number of State Pension recipients is increasing year on year. This has significant implications for the future costs of State Pension provision which are currently increasing by approximately €1 billion every 5 years.

The purpose of changes to the State Pension age is to make the pension system more sustainable in the context of increasing life expectancy. This sustainability is vital, if the current workers, who fund State Pension payments through their PRSI, are to receive a pension themselves when they reach retirement age. Therefore, the Social Welfare and Pensions Act 2011 provided that State Pension age will be increased gradually to 68. This began in January 2014 with the abolition of the State Pension (Transition) which was available to people aged 65 who satisfied the qualifying conditions. This measure standardised the State Pension age for all at 66. This will increase to 67 in 2021 and to 68 in 2028. Reversing the 2014 change could be expected to cost a sum in the region of €100 million per annum, depending upon the impact it would have upon retirement.

In most cases, it is hoped that workers will continue to work up to State Pension age. Where this is not possible and a person exits the workforce before reaching State Pension age, they may apply for either the Jobseeker’s Benefit or Jobseeker’s Allowance schemes. Arrangements are in place to provide that jobseekers whose benefit expires in their 65th year can generally continue to be paid benefit up until pensionable age (66) provided they satisfy the necessary contribution conditions. The jobseekers schemes are kept under review and any further changes, including entitlement beyond 66, will be considered in that context.

It is important to note that there is no legally mandated retirement age in the State, and the age at which employees retire is a matter for the contract of employment between them and their employers. While such a contract may have been entered into with a retirement date of 65, in the context of the previous State Pension arrangements, there is no legal impediment to the employer and employee agreeing to increase the duration of employment for one or more years, if both parties wish to do so. In this regard, the WRC produced a *Code of Practice on Longer Working* and the IHREC published guidance material for employers on the use of fixed-term contracts beyond normal retirement age.

**State Pension Changes**

***Deputy Mary Butler****asked the Minister for Employment Affairs and Social Protection the reason October 1946 was chosen as the cut-off date for those affected by pension anomalies since the changes in legislation in 2012; her plans on making changes to this date; if she will consider inclusion of those born prior to this date whose pensions were affected; and if she will make a statement on the matter.*

[**Minister for Employment Affairs and Social Protection**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** In January last year, I announced a new TCA to calculating the entitlement of pensioners who reached State Pension age on or after 1 September 2012 (i.e., those born on or after 1 September 1946) and who have a reduced rate pension entitlement based on post Budget 2012 rate bands.

People whose pensions were decided prior to 1 September 2012 were not affected by the Budget 2012 rate band changes. As a consequence, people whose pensions were calculated under the 2000-2012 rate bands were subject to a significantly more generous regime than those who qualified before or afterwards, as a Yearly Average of only 20 contributions per year (out of a maximum of 49) could attract a 98% pension. The effect of the Budget 2012 rate band changes, as it impacted upon those new pensioners since September 2012, will be familiar to anyone who followed the debate on this matter over the last 6 years. If pre-September 2012 pensioners were also allowed avail of HomeCaring Credits, their arrangements, as a group, would continue to be significantly more generous than those of post-2012 pensioners. There would also be a very significant cost which would be expected to be of the order of several hundred millions of euro each year. This in turn could significantly impact funds for future pension increases with consequential implications for pensioner poverty.

Wednesday, February 13

**Written Questions**

**Pension Drawdowns**

***Deputy Catherine Murphy****asked the Minister for Employment Affairs and Social Protection if the anomaly in respect of the age at which drawdown of pensions (details supplied) occurs will be addressed; and if she will make a statement on the matter.*

[**Minister for Employment Affairs and Social Protection**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** The maximum rate of payment for Widow’s, Widower’s and Surviving Civil Partner’s Contributory Pension for those who are of working age (i.e. under 66) is €203.30 if they have no dependent children. This payment is not subject to a means-test, and is paid whether or not the recipient is in employment or not. Those with dependent children receive a further full rate €31.80 in respect of each qualified child. When someone reaches State Pension age, the personal rate increases to €243.30, in line with the rate of the State Pension (Contributory). It might be remembered that someone cannot receive a double payment of both the State Pension and the Widows Pension, and so in most cases, this ensures a Widow receives the maximum pension rate upon reaching State Pension age.

At that point (i.e. reaching State Pension age), they will not generally be in a position to supplement their pension with wages, as they will in most cases have retired. The same rationale would not apply to widowed people of working age, who in many cases receive both income from employment and their Widow’s, Widower’s or Surviving Civil Partner’s Contributory Pension. It is also the case that our social protection system, like most developed countries, generally provides higher rates of payment for those above pension age than for those of working age. For example, people moving from Jobseekers Allowance to State Pension (Non-Contributory) can expect a significant increase in their weekly rate of payment, upon reaching State Pension age.

Any proposal to increase the rate of payment for widows/widowers/surviving civil partners under 66 to that of the maximum rate of the State Pension (contributory) would result in a significant additional cost that would have to be met from either increased PRSI or Exchequer subvention or a reduction in the general rate of payments, and would have to be considered in the context of overall budgetary negotiations.

Thursday, February 14

#### Questions on Promised Legislation

#### Pension Anomalies

#### [*Deputy Mary Butler*](https://www.oireachtas.ie/en/members/member/Mary-Butler.D.2016-10-03/)*: Recently, the Department of Social Protection contacted approximately 70,000 pensioners who are affected by the pensions anomalies brought about by the then Minister for Social Protection in 2012. Many pensioners have lost out to the tune of €30 per week. Is there a timeline for when these people will have a decision? I accept it is on a case-by-case basis but when can they expect to receive their back money if they are owed it?*

#### Minister for Social Protection ([Deputy Regina Doherty](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)): The first tranche of people who will receive an increase and a pension payment backdated to last March will start receiving them next week. Of the 79,000 people involved, there was a cohort where we knew why they had gaps in their service or career contribution history and we were able to fill those gaps with other information from the children's records we had. Those people will get their payments from next week. The regulations were signed this week. There is a cohort of people who have gaps on which we do not have information and we have invited them by letter to apply either online or through the paper application to fill in those gaps. That will enable us to increase their pension payments where possible. That exercise is ongoing and I hope to be able to finalise it by the end of Q1, which was the scheduled timeline.

**Seanad**

Tuesday, February 12

No relevant business

Wednesday, February 13

**Order of Business**

[**Senator Rose Conway-Walsh**](https://www.oireachtas.ie/en/members/member/Rose-Conway-Walsh.S.2016-04-25/)**:** I was shocked, but not surprised, to read at the weekend that the partners and spouses of people who receive the State Contributory Pension are now being forensically audited and means tested by the Department of Social Protection. In some cases, after means-testing, payments have been reduced or stopped altogether. The process in itself is really frightening for people. If any of us here was demanded to lay bare all of our financial transactions, how would we feel? Are these people not entitled to a level of privacy to live out their lives? Such auditing is totally wrong. Many of these people will have an income that is well below the means test but they still have to go through the whole process and produce bank statements and everything else. There is something fundamentally wrong about that. Some people in receipt of pensions have been asked to keep receipts for up to four years in case an audit is carried out in the future. Also, there are people who are followed beyond the grave because when people die, Revenue and the State bodies come looking to see if people made a mistake and assess whether they counted everything. One must remember that some people do not enjoy good health. They may have dementia or other illnesses that do not allow them to read and communicate in the way that these Departments might want them to do so.

It has been mentioned that a saving of €15.7 million has been made already. It is also planned that 6,500 assessments will be carried out in the future. There are elderly people across this State who are really worried whether they will be part of the 6,500 assessments. We also have to remember that many of these people will be elderly women. They will be women whose spouses already get a contributory pension but then they are not entitled to any means themselves. This means that the relevant Departments have a figure in mind and know how much they want to recoup this year. It amazes me how Revenue and other State bodies can plan and execute with such accuracy the moneys they want to recoup from elderly people who have contributed so much throughout their lives, whether that be through childcare, care of the elderly, working outside or within the home or as community volunteers. The State bodies are forensic in how they go about assessments and inspections. Let us contrast that situation with the vast sums of taxpayers' money we have seen, say, in the overrun for the National Children's Hospital where figures have increased by millions. Let us also contrast that to the situation for thousands of people who have chronic and lifelong illnesses. Such people are subject to regular assessment and constant examination. I wonder where these Departments are coming from. Who instructs them to really antagonise these people? I am not saying that people should get something that they are not entitled to. Really, the fear around all of this is not right. The State proves itself well able to account for every cent and, indeed, it is willing to take back moneys in the case of these vulnerable individuals. If only a semblance of the same vigilance was present in the Department of Health and the Department of Finance then we might not be looking at a situation where so many projects are delayed or scrapped to cover the overruns and the other things while millions of euro is wasted. I ask the Government to consider this matter. I ask the Leader to arrange a debate that specifically deals with pensions. We must consider the contrast between how the millionaires and billionaires are treated in this country and then how ordinary citizens and elderly people are treated in terms of entitlements and taxation.

Thursday, February 14

**Order of Business**

**Leader of the Opposition (Senator Catherine Ardagh):** Many of us in this House fought for equality in the State Pension and to reverse the changes made by the Fine Gael-Labour Government in 2012. Last year, we were promised that payments would be made to people with contributory pensions in the first part of 2019. These payments have not been made. There is also an issue with the IT system in the Department. Many pensioners are required to submit further information but experience difficulties with the online system. I ask that the Minister come to the House to outline the position regarding these payments and provide clarity on when people will receive them.

**Deputy Leader of the Seanad (**[**Senator Catherine Noone**](https://www.oireachtas.ie/en/members/member/Catherine-Noone.S.2011-05-25/)**)**: A debate on pensions would be a good one to have in the House and I will ask the Leader's office to seek to arrange same.

**Oireachtas Committee**

No relevant business

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