**LAHIFFE & ASSOCIATES  
 Public Affairs & Political Communications** 

**OIREACHTAS REPORT FOR APTI**

**February 19 - 21, 2019**

**PENSION ISSUES**

**Dail**

Tuesday, February 19

**Priority Oral Question**

**IORP II**

***Deputy Willie O'Dea****asked the Minister for Employment Affairs and Social Protection her plans for the EU IORP II directive; if a derogation for smaller and single member pension schemes will be applied for; and if she will make a statement on the matter.*

[**Deputy Willie O'Dea**](https://www.oireachtas.ie/en/members/member/Willie-O'Dea.D.1982-03-09/)**:** The directive is designed to protect the beneficiaries of pension schemes by requiring better qualifications among trustees and controlling how the money is to be invested. A derogation is possible, but has the Government set its face against the notion of one for smaller and single member pension schemes and, if so, why?

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** The transposition of the IORP II directive will result in significant improvements in the regulation and governance of funded occupational pension schemes in Ireland. While the directive provides for the possibility of a derogation from specific articles for smaller schemes, members of smaller schemes should have the same protections and oversight as members of larger ones. Money saved for pension purposes should be properly protected to ensure people have adequate income for their retirement years. The value of investments held in many schemes fell substantially during the financial crisis. This highlighted the need for stricter regulations and greater protections, especially for small schemes investing in riskier unregulated markets.

It has been suggested single person pension schemes should be exempt from the application of IORP II rules on the basis that the scheme members are competent in the management of their own affairs and that the governance requirements are unduly onerous. However, Ireland has a far larger number of small schemes than any other EU State and the Government shares EU concerns about such small schemes, particularly in the protection of consumers and the money they have invested, the riskiness of these investments, the charges that apply and the standard of governance. Accordingly, the Government has decided that the provisions of the directive should apply to all funded occupational pension schemes.

The application of the directive is prospective, not retrospective. This means that existing investments and borrowings can remain in place. After the transposition, no single member scheme, including small self-administered ones, which are the only schemes currently allowed to borrow, will be allowed to enter into new borrowing arrangements, except for short-term and liquidity purposes. All of their future investments will have to be made in accordance with the investment rules included in the directive. Officials in my Department, supported by the Pensions Authority, are managing the transposition process of the IORP II directive. It is a substantial directive and the preparation of regulations to transpose it is at an advanced stage. It is expected that transposition into Irish law will be achieved before the end of March.

[**Deputy Willie O'Dea**](https://www.oireachtas.ie/en/members/member/Willie-O'Dea.D.1982-03-09/)**:** Is the Minister aware that, under the IORP I directive which was designed to do the same thing, the then Government agreed to a derogation for this type of scheme, in particular, on the basis that a one-size-fits-all model did not work? Is she aware that her colleague in the European Parliament, Mr. Brian Hayes, MEP, confirmed at a meeting on 29 January with the Association representing these schemes that the Government had a clear and strong view on the terms of the directive to the effect that there must be maximum flexibility in how schemes were managed so as to be able to make special provision for one member arrangements? He went on to say, and allowed the Association to reference him, that the reason for the derogation was Ireland had championed and supported it. The Minister's colleague in the European Parliament has pointed to why there should be a derogation from the directive, yet the Government is choosing not to implement one. The Minister has stated people must be protected from mismanagement of their funds, but is she aware that the pensioners in one member pension schemes make the decisions? They have not sought protection against their own decisions. Is the Minister aware that the Government's approach eliminates freedom of choice and will have an impact on, for example, investment in housing, an area in which some of the schemes are the main investors and where the Government has committed to providing more housing?

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** To answer a number of the Deputy's questions directly, I am aware that the then Minister, Séamus Brennan, granted a derogation. I do not agree with the Deputy's description of what that derogation achieved. During the financial crisis many large and small investment pension schemes suffered significantly not only because of the years-long disaster but also because of the lack of regulation and governance. We intend to ensure that the new governance measures will relate to everybody equally. With respect to Brian Hayes, MEP he is entitled to his opinion but as long as I am sitting at this desk, I will make the decisions on the basis of the best evidence and advice that is given to me. That is what I have done in this case.

[**Deputy Willie O'Dea**](https://www.oireachtas.ie/en/members/member/Willie-O'Dea.D.1982-03-09/)**:** With respect, the Minister has not got the best advice. She is talking about protecting people from themselves. People here make the decisions and I suggest to the Minister that the only consequence of not allowing a derogation here, as was arranged by Brian Hayes in Europe, is that these people will be driven into the hands of the larger companies where there will be less transparency and much higher charges. I ask her to reconsider that decision because it will prove counterproductive in the medium to long term.

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** All I can say respectfully to the Deputy is that I note his comments but the decision has already been made. We are well advanced in our work to transpose this directive and we will have it done by the end of March.

**Written Questions**

**Auto-Enrolment**

***Deputy Willie O'Dea****asked the Minister for Employment Affairs and Social Protection her plans to introduce an auto-enrolment scheme in view of the fact that the proposals put forward by her Department were criticised during the public consultation process; 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/)**:** As previously announced, the Government intends to introduce Automatic Enrolment by the end of 2022.  It will see employees without personal retirement savings automatically enrolled into a quality assured retirement savings system, with freedom of choice to opt-out.Delivering on a commitment made in the *Roadmap for Pensions Reform 2018-2023*, I launched a *‘Strawman Proposal for a new Automatic Enrolment (AE) Retirement Savings System in Ireland*' last August as the basis for a national public consultation process on AE. 

I have said that the Strawman should not, in any way, be construed as a confirmation of what form Automatic Enrolment will ultimately take. It is a high level draft intended to generate and prompt discussion and improve ideas. Given AE represents a most complex public policy reform, it is to be expected that we will hear a diverse and often competing range of views as to how the system might be delivered.  Overall the responses to the Strawman have been positive and constructive.  In the vast majority of cases, our proposals were welcomed as a strong first step in the reform process of developing an AE system.

In excess of one hundred written submissions were received in response to the Strawman from employer and employee representatives, pensions industry bodies, advocate groups and interested individuals.  My officials have met with many of these groups.  I have also chaired a number of public consultation seminars held in Dublin, Galway and Cork. My Department continues to analyse the substantial material contained within the submissions.  It is anticipated that a report of findings from the process will be brought to Government over the coming months.  This report will assist the Government in making decisions as to the next steps in terms of the implementation of AE to enable the scheme to commence in 2022.

**State Pension Review**

***Deputy Fergus O'Dowd****asked the Minister for Employment Affairs and Social Protection the status of the review of pensions affected by the 2012 contributory pensions changes; and if she will make a statement on the matter.*

***Deputy Clare Daly****asked the Minister for Employment Affairs and Social Protection if a decision has been made on the final design of the TCA to be introduced in 2020; and if not, the date on which such a decision will be made; when all pensioners who are due an increase in pension due to the use of the contributions approach with homecare credits in calculating their pension benefits will receive the increase and back payments due to them.*

***Deputy Willie Penrose****asked the Minister for Employment Affairs and Social Protection when pension increases and back payments will be issued to those impacted by previous changes to the State Pension system; and if she will make a statement on the matter.*

***Deputy Willie O'Dea****asked the Minister for Employment Affairs and Social Protection if all those who qualify for a revised contributory pension will be paid the revised amount back dated to March 2018 by the end of the first quarter of 2019; and if she will make a statement on the matter.*

***Deputy Thomas P. Broughan****asked the Minister for Employment Affairs and Social Protection if all pensioners affected by the reduced rates of entitlement in Budget 2012 have now been contacted; and if she will make a statement on the matter.*

***Deputy Niamh Smyth****asked the Minister for Employment Affairs and Social Protection the status of her plans to re-examine the situation that relates to women who were in the workforce and left in earlier years for family duties are not in a position to receive the full State Pension (Contributory) when they reach retirement age; and her further plans to address the situation.*

***Deputy John Brady****asked the Minister for Employment Affairs and Social Protection when the first payments under the State Pension review will be made; and if she will make a statement on the matter.*

***Deputy Bernard J. Durkan****asked the Minister for Employment Affairs and Social Protection the extent to which she expects to be in a position to address the pensions issue for persons who have gaps in their contribution record for whatever with a view to ensuring the availability of a payment; the extent to which she expects to be in a position to address the pension concerns of women that have taken time off from their employment to rear their families and subsequently gone back to work with the result of having an insufficient profile of contributions to qualify for the State Pension; and if she will make a statement on the matter.*

***Deputy Brendan Griffin****asked the Minister for Employment Affairs and Social Protection when payments will issue in respect of State Pension (Contributory) rate reviews; 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/)**:** Since late September 2018, my Department has been examining the social insurance records of approximately 90,000 pensioners, born on or after 1 September 1946, who have a reduced rate State Pension Contributory entitlement on post Budget 2012 rate-bands.  These payments are being reviewed under a new TCA to pension calculation which includes provision for homecaring periods.  My Department has already written to these pensioners to explain the process.

Last week, I signed the necessary regulations, which together with the  provisions in the Social Welfare, Pensions and Civil Registrations Act 2018, allows the increased payments to be made on foot of the reviews.  The Department has already started issuing the outcome of reviews and the first increased payments will issue this week, in line with my previous commitments to this House. These increased payments will include arrears to the 30th March 2018, or the pensioner’s 66th birthday if later than that.  Where pension rates do not increase as a result of this review, they will continue to be paid at their existing rate of entitlement.  No one will be worse off as a result of this review.

Where possible, my Department will use information already held to assist in the reviews.  In some but not all, cases, additional information is required from pensioners about unexplained gaps in their social insurance record to complete their review.  In January, almost 24,000 requests for additional information were issued. These requests included details on how to provide the required information using the Department’s online services.  Provision has been made for those who do not have access to a personal computer or the internet by providing a dedicated telephone number to request paper forms which will issue over the next two weeks.

Given the numbers involved, it will take my Department a number of months to complete the reviews.  Around 120 additional temporary staff have been recruited to carry out this work as speedily as possible.

**DB Schemes**

***Deputy John Brady****asked the Minister for Employment Affairs and Social Protection the protections in place for members of DB schemes in cases in which an employer seeks to move away from such a scheme; and if she will make a statement on the matter.*

***Deputy Willie Penrose****asked the Minister for Employment Affairs and Social Protection the status of her plans to protect DB schemes; 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/)**:** DB schemes are voluntary tri-partite arrangements between employers, employees (or their representatives) and trustees.  Responsibility rests with all the parties for ensuring that the scheme is properly managed and funded to meet the promised level of benefits. Almost all Irish DB schemes have a rule that allows the employer to cease contributions, usually after a notice period. Currently, there is no legislative obligation on an employer to make contributions and no further liability on an employer where contributions cease.  Neither is there an obligation on an employer to give notice to members, or to consult in advance of ceasing contributions. Where a scheme is closed to new members or to future accrual of benefits, the sponsoring employer role continues in relation to that scheme.  Where a DB scheme is closed to future accrual of benefits, the scheme remains subject to EU and Irish law on the Funding Standard requirements and to the Pensions Act generally.  It must continue to satisfy the minimum funding standard into the future.

Scheme trustees have duties and responsibilities under trust law, under the Pensions Act 1990, as amended, and under other relevant legislation. The duties of pension scheme trustees include administering the scheme in accordance with the law and the terms of the trust deed and scheme rules as well as ensuring compliance with the requirements that apply to these schemes. Trustees must act in the best interests of all scheme members, whether active, deferred or retired, and must serve all beneficiaries of the scheme impartially.

The General Scheme of the Social Welfare and Pensions Bill 2017 (now the Social Welfare, Pensions and Civil Registration Bill 2017) was published in May 2017 and contained a number of key measures relating to DB schemes.  It is intended that these measures will act to support existing provisions in the Pensions Act by providing for further protection for scheme members’ benefits and enhancing employer responsibilities for their schemes. In July 2018, Government approval was obtained to draft additional provisions to be included in the Bill at Committee Stage, including provisions relating to DB schemes. In developing these provisions, it is essential to be cognisant of the current pension landscape in Ireland so that a balanced, proportionate approach is developed and that unintended negative consequences do not arise.

The provisions of this Bill will introduce a new regime into the Pensions Act 1990 which, amongst other things, will ensure that an employer cannot “walk away” at short notice from the pension scheme it is supporting by providing for a 12-month notification period, and will enable the Pensions Authority to make a funding obligation direction specifying payments to be made by a sponsoring employer to the pension scheme where no agreement is reached, within a specified time period, to resolve a funding deficit. The DB provisions are very technical and involve complex policy issues. In order to achieve a resilient solution, it has been necessary to consult in detail with other Government Departments and obtain numerous legal advices from the Office of the AG on various aspects of the provisions.  When outstanding matters have been resolved and amendments approved by Government, an early date for Committee Stage will be requested.

**Public Service Pension Restoration**

***Deputy John Curran****asked the Minister for Public Expenditure and Reform if a person who is a pensioner who previously worked in a position (details supplied) is due a pension increase as a result of pay restoration for civil servants; and if he will make a statement on the matter.*

[**Minister for Public Expenditure and Reform**](https://www.oireachtas.ie/en/members/member/Paschal-Donohoe.S.2007-07-23/)**:** The public service pension increase policy that is currently in place in respect of pre-existing public service pension schemes represents a time-limited (expires end-2020), conditions-bound return to the non-statutory, pay-linked method of pension adjustment which prevailed until the onset of the financial emergency.Pay increases agreed are passed on to eligible pensions, to bring the pay level on which the pension is based up to the level of the pay of those still serving in the same grade and on the same scale point, once those pay increases are applied to serving staff.However, not all pensions are eligible for an increase due to the fact that the pay levels on which some pensions are based still exceed the in-service pay level of the corresponding grade and scale point, even after pay increases have been applied.

Public service pension recipients seeking information with respect to their eligibility for pension increases are advised to contact the Payroll Shared Services Centre (PSSC) who will have the necessary information to respond on an individual basis.

**Public Service Pensions Professional Added Years**

***Deputy Brendan Ryan****asked the Minister for Public Expenditure and Reform if information (details supplied) on the professional added years schemes will be provided; and if he will make a statement on the matter.*

[**Minister for Public Expenditure and Reform**](https://www.oireachtas.ie/en/members/member/Paschal-Donohoe.S.2007-07-23/)**:** Professional added year's schemes, in both the Civil Service and State-Sponsored Bodies, apply to pensionable employees appointed to a professional, technical or specialist post where the essential requirements specified in the competition (e.g. qualifications/experience/minimum entry age) result in all candidates from the competition being over the age of 25 on appointment.

1. Professional added years schemes which operate in the Civil Service:

|  |  |  |
| --- | --- | --- |
| ***Relevant dates*** | ***Relevant scheme for assessment of award*** | ***Circula***r |
| Retired before 1 January 1993 | Old Scheme | Circular 11 of 1985: Ad hoc arbitration finding on a claim for the award of added years to certain civil service grades |
| Serving at any time between 1 January 1993 and 31 March 1997 | Staff have a choice between: - Revised Old Scheme - New Scheme | Circular 12 of 1997: Revised schemes for the award of professional, technical and specialist added years to certain civil servants |
| Appointed on or after 1 April 1997 | New Scheme | Circular 12 of 1997: Revised schemes for the award of professional, technical and specialist added years to certain civil servants |
| Appointed as a new entrant by competition advertised on or after 1 April 2005 | New Entrant Scheme | Circular 8 of 2005: Public Service Pension Reform: New Scheme for the award of professional, technical and specialist added years to certain entrant staff of the Civil and Public Service |
| Appointed as a Single Scheme member on or after 1 January 2013 | - N/A\* | - N/A |

\* Please note members of the Single Public Service Pension Scheme are not entitled to professional added years.

1. Professional added years schemes which operate in State- Sponsored Bodies:

|  |  |  |
| --- | --- | --- |
| ***Relevant dates*** | ***Relevant scheme for assessment of award*** | ***Circular / Letter to Depts.*** |
| Serving on 1 July 1987 | Original scheme | Letter to Departments 9 May 1988: Scheme for the grant of “professional added years” for superannuation purposes to staff of State-Sponsored bodies |
| Serving at any time between 1 April 1997 and 31 December 2004. | Staff have a choice between:- Original scheme- Revised scheme | Letter to Departments 19 November 2004: Revised scheme for the award of professional, technical and specialist added years to certain staff of State-Sponsored Bodies |
| Appointed as a new entrant by competition advertised on or after 1 April 2005 | New Entrant Scheme | Circular 8 of 2005: Public Service Pension Reform: New Scheme for the award of professional, technical and specialist added years to certain entrant staff of the Civil and Public Service |
| Appointed as a Single Scheme member on or after 1 January 2013 | N/A\* | N/A |

\*Please note members of the Single Public Service Pension Scheme are not entitled to professional added years.

**Unclaimed Pensions Tracing**

***Deputy Michael McGrath****asked the Minister for Employment Affairs and Social Protection the number of successful matches the host mailing service in her Department has made in the time since the revised protocol was put into place in October 2013 between pension scheme providers and beneficiaries; if such enquiries are responded to by her Department; if the host mailing service and associated efforts are limited solely to enquiries from pension scheme administrators; and if she will make a statement on the matter.*

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** The Department had an arrangement with pension companies where a person's pension had matured and the company had been unable to contact the person.The pension company provided a letter with the person's details and where the Department held a more recent address, the letter was forwarded on to the person at that address. This enabled the person concerned to contact the pension administrator if they so wished. The Department did not provide any information to the pension administrator.As persons contacted in this way would have made contact with the pension companies themselves, and not with the Department, it is not possible to state how many persons benefited from this.

The Department suspended the provision of this service pending the receipt of legal advice on the application of the provisions of GDPR.

**State Pension (Transition)**

***Deputy Niamh Smyth****asked the Minister for Employment Affairs and Social Protection her plans to reinstate the State Transition Pension to prevent persons forced to retire at 65 from having to apply for Jobseeker's Allowance for one year until they reach the State Pension age of 66; 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. 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.  In the coming decades, the ratio of workers to pensioners is set to halve, which clearly has significant implications for any state pension system, based as it is on a pay-as-you-go basis.

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, which 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 patterns.

In most cases, it is hoped that workers will continue to work up to State Pension age, and where this happens, they will have higher incomes, and possibly higher pensions, than if they retired on their 65th birthday.  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.  Jobseeker’s payments are currently paid to eligible jobseekers aged 18 to 66 years. Jobseekers Benefit is payable subject to the person satisfying the general scheme conditions. This entitlement is normally paid for 9 months (234 days) for people with 260 or more PRSI contributions paid, and for 6 months (156 days) for people with fewer than 260 PRSI contributions paid.  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 years) provided they satisfy the necessary contribution conditions.  The jobseekers schemes are kept under review and any further changes, including entitlement beyond the 66th year, will be considered in that context.

It is important to remember 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 age 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.

**IORP II**

***Deputy Darragh O'Brien****asked the Minister for Employment Affairs and Social Protection if a cost-benefit analysis of the impact that the proposed IORP II regulation would have on the operation of pension schemes with fewer than 100 members, in particular its application to one-person pension schemes, has been carried out; the consultation she plans to undertake with relevant stakeholders in respect of the regulation required to give effect to the transposition of IORP II; 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 *Roadmap for Pensions Reform 2018 -2023* launched in February 2018 detailed specific measures that will modernise our pension system.  It includes plans for reform and simplification of occupational and private pensions. Transposition of the Directive is a key part of the *Roadmap* and will support positive reform of the Irish funded occupational pension sector.  Transposition will raise governance standards, improve trustee qualification and suitability, and increase supervision through enhanced powers for the Pensions Authority.

In 2014, the  Department undertook an open public consultation on the IORP II Directive.  Further to that, the Pensions Authority undertook a consultation process on the reform and simplification of supplementary funded private pensions in 2016.  In addition, officials of my Department have engaged on the provisions of the Directive with numerous representatives and stakeholders over a number of years. My Department, supported by the Pensions Authority, conducted detailed analysis  on the implementation of the Directive.  While the Directive provides for the possibility of derogation from specific Articles for smaller schemes, I believe that members of smaller schemes should get the same protections and oversight as members of large schemes.  Money saved for pension purposes should be properly protected to ensure that people have adequate income for their retirement years.  It should be noted that Member States must apply certain provisions concerning investment rules and the system of governance to schemes which have more than 15 members.

The Pension Authority advises that there are 100,000 single member schemes and that 98% of these schemes are already compliant with the investment rules of the IORP II Directive.  Those not compliant will not be obliged to change existing investments and borrowings.

Article 19 of the Directive sets out the investment rules for occupational pension schemes.  The underlying principle for capital investment is for schemes to invest in accordance with the 'prudent person' rule and the other specific rules set out in the Article.  It is recognised that there should be an appropriate level of investment freedom for schemes within prudent limits and this is reflected in the rules.  Assets must be predominantly invested on regulated markets, i.e., at least 50%. This allows adequate scope for investment in instruments with a long-term economic profile and non-listed undertakings such as property and infrastructure.

The value of investments held in many schemes fell substantially during the financial crisis.  This emphasised the need for stricter regulation and greater protections, especially for small schemes investing in riskier unregulated markets.  Concerns in relation to this sector are particularly around the protection of the consumer and the money they have invested, the riskiness of investments, the charges that apply, and the standard of governance.  Accordingly, the Government has decided that the provisions of the Directive should apply to all funded occupational pension schemes.

**State Pension Data**

***Deputy Bernard J. Durkan****asked the Minister for Employment Affairs and Social Protection the number of pensioners in receipt of a State pension in each of the past five years to date in 2018; 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 information is detailed in the following tabular statement. Recipient numbers for schemes for the period 2002-2018 inclusive have also been published online in excel format at *welfare.ie.*

***Tabular statement***

|  |  |  |
| --- | --- | --- |
| Year | State Pension Non-Contributory | State Pension Contributory |
| 2014 | 95,570 | 361,725 |
| 2015 | 95,179 | 377,062 |
| 2016 | 95,221 | 394,378 |
| 2017 | 95,140 | 411,660 |
| 2018 | 95,263 | 413,065 |

Wednesday, February 20

No relevant business

Thursday, February 21

**Written Questions**

**Pension Deduction**

***Deputy Tom Neville****asked the Minister for Finance the reason a pension payment for a person (details supplied) has been reduced; if the matter will be reviewed; if the original payment will be reinstated; and if he will make a statement on the matter.*

[**Minister for Finance**](https://www.oireachtas.ie/en/members/member/Paschal-Donohoe.S.2007-07-23/)**:** Revenue reviewed the person’s tax situation and is satisfied that there is no error and the position is correct.The ‘deduction’ from the person’s Occupational Pension is a consequence of a reduction in their tax credits to facilitate collection of the tax due on their State Contributory Pension. The person was not previously liable to tax because their combined Occupational and Invalidity Pensions were below the exemption limit (€18,000). However, the change from being an Invalidity Pension recipient to a State Contributory Pension recipient brought their combined earnings above the exemption limit.

**State Pension Calculation**

***Deputy Michael Healy-Rae****asked the Minister for Employment Affairs and Social Protection if a matter (details supplied) regarding women's pensions 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 "Yearly Average" method of calculating entitlement to the Contributory State Pension has been in place since the introduction of that pension, then called the Old Age Contributory Pension, in 1961. As a single, comprehensive social insurance scheme was only introduced approximately 8 years previously, a system where people needed a set number of years contributions for a full pension, could not have been introduced, without it either (a) requiring very few contributions for the maximum rate contributory pension, or (b) no-one qualifying at the maximum rate for several decades.

Under the Yearly Average approach, people are paid a rate according to their rate band. For example, someone with 20 years contributions over a 48 year period would qualify at the 85% rate (if they do not qualify for a non-contributory pension at a higher rate of up to 95% instead). These rate bands have been adjusted a number of times over the decades, most recently in 2012 as an alternative to a reduction in the core rate of the pension, which I believe would be the change referred to.

Since 2010, it has been Government policy to replace the Yearly Average system with a TCA to establishing the level of entitlement for all new state pension contributory claims from 2020 onwards. My Department is now reviewing the pension payments of approximately 91,000 pensioners who were awarded less than the maximum rate of pension since September 2012. Given the number of pensioners involved, this work will take a number of months to complete. The increased payments will also include arrears to the 30th March 2018, or the pensioner’s 66th birthday if later. The Department is using information it already has to complete these reviews. However, in quite a number of cases, additional information is required from the pensioners concerned about gap periods in their social insurance records and my Department will be in touch with each of those pensioners individually to get that information.

I have recently been provided with an analysis of the views submitted in the TCA consultation. Having considered this analysis, I intend bringing a proposal to Government shortly, setting out the proposed details of the scheme. When the Government has agreed the approach to be taken, I will initiate the work required to introduce this reform. I can confirm that the model will include provision for homecaring periods.

#### IORP II and SSAP Flexibility

#### *Deputy Darragh O'Brien asked the Minister for Employment Affairs and Social Protection if her attention has been drawn to the potential for small self-administered pensions to partner with the State to assist with the long-term lease scheme for social housing; if she has considered the impact that a the lack of derogation will have in this regard; 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/): Housing policy is a matter for the Minister for Housing. Any questions or suggestions in relation to the long-term lease scheme for social housing should be directed to his Department.

#### Transposition of the IORP II Directive will support positive reform of the Irish funded occupational pension sector. Transposition will raise governance standards, improve trustee qualification and suitability, and increase supervision through enhanced powers for the Pensions Authority. While the Directive provides for the possibility of derogation from specific Articles for smaller schemes, I believe that members of smaller schemes should get the same protections and oversight as members of large schemes. Money saved for pension purposes should be properly protected to ensure that people have adequate income for their retirement years. It should be noted that Member States must apply certain provisions concerning investment rules and the system of governance to schemes which have more than 15 members.

#### Article 19 of the Directive sets out the investment rules for occupational pension schemes. Assets must be predominantly invested on regulated markets, i.e., at least 50%. This allows adequate scope for investment in instruments with a long-term economic profile and non-listed undertakings such as property and infrastructure. SSAPs may continue to invest in the Irish economy, including property, but their investments must be properly diversified to avoid excessive reliance on any particular asset and so minimise risk in the portfolio as a whole. Such diversification has been proven to reduce investment risk.

#### The value of investments held in many schemes fell substantially during the financial crisis. This emphasised the need for stricter regulation and greater protections, especially for small schemes investing in riskier unregulated markets. Concerns in relation to this sector are particularly around the protection of the consumer and the money they have invested, the riskiness of investments, the charges that apply, and the standard of governance. Accordingly, the Government has decided that the provisions of the Directive should apply to all funded occupational pension schemes.

**Seanad**

Tuesday, February 19

No relevant business

Wednesday, February 20

No relevant business

Thursday, February 21

Adjourned

**Oireachtas Committee**

No relevant business

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**LAHIFFE & ASSOCIATES  
Public Affairs & Political Communications**

**+353 87 256 2166**

www.linkedin.com/in/franklahiffe