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

**OIREACHTAS REPORT FOR APTI**



**April 2 - 4, 2019**

**PENSION ISSUES**

**Dail**

Tuesday, April 2.

**Written Questions**

**Access to Pensions**

***Deputy John Brady****asked the Minister for Public Expenditure and Reform if he will consider extending the age limit for children to access their deceased parents' civil service pension beyond 21 years of age in order to complete a third-level course of education; if there is data on the number currently accessing the scheme; if his attention has been drawn to cases in which the funding ceases upon the child reaching 21 years of age yet still has to complete their third-level course; 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 Civil Service Spouses’ and Children’s Contributory Pension previously provided for payment of pension to children up to the age of 16 or up to their 21st birthday if they were in full time education. However, General Council Report No. 1324, adopted in December 1997, extended the period of payment for children in full time education up to age 22. This was on foot of a claim lodged by the staff side on the basis that 3rd level education and training was then the norm rather than the exception, and that in many cases, children were still in full-time education at age 21.

While agreeing to the increase from age 21 to 22, the Official side noted that public service schemes, as a whole, offered terms that were more favourable than those available in the private sector. That view was generally supported by the Commission on Public Service Pensions in its final report (2000), which found that all public service schemes include spouses’ and children’s benefits, whereas this was not necessarily the case in the private sector. The Commission did not recommend any further extension in the upper age limits for payment of children's pensions.

In relation to the numbers of children accessing the scheme, the Payroll Shared Service Centre, which administers the civil service scheme, advised as follows:

|  |  |
| --- | --- |
| **Age group** | **No. Accessing the Scheme.** |
| Aged under 16 | 145 |
| Aged 16 | 33 |
| Aged 17 | 34 |
| Aged 18 | 43 |
| Aged 19 | 43 |
| Aged 20 | 32 |
| Aged 21 | 50 |

As I have already noted, the granting of the pension up until the age of 22 is contingent on the child attending full-time education. 48 eligible recipients reached age 22 in 2018, and thus had their pensions ceased. I have no plans to extend the payment of children’s pension for those in full time education beyond the point of their 22nd birthday. However, in the case of permanent physical or mental incapacity, a child's pension may be continued for life if the incapacity occurred when the child was under 16, or under 22 while in full-time education or training.

Wednesday, April 3

**Written Questions**

**Public Sector Retirement**

***Deputy Catherine Murphy****asked the Minister for Public Expenditure and Reform the reason it was considered appropriate to force a small cohort to retire ahead of others (details supplied); if there are provisions available in order that those who want to continue in their employment may do so; 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/)**:** On 5 December 2017 the Government made a decision to increase the compulsory retirement age to 70 for public servants recruited prior to 1 April 2004. Primary legislation was necessary in order to bring that change into effect. It was made clear at the time that until such legislation was enacted, the compulsory retirement age of 65, which applied to the vast majority of this cohort, remained in effect and pre-2004 public servants reaching that age would be required to retire.

I made special interim arrangements for the cohort of public servants who reached their compulsory retirement age of 65 after the decision because, while they would be aware of the Government’s decision, they would be unable to avail of it.  Those arrangements, clearly conveyed to all concerned, permitted these individuals to be rehired post-retirement for a period of 1 year until they reached the age of eligibility for the State Pension (Contributory).  Without that special arrangement, they would have been required to cease working on reaching 65.

The Public Service Superannuation (Age of Retirement) Act 2018 was enacted on 26 December 2018. Under the Act, any relevant public servant who had not already reached their compulsory retirement age of 65 before that date has a new compulsory retirement age of 70.  Enactment of the legislation had no effect on those public servants who retired at 65 prior to the 26 December 2018 and who availed of a one year contract under the interim arrangements.  The terms of their contracts continue to apply and they will cease working when they reach 66.

Section 3A(6) of the Public Service Superannuation (Miscellaneous Provisions) Act 2004 was inserted by Section 3 of the Public Service Superannuation (Age of Retirement) Act 2018.  It provides that I, within three months of the passing of the Act, would prepare and lay before the Oireachtas a report on the public servants who were forced to retire between 6 December 2017 and the commencement of the Act, due to reaching 65, and on potential remedies to assist this cohort of worker.  The report was laid before the Oireachtas on the 26 March 2019 and is publicly available on the Oireachtas and Department of Public Expenditure and Reform websites.

Whenever legislation is enacted to implement a change in policy, there has to be a dividing line between those who are affected by the change and those who are not.  There are always people who will not benefit because they miss the deadline by a matter of days or weeks.  Having considered all of the issues, I am satisfied that the interim arrangements were an appropriate temporary policy response at the time pending enactment of the legislation.  The terms of those arrangements were clear, unambiguous and made known to those who availed of them.  Accordingly, I do not propose to make any changes.

**Occupational Pensions**

***Deputy Carol Nolan****asked the Minister for Employment Affairs and Social Protection when pensioners in receipt of semi-State company pensions will receive a cost of living pension increase; and if she will make a statement on the matter.*

***Deputy John Curran****asked the Minister for Employment Affairs and Social Protection if she will review the operation of pension schemes for retired members of semi-State organisations; if her attention has been drawn to the fact that one fifth of these pensioners are on a pension of less than €12,000 per annum and many have not received a pension increase in recent years; 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/)**:** My Department has no role in setting the level of pensions increases received by members of occupational pension schemes, irrespective of whether those schemes operate in the public or private sector. Pension increases for occupational pensions are entirely a matter for the scheme trustees and the sponsoring employer to whom enquiries should be addressed. If any individual has evidence that pension scheme trustees are not acting in the best interests of scheme members,they should complain to the scheme trustees in the first instance.  If the complainant is not satisfied with the trustees’ reply, they should raise their concerns with the Pensions Authority.

If a person does not qualify for a State Pension (Contributory) and does not have sufficient means, they may qualify for a means-tested State Pension (Non-Contributory) instead.  This is paid at a rate of up to 95% of the State Pension (Contributory), with 70% of such pensioners receiving the maximum rate of payment.  The rate a person receives will depend upon their means, based upon (a) their cash income, (b) the value of capital they have (for example, savings, investments, cash on hand and property but not their own home), and (c) income from property personally used.  The highest rate of payment, for those with means of up to €30.00 per week, is €237, although someone with means under €257.50 weekly (€13,390 per annum) may qualify for a reduced rate of payment, depending upon their circumstances.

Thursday, April 4

**Priority Oral Questions**

**TCA**

***Deputy Willie O'Dea****asked the Minister for Employment Affairs and Social Protection if the TCA to calculating entitlement to the Contributory Pension will come into effect in 2020; 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 Government gave the impression that this system would be in place from 2020. Is that still the position? If that is the Government's intention, when will we see the legislation providing for it?

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** The Roadmap for Pensions Reform 2018-2023 targeted implementation of TCA from Q3 2020. This is subject to the necessary legislation being enacted and supporting structures being in place.

Consultation is a very important part of the development and design of any new pension system. With this in mind, I launched a public consultation on the design of TCA on 28 May 2018 to which a wide variety of stakeholder groups were invited to make submissions. A number of workshops were also held on the day to elicit views and feedback. The consultation was open for more than three months and the Department received almost 300 responses from individuals and organisations. Those submissions outlined the views of respondents on the issues of most interest to them.

Having carefully examined the outputs of the consultation process, my Department is now designing the scheme and I intend to bring a proposal to Cabinet shortly setting out that design. Once the Government has agreed the approach to be taken, I will initiate the work required to introduce this reform. At that stage, the Heads of the Bill will obviously go to the Committee on Social Protection for pre-legislative scrutiny. As soon as the legislation is drafted, it will be brought to the House and I intend to do it later this year.

[**Deputy Willie O'Dea**](https://www.oireachtas.ie/en/members/member/Willie-O'Dea.D.1982-03-09/)**:** From the Minister's reply, I take it there is no guarantee that it will come into effect in 2020. As a result of the consultation, the necessity for legislation, Cabinet agreement etc., it may not kick in until later than 2020.

I want to ask the Minister about one or two technical aspects of the proposal. I know it is in the course of preparation and the Minister mentioned a consultation process with 300 submissions, etc. I am sure the Minister got a submission the rest of us received relating to the existing hurdle for someone to qualify. Regardless of their record, they must have at least 520 paid contributions. That is the position under the temporary arrangement the Government has introduced, which we supported, to accommodate people who became pensioners since 2012. The rules for the new system may not necessarily be the same as the rules that apply at the moment. As the Minister will be aware, the initial hurdle was 260 paid contributions, which equates to 5 years' full paid stamps. When people have paid contributions for 5 years they usually have other credits, etc. The required number of paid contributions is a terrible cliff edge. There are very many people in the country who have paid between 260 and 500 contributions. I realise that there would be a big cost factor if the Minister were to reduce it in one go to 260, but surely some recognition can be given to people who have paid at least 260 contributions even if it meant being less generous in the allocation of credits, etc.

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** I cannot say what the Deputy has asked me to say because it is not true. Although there are no guarantees in life, and obviously anything could happen between now and 2020, the Government's ambition is to start up contributions in 2020 and that has not changed. We cannot rule out something happening next month or next year, but that is the ambition and that is the roadmap we are working towards.

Many submissions were made for a variety of options to be included and we are looking at all of them. I hope what we will provide to Cabinet to rubber-stamp, hopefully, will be all encompassing. I do not want to discount anybody's contribution during their lifetime of work. I do not just mean work outside the home; I also mean to give people a lift or a step-up to include all the work they do inside the home. Although I am not in a position to tell the Deputy what the final outcome will look like, my aim is to ensure the system will work for generations to come, will be fair and equitable and will take into account everybody's contribution to society, both inside and outside the home.

[**Deputy Willie O'Dea**](https://www.oireachtas.ie/en/members/member/Willie-O'Dea.D.1982-03-09/)**:** I appreciate the Government's ambition for 2020 but I am getting constant queries, as, I am sure, are other Members, from constituents as to when the new system will be put in place. I cannot tell them definitively, on the basis of the Minister's reply, that it will be next year, but that is the Government's ambition. Did the Department receive submissions in the consultation process regarding the baseline figure of 40 years, which is 2,080 contributions? It was originally envisaged that it would be 30 years rather than 40.

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** I would be very comfortable if the Deputy said to his constituents what I say to mine, namely, that our intention is to introduce it in Q3 2020. That intention and the Roadmap for Pensions have not changed since we drew up that Roadmap in 2018. There were many submissions on the topic referred to by the Deputy. However, things have changed over the years. The original formation looked at a 30 year span, but only 10 years' credits. We all recognise that people, particularly women, who stay at home to mind their children do so for a hell of a lot longer than 10 years. They should not be discounted. There is no final outcome yet. I have to finalise the position in the next couple of weeks. I want to ensure that everyone's contribution inside and outside the home is recognised equally.

**Auto Enrolment**

***Deputy John Brady****asked the Minister for Employment Affairs and Social Protection the status of her plans to introduce auto-enrolment; the stage plans are at; the next steps; and if she will make a statement on the matter.*

[**Deputy John Brady**](https://www.oireachtas.ie/en/members/member/John-Brady.D.2016-10-03/)**:** I wish to ask the Minister about the status of her plans to introduce auto-enrolment. The consultation period ended last November. What are the next steps? I call on the Minister to 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/)**:** As stated in the Roadmap for Pensions Reform, the Government proposes to implement a supplementary retirement savings system known as automatic enrolment, AE, by 2022.  This will see employees without personal retirement savings automatically enrolled into a quality-assured retirement savings system with freedom of choice to opt out.I launched a straw man public consultation process for an automatic enrolment retirement savings system in Ireland, which is a bit of a mouthful, last August as the basis for a national public consultation.  I have said that the straw man should not in any way be construed as a confirmation of the form this system will ultimately take.  Thankfully, it has not been. The straw man is a high-level draft document intended to generate and prompt discussion and improve our ideas.  Thankfully, that is exactly what it has done.

In excess of 100 written submissions were received from employer and employee representatives, pensions industry bodies, advocacy groups and genuinely interested individuals from whom I was very keen to hear.  My officials have met with many of these groups.  I chaired several public consultation seminars held in Dublin, Galway and Cork.  Most recently, a series of focus groups was held in March to garner the views and ideas of the target population for automatic enrolment. Overall, the responses to the straw man have been very positive and constructive.  In the vast majority of cases, our proposals were welcomed and nearly every stakeholder agreed with most of the design features.  As is human nature, we all have different views on how to improve things. There were diverging and conflicting views from stakeholders on specific aspects. These diverging views depended on which body they represented.

My Department is continuing to analyse the substantial material collated from the consultation process in order to determine how the feedback received can assist with the design process.  Furthermore, my Department is continuing its research and consultation with experts from around the world who have already implemented improvements to their own systems.  My Department has also commissioned the ESRI to examine the potential macroeconomic and microeconomic impacts of automatic enrolment. It is anticipated that reports of findings from the consultation process and the research currently being undertaken will be brought to Government in the coming months. These reports will assist the Government in making decisions on the next steps for implementation to enable the scheme to commence in Q1 2022.

[**Deputy John Brady**](https://www.oireachtas.ie/en/members/member/John-Brady.D.2016-10-03/)**:** We welcome any provision that will mean additional financial security for workers when they reach old age. That said, we have some concerns in regard to the straw man that was published and we made a submission on that. To come to the crux of the issue, there is poor coverage and only 1 out of 3 employees have a private pension in the private sector. When we take into account the public service, it pushes that up to 47%, but it is still very low. We know there are serious concerns in terms of pension charges and uncertainty around DC and DB schemes, all of which needs to be addressed. Auto-enrolment gives us an opportunity to address all of these issues, but there are still key questions to be answered, which is why I asked for a timeframe. While there were over 100 written submissions ,and that is welcome, it is a low number although I presume many of those were from organisations. When can we expect to see the next stage of the process?

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** The Deputy's submission is very welcome. The views he expressed in the submission were not unique and there are others who share his views, which will not surprise him. We both agree that 35% coverage is too low. Some 65% of people are not saving a single euro for when they get to 66 and we need to help them to make sure they have a better quality of life when they get to 66.My ambition is to have a document brought to Cabinet before the July recess and, as it is April now, it is not that far away. I will try to do it as early as I possibly can so we can have considerable time to discuss the proposal. The Deputy might like 80% of it and not like 20%. However, I need to ensure we can all agree on the proposed system. As soon as the memo goes to Cabinet, I will bring it to the Committee and we can have a conversation.

[**Deputy John Brady**](https://www.oireachtas.ie/en/members/member/John-Brady.D.2016-10-03/)**:** Hopefully, the Minister will publish that document and she has said she will furnish it to the Committee. I look forward to seeing it and scrutinising it. The crucial elements are the contributions from the employer, the employee and the State, and how this will be teased out and expanded upon. Obviously, from the perspective of my Party, fund management is one of the key components. We have put forward proposals around the NTMA and the State playing a leading role in the management and investment of that money. It could be put to fantastic use within the State, whether in regard to housing or the green economy. I look forward to the document being brought forward. Is that a definite timeframe and is the Minister committed to bringing it to Cabinet before the summer recess?

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** That is my plan. Once the scheme is finalised, arising from the changes we will potentially make following the consultation process, I have no choice but to bring the memo to Cabinet as I do not have the authority to do these things off my own bat. We will bring the memo to Cabinet and I will get approval. If I get approval on the scheme as it is presented, that is when I will bring it to the Committee. At the end of the day, this has to go through as legislation so it will have to go through pre-legislative scrutiny. It will obviously go through that robust analysis and people will either agree or not agree.

To touch on some of the specifics raised by the Deputy, I would like to see some of the ideas he has. Unfortunately, it may not be easy to design and direct money specifically to a particular area. As I said, I am not finished the deliberations yet and I will come back to the Deputy when it is ready.

[**Deputy Willie O'Dea**](https://www.oireachtas.ie/en/members/member/Willie-O'Dea.D.1982-03-09/)**:** The Minister said the straw man proposals are not conclusive, which I accept. However, I notice straw man does not advert at all to the possibility that the pension will be delivered other than by one of a small group of companies in the private sector. Straw man does not accept the possibility that it will be delivered through a public body.

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** I think I understand the question. The straw man was designed to elicit conversation and discussion and it certainly has done that. There are a number of suggestions from the 100 written submissions that this should be entirely Government-run and that a Government agency be established. However, as I said, we will establish a preferred method based on all of the views that have been put to us with regard to what is the best and the most sustainable way of providing the assistance we want to provide.

**State Pensions Payments**

***Deputy Aindrias Moynihan****asked the Minister for Employment Affairs and Social Protection the timeframe for completion of the reviews being carried out into persons affected by the changes to the State Pension (Contributory) in 2012; and if she will make a statement on the matter.*

***Deputy Éamon Ó Cuív****asked the Minister for Employment Affairs and Social Protection when all the cases will be examined under the review of pensioners entitlements which follows the introduction of a TCA method for assessing pensioners that became eligible for the State Pension after September 2012; and if she will make a statement on the matter.*

[**Deputy Aindrias Moynihan**](https://www.oireachtas.ie/en/members/member/Aindrias-Moynihan.D.2016-10-03/)**:** The 2012 pension cut hit very hard because it reduced the weekly pension for many people, and 6 years on, the correction is very much needed. However, time is not on the side of the people who are losing out. Having their weekly payment corrected as soon as possible must be a priority, given there are 90,000 people losing out each week. How soon will those reviews be concluded so people can see that correction reflected in their weekly pension?

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** Since late September 2018, my Department has been planning and developing processes to review the social insurance records of approximately 90,000 pensioners born on or after 1 September 1946, who had a reduced rate State Pension Contributory entitlement based on post-Budget 2012 rate bands. These payments are being reviewed under the new model of pension calculation, which includes provision for home caring periods.

Reviews commenced on 13 February 2019, the day after I signed the necessary regulations, which together with provisions in the Social Welfare, Pensions and Civil Registrations Act 2018 allow the increased payments to be made. As of 2 April 2019, 13,915 or 15% of reviews have been completed. Of these, 10,398 or 75% have resulted in an increased payment for the pensioners concerned. The pensioners who did not qualify for an increase will continue to receive exactly the same payment as heretofore.

As I stated at the outset, it will take a number of months to complete all the reviews due to the numbers involved and the individual nature of social insurance records. In some cases, it is necessary to engage in correspondence with the pensioner in order to clarify periods of caring, work and contribution histories. To date, over 36,900 requests for information have been sent out to pensioners. In order to process these reviews, 121 temporary staff have been recruited and trained and are now in our sections in Sligo and Donegal and it is planned to recruit a further 8 staff this month. Based on experience to date, it is anticipated that it could take up to the end of September to complete all reviews.

What I have said previously is that if we send out information requests to people and they do not reply to us, I have no intention of closing off the reviews. We will keep going and keep sending out reminders until every single one of the 90,000 people who were adversely affected by the rate band changes from 2012 have an opportunity to go through their file with one of our 121 staff to make sure they get what they are entitled to and any back payment they are due.

[**Deputy Aindrias Moynihan**](https://www.oireachtas.ie/en/members/member/Aindrias-Moynihan.D.2016-10-03/)**:** The figures suggest there are 90,000 people affected and there has been a staff increase of 120. Given some 1,200 to 1,300 cases are being processed per week, this suggests the 90,000 could take a year or a year and a half to process. Time is not on the side of these people. Is the Minister satisfied the Department has enough staff to deal with this? It initially started off with 60 staff, increased to 70 last year, then to 100 and the Minister is now talking about 120. Has she underestimated the workload involved? Is she satisfied there are enough staff?Is the 90,000 figure only for people on the Contributory Pension? There is also a cohort of people who chose to take the Non-Contributory Pension because it paid them better than the Contributory. Are they included in the 90,000 or is that figure an underestimation? Is the Minister's target realistic?

[**Deputy Éamon Ó Cuív**](https://www.oireachtas.ie/en/members/member/%C3%89amon-%C3%93-Cu%C3%ADv.S.1989-10-01/)**:** In selecting the people for early examination, was priority given to those cases where there was likely to be an increase in the pension following the review?

[**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty)**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** Nobody was prioritised. Letters were sent out randomly and nobody was particularly selected because of their age, the length of time or anything like that.The ambition is for us to ensure that we carry out reviews of all 90,000 cases as quickly as we can.

In response to Deputy Aindreas Moynihan regarding the staging of the recruitment, that is how long it took us to find staff. It certainly was not our ambition to start off with 60 staff, before increasing the number to 80 and then 120. I am completely satisfied that the staffing levels are sufficient to ensure this process will be completed in a couple of months. It will certainly not take anywhere near as long as the Deputy suggested. I am also adamant that I will not tell the Deputy or anybody else that we are finishing on 1 June when people still not have given us the information required to allow their cases to be reviewed. In many cases, we can probably do reviews based on the information we have. Those cases are easier to review but there are many gaps where we do not have the information and that requires co-operation and information flow back and forth. To be fair and truthful, we had anticipated being able to do the vast majority of these reviews online, meaning we expected that if I emailed the Deputy today, he would email me back tomorrow. However, this approach does not quite work with some members of our older population and there is a delay in receiving responses when we send out requests for information.

**Written Questions**

**IORP II**

***Deputy Willie O'Dea****asked the Minister for Employment Affairs and Social Protection the status of the IORP II Directive; if she will apply for a derogation for self-directed pension 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/)**:** The transposition of the IORP II Directive will result in significant improvements to the regulation and governance of funded occupational pension schemes in Ireland.  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. The value of investments held in many schemes fell substantially during the financial crisis.  This highlighted 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.  Money saved for pension purposes should be properly protected to ensure that people have adequate income for their retirement years.

Under the Directive, the underlying principle for capital investment is for schemes to invest in  accordance with the 'prudent person' rule and other specific rules set out.  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.  In this regard, the application of the Directive is prospective, not retrospective.  This means that existing investments and borrowings can remain in place.  After transposition all single member schemes, including Small Self-Administered Schemes, who are the only schemes currently allowed to borrow, will not 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 in the Directive.

While small self-administered pension schemes may continue to invest in the Irish economy, including property and SMEs, the assets of the scheme must be properly diversified to avoid excessive reliance on any particular asset and thereby minimise risk in the portfolio as a whole. Such diversification has been proven to reduce investment risk.  This approach will enhance consumer protection so that pension savers have adequate income for their retirement years. The Pension Authority advises that there are approx. 100,000 single member schemes and that c. 98% of these schemes are already compliant with the investment rules of the IORP II Directive.

Officials in my Department, supported by the Pensions Authority, are managing the transposition process of the IORP II Directive.  This is a substantial Directive and my Department is working towards transposition into Irish law as early as possible in 2019.  Once that is done, and to ensure that schemes are informed of their obligations under the Directive, the Pensions Authority will also undertake a communication campaign on the implementation of the Directive.  The Authority will engage and consult with industry stakeholders and trustees on implementation of the new regulatory regime and related codes of practice.  The emphasis of this engagement will be on providing sufficient support, time and information in order for industry and trustees to plan for and make the changes needed.

**TCA Application Forms**

***Deputy Denis Naughten****asked the Minister for Employment Affairs and Social Protection when application forms for the State Pension (Contributory) review will be made available; 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/)**:** Wherever possible, reviews will be processed using information already held by my Department.  In some cases, additional information is being requested to ensure people receive the best rate possible.  Paper application forms are available on request and have been issuing to pensioners since the middle of February.  Almost 7,200 forms have issued and as at 2 April 2019, just over 4,600 have been returned.  I would urge anyone who has yet to provide additional requested information to the Department to do so as soon as possible so that their review can be processed.

**TCA**

***Deputy Willie O'Dea****asked the Minister for Employment Affairs and Social Protection the status of the review under way of entitlement to an increased rate of Contributory Pension; the number of cases that remain to be reviewed; when the review will be completed; and if she will make a statement on the matter.*

***Deputy Martin Heydon****asked the Minister for Employment Affairs and Social Protection the status of progress in completing reviews for those in receipt of reduced pension amounts; 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 progress continues to be made in addressing the issue by which women have been deprived of contributory pensions having retired from the workplace while raising their families due to the marriage ban and who have made a major contribution to society in the course of their working lives; if their cases are being re-examined with a view to crediting them with sufficient contributions to enable them qualify for the State pension; 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 most recently available figures show that as at 2 April 2019, 13,915 reviews have been completed.  Of these, 75% have resulted in an increase in payment and 25% continue to receive their existing rate. It will take a number of months to complete all the reviews due to the numbers involved and the individual nature of social insurance records.  121 temporary staff have been recruited to help with this work and at this stage, it is anticipated that the reviews will be in the coming months when written outcomes will have issued to all pensioners involved.

Regardless of when a review is conducted, where an increase in payment is due, the person's rate of payment will be adjusted without delay and arrears issued backdated to 30 March 2018, or the pensioner’s 66th birthday if later.  Where a person's rate does not increase following a review, the person will continue to receive their existing rate.

**State Pension Contributions**

***Deputy Bernard J. Durkan****asked the Minister for Employment Affairs and Social Protection the extent to which women or men who have insufficient contributions to meet the requirements for qualification for the old age pension are now being accommodated; 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/)**:** A person is required to have 520 contributions paid to qualify for the State Pension (Contributory).  It is reasonable to require people who seek a contributory pension to have made at least 10 years paid contributions into the SIF which finances it, over 50 years of working age life.  While it was lower in the past when PRSI coverage was less widespread, legislation was introduced in 1997 to increase this threshold to 520 weeks, or 10 years of contributions.  A 15 year period was allowed pass between that legislation being enacted and the threshold being raised to this level, which would have been sufficient for most people to achieve the required contributions.

For those who do not qualify for the State Pension (Contributory), there are other pension payments available. Notably, they may qualify for the State Pension (Non-Contributory) which is a means-tested payment (based on their share of household means) with a maximum payment of 95%.  If their spouse has a contributory pension, they may qualify for an IQA (based on their own means), amounting up to 90% of a full rate pension. Consequently, if a person does not receive a State Pension after pension age, they have both significant means and have made little or no contribution to the SIF over their working life. Introducing a new pension entitlement for such people would reduce the resources available for other pensioners, most of whom have less means than they do, and have contributed significantly more to the SIF.

**Occupational Pensions Home Care Credits**

***Deputy Bríd Smith****asked the Minister for Public Expenditure and Reform if he will examine the possibility of widening the applicability of the home care credit in the calculation of pension entitlements for retired workers, specifically workers in semi-State organisations and bodies such as CBI, who may have no entitlement to State Contributory Pensions and whose workplace pensions are disadvantaged by the refusal of the semi-State employers to give credit to workers for years out of the workforce raising families; if the legislation can be amended to cover such workers and ensure all women who raise families are given home care credits in calculating their final pensions; 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 terms of occupational pension schemes (both private sector and public service pension schemes) are separate and distinct from the conditions laid down by the Department of Social Protection in relation to the State Pension (Contributory).For example, it is a fundamental feature of occupational pension schemes and of the regulatory framework within which they operate, that pension entitlements are, in general, earned in respect of periods of paid employment and having regard to the amounts of remuneration earned. The State Pension (Contributory), on the other hand, has regard to each person’s social insurance record, which may include periods in insurable employment, voluntary contributions and credited contributions.Any attempt to insert home credits into public service occupational pension schemes would run counter to fundamental principles underpinning those schemes and would represent a very substantial cost to the State.

I would also point out that members of most pre-2013 public service pension schemes, including those of State bodies and bodies such as CBI, will have the option to purchase notional pensionable service at full cost to themselves and subject to the normal purchase scheme limits, including compliance with Revenue limits in relation to the obtaining of tax relief on their purchase contributions, and so may compensate in this way for taking time out of work for home caring.

In relation to the Single Public Service Pension Scheme, which is the career average DB scheme applicable to most new entrant public servants from January 2013, arrangements to facilitate the purchase of Single Scheme benefits additional to the benefits accrued based on pensionable remuneration earned by the Scheme member, are currently being finalised.

**Farm Assist & Pension Contributions**

***Deputy Michael Healy-Rae****asked the Minister for Employment Affairs and Social Protection if proposals (details supplied) will be considered for 2020 for contributory pension requirements; 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 Farm Assist scheme was introduced in 1999 to provide income support for low income farmers.  It replaced the former Smallholders’ Unemployment Assistance payment.  In line with the then existing arrangements for Unemployment Assistance (including smallholders) and pre-retirement allowance, the income of farm assist recipients was exempt from class S PRSI for self-employed workers, and so they did not have to pay into the SIF at that time.  Recipients of Farm Assist who had previously paid Class S social insurance had the option of paying voluntary contributions to maintain their social insurance record, including their entitlement to State Pension Contributory, provided they satisfied the qualifying conditions.

PRSI credited contributions (credits) are only awarded to former employees, to cover gaps in social insurance where they are not in a position to pay PRSI such as during periods of unemployment, illness, etc.  Self-employed workers, whether farmers or self-employed in other sectors, do not qualify for credits.

**State Pension (Non-Contributory) Data**

***Deputy Bernard J. Durkan****asked the Minister for Employment Affairs and Social Protection the number of applications for a State pension (non-contributory) received in each of the past five years to date; the number approved and rejected, respectively; 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 requested is provided in tabular form. The figures for 2019 refer to January and February.

**State Pension Non-contributory**

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Registered | Awarded | Rejected |
| 2013 | 9,429 | 7,445 | 2,351 |
| 2014 | 8,998 | 7,750 | 2,350 |
| 2015 | 9,732 | 7,675 | 2,188 |
| 2016 | 9,213 | 8,132 | 2,332 |
| 2017 | 9,187 | 7,577 | 2,139 |
| 2018 | 9,053 | 8,040 | 2,253 |
| 2019 | 1,602 | 1,391 | 394 |

**Seanad**

Tuesday, April 2

**Commencement Matter**

[**Senator Robbie Gallagher**](https://www.oireachtas.ie/en/members/member/Robbie-Gallagher.S.2016-04-25/)**:** Some86,000 people are awaiting a decision on their entitlement to an increase in the State Contributory Pension.These people have lost out financially due to a decision made by the Government in 2012. Most of them are women who took time out to look after and rear their children.

I understand that a review is under way in relation to the post-Budget 2012 band rates. While I welcome the review, I am disappointed to learn that as of 8 March 2019, only 4,254 reviews have been completed out of a total of almost 90,000. That is less than 4%. It is disappointing to learn of such slow progress. Fianna Fáil has pushed the Government hard to address the anomaly in the Contributory State Pension scheme which resulted in people losing out financially. These changes have resulted in thousands of people losing out on entitlements they thought they would get in their full State Pension. While the good news is that the review is under way, progress is disappointingly slow. I appreciate fully that there is a significant job of work to do here. I also acknowledge that some additional staff recruitment has taken place in the Department to carry out the review. However, notwithstanding the fact that the commitment to undertake the review was made 15 months ago in 2018, only 4% of the 90,000 reviews are complete. That is very disappointing.

As I said earlier, people, most of whom are women, have lost out financially due to the measures adopted by the Government in 2012. They have lost a great deal of money for no other reason than that they took time out to rear their children. The additional delay adds to what they have lost already and is very disappointing for many. Many people have contacted me to express their disappointment and, indeed, anger at the continuing delay. I hope Minister of State Stanton can tell me today how the review is progressing, when he expects it to be completed and when people can expect to receive renewed payments in the form of increases in the State Contributory Pension.

**Minister of State (**[**Deputy David Stanton**](https://www.oireachtas.ie/en/members/member/David-Stanton.D.1997-06-26/)**):** Since late September 2018, the Department of Social Protection has been examining the social insurance records of approximately 90,000 pensioners who were born on or after 1 September 1946 and who have a reduced rate State Pension Contributory entitlement based on the post-Budget 2012 rate bands. These payments are being reviewed under a new TCA to pension calculation, which includes provision for home-caring periods. The reviews commenced on 13 February 2019, the day after Minister Doherty signed the regulations required, together with provisions in the Social Welfare, Pensions and Civil Registrations Act 2018, to permit the increased payments to be made. As of 28 March 2019, 11,646 reviews have been completed. Of these, over 8,850 have resulted in an increased payment for the pensioners concerned. Pensioners who did not qualify for an increase in payments will continue to receive their existing weekly rate. As such, nobody will lose out as a result of this review.

The Minister has stated from the outset that it will take a number of months to complete all the reviews due to the numbers involved and the individual nature of social insurance records. In some cases, it is necessary to engage in correspondence with a pensioner in order to clarify contribution histories and periods of caring and work. To date, over 34,000 requests for information have issued to pensioners. In order to process these reviews, 121 temporary staff members have been recruited to the Department's offices in the north-west. Regardless of when a review is conducted, the person's rate of payment will be adjusted without delay where an increase in payment is due and arrears will be issued, backdated to 30 March 2018 or the pensioner's 66th birthday, if later. Where a person's rate does not increase following a review, the person will continue to receive their existing rate of payment. Given the scale of the work, which involves 90,000 pensioners, the fact that each case requires close individual examination and that some cases are more complex than others, it is not be reasonable to expect all reviews to be processed immediately. While this work will take a number of months to complete, it will continue until all pensioners have been notified of the outcomes of their reviews in writing. The Minister urges anyone who has yet to provide additional requested information to the Department to do so as soon as possible so that his or her review can be processed.

[**Senator Robbie Gallagher**](https://www.oireachtas.ie/en/members/member/Robbie-Gallagher.S.2016-04-25/)**:** I welcome that some progress has been made with an increase on the 4,254 figure I gave to 11,646. I welcome also and accept that 121 temporary staff members have been recruited to tackle this job. That said, it will continue to be a time-consuming and slow process.Can the Minister of State give me, or more important, the pensioners concerned, any indication of timeframe as to when the Department expect this review to be to be completed? I will not hold him to the last day.

**Minister of State (**[**Deputy David Stanton**](https://www.oireachtas.ie/en/members/member/David-Stanton.D.1997-06-26/)**):** As stated in the reply, the Minister said it would take a number of months. Some 34,000 people have been written to and she is anxious that they would respond, if they have not done so already. Where a pensioner is awarded an increase, it will be backdated to 30 March 2018 or the person's 66th birthday, if later than that, and arrears will be paid, which is important.

Following the Government decision in 2018, work began on the significant system changes and legislative requirements to cater for new measures. A system change was delivered in November 2018 and January 2019, in time for reviews to commence from 13 February 2019. Reviews began the day after the Minister signed the necessary regulations, which together with the provisions in the Social Welfare Pensions and Registration Act 2018 allowed the increase in payments to be made. In September 2018, work began on identifying people to be reviewed and examining social insurance records of those born on or after 1 September 1946 who have a reduced Contributory Pension element. Because of this work, not all of those reviewed will need to provide additional information, which makes the process as easy as possible.

The Minister said that the first payments would be made in Q1 2019. This has been achieved and work on reviews will continue until all the reviews that have been completed over the coming months.

Wednesday, April 3

No relevant business

Thursday, April 4

No relevant business

**Oireachtas Committee**

No relevant business

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

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

**+353 87 256 2166**

www.linkedin.com/in/franklahiffe