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

**OIREACHTAS REPORT FOR APTI**

**March 26 - 28, 2019**

**PENSION ISSUES**

**Dail**

Tuesday, March 26.

**Written Questions**

**FSPO**

***Deputy Pearse Doherty****asked the Minister for Finance if he is satisfied that the FSPO is sufficiently resourced to handle the complaints it receives in a timely manner; and if he will make a statement on the matter.*

***Deputy Clare Daly****asked the Minister for Finance his views on whether the FSPO is sufficiently resourced and staffed to deal with the volume of applications it receives, in view of the fact that some clients are waiting months or even years for their complaints to be heard; 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/)**:** Under section 15(4) of the FSPO Act 2017, the Ombudsman may appoint staff to his office and determine their duties with the approval of the Minister for Finance and the consent of the Minister for Public Expenditure and Reform.

The FSPO commissioned a Workforce Plan 2019-2023 and submitted it to my Department. It includes an analysis of the level of resources currently available to the FSPO against both current and predicted future demand for his services.

Officials have just concluded their consideration of the best way to ensure that the FSPO has the appropriate resources to deal with the workload of his Office. In light of this, I have approved a substantial increase in staff in the FSPO which I expect to assist the FSPO in fulfilling its remit to independently resolve complaints against financial services and pension providers.

**Pension Arrangements**

***Deputy Seán Haughey****asked the Minister for Finance if his attention has been drawn to the fact that married State pensioners with additional occupational pensions do not benefit greatly from the usual €5 annual increase in the State pension due to the income tax provisions for this cohort of taxpayers; if the issue will be addressed in future budgets; the assistance provided generally to State pensioners in the income tax system; 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/)**:** Both the State Contributory Pension and the State Non-Contributory Pension are chargeable to income tax, but not to USC or PRSI.Where a person is in receipt of both a private pension and a State Pension, any income tax that may be due in respect of the State Pension is effectively collected by reducing the annual income tax credits in relation to the private pension by the value of the State Pension. Thus, for example, in the case of a person in receipt of a State Pension and a private pension, an increase of €5 per week in the State Pension could mean that tax on an additional €260 would have to be collected over the course of the year by reducing the person’s tax credits in relation to the private pension. €260 extra income at the standard rate of income tax of 20% gives rise to a reduction in tax credits of €52 for the year or €4.34 per month. For standard rate taxpayers this means the individual, or couple, would retain almost 80% of the weekly increase. In the case of higher rate taxpayers, the amount retained would represent almost 60% of the weekly increase.

However, in the context of the Deputy’s question as to what assistance is provided generally to State pensioners in the income tax system, I would draw his attention to section 188 of the Taxes Consolidation Act (TCA) 1997 in particular. That section provides that a person aged 65 and over is fully exempt from income tax where his or her total income from all sources is less than the relevant exemption limit. For 2019, the exemption limits are €36,000 for a married couple or civil partners, and €18,000 for a single individual. An individual or couple whose income is below the respective limit can also apply directly to their financial institution to have interest due on deposits accounts paid without any deduction of DIRT. For those taxpayers, who do not qualify for exemption, section 464 TCA 1997 provides for an “Age Tax Credit” for all individuals aged 65 or over. This credit is currently set at €245 for single individuals or €490 for married people.

In the broader context of limited Government resources, it is my position that an appropriate amount of funds are currently allocated, to ensure a fair and consistent tax treatment for those over the age of 65 through these exemptions and credits.

**Pension Increments**

***Deputy Peter Burke****asked the Minister for Public Expenditure and Reform the reason some retired civil servants have not yet received pension increments as per the public sector pay deal; 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/)**:** I have administrative responsibility for the Civil Service Pension Schemes and exercise a central policy/authorisation role in relation to all other public service pension schemes. Insofar as pension increases are concerned, the main function of my Department is to determine, subject to appropriate Ministerial and Government approval, the pensions increase policy to apply, and to issue Circulars to Departments and public service bodies to authorise and give guidance on the application of the relevant increases. It is then a matter for each pension paying authority to ensure that effect is given to the pension increases authorised in the relevant Circulars, in the present instance, those set out in Circular 02/2018 with respect to pre-existing public service pension scheme members.

The principle of pay parity underlies the pension increases sanctioned in this Circular. This means that pay increases, agreed as part of the Public Service Stability Agreement 2018-2020 (PSSA), are to be passed on to qualifying pensions of pre-existing public service pension scheme members, to bring the salary on which their pension is based up to the current salary of those still serving after the pay increases are applied.

Consequently, not all pension recipients will be due increases. If the salary on which the pension is based is lower than that of a serving staff member in the same grade and on the same scale point, then no increase will be due. For example, protections in place (known as ‘grace periods’) for public servants retiring after the application of pay cuts under the FEMPI legislation meant that their pensions were calculated using the higher pay rates that were in effect prior to the application of the pay cuts. If the current salaries of serving staff in the same grade and on the same scale point are not yet greater than those higher pay rates used in the pension calculation, even after the relevant pay increases under the PSSA have been applied to serving staff, no pension increase will be due. The same is true of any pensions that commenced prior to the FEMPI legislation that are linked to pay rates that have not yet been exceeded by the current salary rates of the relevant serving public service cohorts.

**State Pension Reforms**

***Deputy John Curran*** *asked the Minister for Public Expenditure and Reform if he will review the situation by which home caring credits apply to the State Pension (Contributory) but do not apply to the pensions of public servants who take time out of work for home caring thus resulting in reduced pensions; and if he will make a statement on the matter.*

***Deputy Clare Daly****asked the Minister for Employment Affairs and Social Protection when the promised pension home care credit will be introduced and full pension entitlements restored.*

[**Minister for Public Expenditure and Reform**](https://www.oireachtas.ie/en/members/member/Paschal-Donohoe.S.2007-07-23/)**:** The Deputy will appreciate that the terms of occupational pension schemes (including 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.

However, I would point out that members of most pre-2013 public service pension schemes 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 pension 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.

**State Pension Reform**

***Deputy Dara Calleary****asked the Minister for Employment Affairs and Social Protection the number of reviews completed by county by 28 February 2019 in respect of the review of the 2012 pension changes; the number of reviews remaining to be completed at that date; the number of persons in each county who will receive an increase in their pension as a consequence of the review, in tabular form; the avenues open to persons who do not receive an increase; 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/)**:** Approximately 25,000 requests for information have issued to date.  It is important that prompt responses are received to those requests so that the reviews can be completed as quickly as possible.Reviews commenced from 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.  The most recently available figures show that as at week ending 22 March 2019, 8,367 reviews have been completed.

It will take a number of months to complete all the reviews due to the number involved and the individual nature of social insurance records.  Over 100 temporary staff have been recruited to help with this work.  Outcomes will issue to all pensioners in writing when their review is complete. 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 of payment.

Given the scale (90,000 pensioners) involved, the fact that each case requires close individual examination and that some cases are more complex than others, it would not be reasonable to expect all 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 outcome of their review in writing. Where possible, reviews will be processed based on information already held by the Department. For the majority of pensioners, the next letter they receive from the Department (after the first letter) will be a review outcome letter. Where additional information is required to complete the review, a written request is being sent to the pensioner directly. Almost 24,000 requests for information issued in January and another 11,000 will be issuing to customers in the coming weeks. 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.

Wednesday, March 27

**Question on Promised Legislation**

**Occupational Pensions**

[**Deputy John Brassil**](https://www.oireachtas.ie/en/members/member/John-Brassil.D.2016-10-03/)**:** The Programme for Government makes a commitment to look after and defend the rights of retired citizens. ESB employees are protesting outside the gates of Leinster House. They are representing 9,000 retired ESB workers who have not had a pension increase since 2010. There is no cost of living increase and no linking with current employees' salaries. As the ESB is a semi-State company, will the Taoiseach or the Minister ensure its pension fund is being managed correctly and fairly and that former employees will be treated with some degree of dignity and respect?

[**The Taoiseach**](https://www.oireachtas.ie/en/members/member/Leo-Varadkar.D.2007-06-14/)**:** I am not an expert on the particular pension fund. However, I met ESB pensioners some years ago when I was Minister for Social Protection. As the Deputy knows, the State Pension is increased every year; in fact, it will increase this week by €5 a week. Pension funds, such as the ESB's, essentially are company funds and the amount that can be paid is linked with the amount pensioners paid in, the amount the company paid in and the quality of investments made by the scheme trustees in the interim. The Government cannot change this. It is about how much was paid in by the staff and the company and how well the investments have performed.

**Pensionable Age Task Force Bill 2019: First Stage**

[**Deputy John Brady**](https://www.oireachtas.ie/en/members/member/John-Brady.D.2016-10-03/)**:** I move:That leave be granted to introduce a Bill entitled an Act to provide for the establishment of the Pensionable Age Task Force which shall consider and make recommendations on the appropriate level of pensionable age; to provide for the production of a report on the recommendations of the Pensionable Age Task Force; to provide for the dissolution of that Pensionable Age Task Force; and to provide for related matters.

I welcome the opportunity to introduce the Pensionable Age Task Force Bill 2019 this afternoon. This is not the Bill I wanted to introduce to the House. If Opposition Members were not limited in that no Bill brought forward can involve a cost, I would introduce a Bill that would seek to halt the pension age increases coming down the track. Instead, I am left with no option other than to take a roundabout way of doing this. This Bill seeks the establishment of a Pensionable Age Task Force with the purpose of considering the appropriate level of pensionable age and to make recommendations to the Minister.

Let us be very clear on three issues when it comes to increasing the State Pension age. First, decisions on what age people qualify for the State Pension should not be made based on cost-saving measures. Second, Ireland is going further and faster than all other EU countries when it comes to setting the pension age. Third, there are major implications for those contractually obliged to retire at 65 years.

In 2021, the pension age will be 67 years. In 2028, it will again increase, this time to 68 years. These increases were decided without engagement with trade unions or groups representing older people or employers, without any debate in these Houses and without any consideration of the significant financial implications that increases to the pension age would have for retiring workers. Instead, the Government simply went ahead and implemented the changes. This should never have happened. These increases in pension age put Ireland on course to have the highest pension age in the OECD by 2028. In fact, we will have one of the highest State Pension ages in the world despite the fact we currently have the second lowest pensioner-to-worker dependency ratio in the EU 27. This is something the Minister consistently denies yet it is quite clear when one looks at the projected pension age increases across the EU. In 2028, when Ireland would have a retirement age of 68 years, England will only be moving to 67 years, with plans to increase pension age there to 68 years in 2046, nearly 20 years after Ireland. Germany will increase pension age to 67 years but not until 2031. Belgium will increase pension age to 67 years but not until 2030. France will only be increasing pension age to 67 years in 2023. The list goes on and on.

On the third issue, we are forcing retirees onto Jobseeker Payments. Workers contractually obliged to retire at 65, as well as workers physically unfit to continue in their job beyond 65, are forced to claim Jobseeker’s Benefit. The Jobseeker’s Benefit payment rate is €45.30 per week, or €2,355.60 per annum, less than a Contributory State Pension. Why should a person retiring at 65, who has worked his or her entire life, never having relied on social welfare, be forced to sign on to receive a Jobseeker's Payment for a year? The way in which the Government is bridging this gap leads to the question of how it intends to continue this if and when the pension age increases to 67 years the year after next. Will those retiring at 65 be forced onto a Jobseeker's Payment for two years? That would be a ludicrous situation, seen nowhere else in the world.

This Bill puts forward a sensible and very reasonable proposal to establish a Task Force, to allow it to engage with the experts and trade unions, listen to them and set the pension age based on that engagement and based on something more than saving money. I ask Members to support the Bill and to set up a Task Force to ensure we do what is right for today’s workers and future workers.

I move: "That the Bill be taken in Private Members' time."

***Question put and agreed to.***

**Written Questions**

**PRD & Prison Service Pensions**

***Deputy John McGuinness****asked the Minister for Public Expenditure and Reform if the PRD applied to overtime in the Irish Prison Service will be refunded to those involved in view of the fact they do not qualify for pension entitlements based on overtime payments; 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 PRD was operational from 1 March 2009 to 31 December 2018. It was replaced by the Additional Superannuation Contribution (ASC) with effect from 1 January 2019. PRD was a deduction from the salary of Public Servants who -

1. are members of a Public Service pension scheme,

2. have an entitlement to a Public Service pension benefit, preserved or in payment, or

3. who receive/have received a payment-in-lieu of such a pension.

PRD confers no additional pension benefit and is not linked to the pension contribution an individual is required to make. PRD was chargeable on all taxable remuneration as defined in the Act as follows:

“remuneration” means emoluments to which Chapter 4 of Part 42 of the Taxes Consolidation Act 1997 applies or is applied and payable by or on behalf of a public service body to a public servant for his or her services as a public servant;

As overtime is deemed to be taxable remuneration, it was subject to PRD. There is no provision in the legislation to exempt overtime from PRD. Furthermore, there is no proposal to retrospectively provide for such an exemption. It should be noted that the ASC, which replaces PRD, is charged only on pensionable remuneration and therefore is not chargeable on non-pensionable overtime.

**State Pension & Part-Time Employment**

***Deputy Robert Troy****asked the Minister for Employment Affairs and Social Protection the level of weekly income a person of pension age can receive from part-time employment without affecting his or her rate of Contributory or Non-Contributory Pension.*

[**Minister for Employment Affairs and Social Protection**](https://www.oireachtas.ie/en/members/member/Regina-Doherty.D.2011-03-09/)**:** The rate of State Pension (Contributory) awarded to an individual is based solely on their social insurance record. There is no means / income test for that pension, and therefore pensioners have no limit on earnings that will affect their rate of payment.

The State Pension (Non-Contributory) (SPNC) is a means tested payment. Wages from employment of up to €200 per week are disregarded from the means test for this pension. Those with means of less than €30 per week may qualify for the maximum rate. Effectively this means that pensioners qualifying for the Non-Contributory Pension may, depending upon their circumstances, earn up to €230 per week from employment without it affecting the rate of their pension.

**FSPO**

***Deputy Pearse Doherty****asked the Minister for Finance the average time taken by the FSPO to acknowledge a complaint; if he will decide on the validity of the complaint and resolve cases in 2018; 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/)**:** The FSPO Office aims to acknowledge all written communications within 10 working days, which includes the acknowledgement of new complaints. However, the number of complaints received in 2018 caused the Office to be unable to process complaints as quickly as it would have wished and the Office acknowledged that often it did not succeed in acknowledging complaints within the desired 10 working day timeframe. I recently approved a substantial increase in staff in the FSPO which I expect to assist the FSPO in fulfilling its remit to independently resolve complaints against financial services and pensions providers.

In relation to the assessment of validity of a complaint, it is worth noting that the FSPO often receives complaints which are appropriate for a different Ombudsman or relate to products and services or service providers that do not fall within the remit of the FSPO. Where possible, the complainant is redirected to the appropriate body. In 2018, 142 ineligible complaints were closed in this way. A further 100 complaints were closed in 2018 during the adjudication process, following consideration of jurisdictional issues. In some instances where complex jurisdictional issues arise, the FSPO often has to undertake considerable work in order to come to a determination as to whether the Office had jurisdiction to deal with a complaint.

Thursday, March 14

**Written Questions**

**Pension Providers & Consumer Protection**

***Deputy Michael McGrath****asked the Minister for Finance if CBI has a role in consumer protection for pension providers; if this is reserved for the Pensions Authority; if CBI and the Pensions Authority have been informed by Irish Life of the failure to pay bonus payments on pension fund plans; if so, when they were informed; if 2,000 customers have been affected; the amount of bonuses that were not paid in monetary terms; the way in which CBI and the Pensions Authority plan to proceed with the issue; 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/)**:** CBI does have a consumer protection role in respect of pension providers. For example, CPC 2012 applies, where relevant, to activities such as the sale and administration of third pillar pension products (consisting of private, individual, pension plans funded from personal savings) conducted by regulated entities operating in the state.

CBI is aware of the error in relation to Irish Life and is engaging with the company. However, CBI cannot comment on the specifics of any individual firm. Errors by regulated financial services firms are monitored to conclusion to ensure customers are treated fairly in line with the requirements of the CPC. In relation to any error, CBI expects firms to have robust systems and controls in place and where issues that affect customers arise, they should be addressed and rectified, with the overarching objective of protecting consumers’ interests. Firms must also communicate clearly and promptly with affected customers and ensure that any identifiable loss is remediated. Any customer who considers that they have been affected by this error, should contact Irish Life directly. If consumers are not satisfied with how they are treated, they are entitled to make a complaint to Irish Life. If they are not satisfied with the response they receive, they can make a complaint to the FSPO.

Queries in relation to the role of the Pensions Authority should be addressed to the Minister for Social Protection.

**Seanad**

Tuesday, March 26

No relevant business

Wednesday, March 27

No relevant business

Thursday, March 28

No relevant business

**Oireachtas Committee**

No relevant business

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