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

**OIREACHTAS REPORT FOR APTI**

**November 27 - 29, 2018**

**PENSION ISSUES**

**Dail**

Tuesday, November 27

**Written Questions**

**Retirement Age**

**Deputy Barry Cowen** asked the **Minister for Public Expenditure and Reform** if he expects the Public Service Superannuation (Age of Retirement) Bill 2018 to pass all Stages before Christmas; and if he will make a statement on the matter.

**Minister for Public Expenditure and Reform (Deputy Paschal Donohoe):**  The Public Service Superannuation (Age of Retirement) Bill 2018, published on 9 July, passed all stages in the Seanad on 17 July. It passed Second Stage in the Dail on 7 November and is provisionally scheduled for Committee Stage in the Dail on 11 December.  While ultimately, the scheduling of the Bill in the Dail is a matter for the Oireachtas, my intention is to secure enactment of the Bill as soon as possible.

**Pension Tax Relief**

**Deputy Pearse Doherty** asked the **Minister for Finance** the revenue raised by

standardising all pension tax relief at the 20% rate.

**Minister for Finance (Deputy Paschal Donohoe):**  Estimated savings to the Exchequer that would arise as a result of decreasing the rate or ceiling for occupational pension schemes, RACs and PRSAs to 20%, and maintaining the current €115,000, ceiling would yield €319m.

**State Pension**

**Deputy Brendan Ryan** asked the **Minister for Finance** if the Revenue Commissioners will re-examine the tax calculation for a person (details supplied) and have it re-assessed in view of the fact that their spouse receives a pension separately and not as a Qualified Adult with reference to supporting documentation; if this will be amended as soon as possible; and if he will make a statement on the matter.

**Minister for Finance (Deputy Paschal Donohoe):** The person in question receives a Contributory State Pension, which includes an additional amount in respect of a Qualifying Adult Dependant. Although the Qualifying Adult portion of the pension is paid directly to the person’s spouse/civil partner/co-habitant, the payment is premised on there being an entitlement to the pension in the first instance. In this regard, Section 112 of the Social Welfare Consolidation 2005 Act specifies that the Qualifying Adult portion of a pension is an ‘*increase’* that is payable in respect of a spouse/civil partner/co-habitant who is being financially maintained and whose income is not greater than a specified amount. The taxation position of the Qualifying Adult portion is set out in Section 126(2B) of the Taxes Consolidation Act 1997, which provides that any *‘increase’* is treated as if it arises to and is payable to the person who qualifies for the pension (the beneficiary). As a consequence, the income is treated as income of the beneficiary and not the Qualifying Adult.

**FSPO**

**Deputy Michael McGrath** asked the **Minister for Finance** the number of complaints outstanding at the FSPO; the number of complaints outstanding at the end of each month in 2018 and at the end of 2015, 2016 and 2017;  the complaints that are open from the time of first receipt; and if he will make a statement on the matter. 

**Minister for Finance (Deputy Paschal Donohoe):**  The FSPO is independent in the performance of his statutory functions.I have been advised that the number of complaints outstanding each month in 2018 were as follows:-

|  |  |  |
| --- | --- | --- |
| **Year** | **Month** | **Number of complaints outstanding at the end of the Month** |
| 2018 | January | 3328\* |
|  | February | 3515 |
|  | March | 3740 |
|  | April | 3853 |
|  | May | 3943 |
|  | June | 3964 |
|  | July | 4155 |
|  | August | 4307 |
|  | September | 4454 |
|  | October | 4662 |

 \* This includes 44 complaints transferred from the Office of the Pensions Ombudsman on 1 Jan 2018.  
  
I have also been advised by the Ombudsman that the number of complaints outstanding for the years for 2015 to 2017 were as follows:-

|  |  |
| --- | --- |
| **Year** | **Number of complaints outstanding at year end** |
| 2017 | 3134 |
| 2016 | 2198 |
| 2015 | 1954 |

To answer the question in relation to the number of complaints and the length of time that complaints are open from date of receipt up to 1 month and to over 1 year, the FSPO provided the following information:-

|  |  |
| --- | --- |
| **Month since Received** | **Complaint Numbers @ 23 November 2018** |
| <1 | 489 |
| 1-3 | 920 |
| 3-6 | 907 |
| 6-12 | 865 |
| 1 Year Plus | 1541 |
| *Total* | *4722* |

**Public Sector Pensions**

**Deputy Barry Cowen** asked the **Minister for Public Expenditure and Reform** the number of public service pensioners who retired pre-March 2012 and post-March 2012 by PSPR income bands in each of the years 2019 to 2021, in tabular form; and if he will make a statement on the matter.

**Minister for Public Expenditure and Reform (Deputy Paschal Donohoe):**  The National Shared Services Office provided the following table which sets out estimates relating to the civil service schemes for which I have direct responsibility as Minister - these estimates do not take account of scheduled pay increases.    
  
  PSPR Rates

|  |  |
| --- | --- |
| **PSPR in 2019** | **Count of Person Reference** |
| POST-FEMPI (post-February 2012) | 8,117 |
| 1:  Up to €60,000 | 8,021 |
| 2:  Any amount over €60,000 but not over €100,000 | 89 |
| 3:  Any amount over €100,000 | 7 |
| PRE-FEMPI (pre-March 2012) | 12,904 |
| 1:  Up to €39,000 | 10,777 |
| 2:  Any amount over €39,000 but not over €60,000 | 1,834 |
| 3:  Any amount over €60,000 but not over €100,000 | 230 |
| 4:  Any amount over €100,000 | 63 |
| Grand Total | 21,021 |
|  |  |
| PSPR in 2020 | Count of Person Reference |
| POST-FEMPI  (post-February 2012) | 8,117 |
| 1:  Up to €60,000 | 8,020 |
| 2:  Any amount over €60,000 but not over €100,000 | 90 |
| 3:  Any amount over €100,000 | 7 |
| PRE-FEMPI (pre-March 2012) | 12,904 |
| 1:  Up to €54,000 | 12,286 |
| 2:  Any amount over €54,000 but not over €60,000 | 325 |
| 3:  Any amount over €60,000 but not over €100,000 | 230 |
| 4:  Any amount over €100,000 | 63 |
| Grand Total | 21,021 |

#### 

**PSPR**

**Deputy Barry Cowen** asked the **Minister for Public Expenditure and Reform** his plans to reduce the PSPR beyond 2020; and if he will make a statement on the matter.

**Minister for Public Expenditure and Reform (Deputy Paschal Donohoe):**  The Public Service Pay and Pensions Act 2017 sets out a specific schedule of measures and dates in respect of deductions made under the FEMPI Acts including provisions in respect of the implementation of the Public Service Stability Agreement 2018-2020 (PSSA). This scheduled further lessening of the PSPR impact on pensions will mean that from 1 January 2019 all pensions up to €39,000 per annum will be exempt from PSPR, removing some 12,000 pensioners from the impact of PSPR. From 1 January 2020, further PSPR-amelioration will mean that all pensions up to €54,000 per annum will be exempt from PSPR, removing some 10,500 additional pensioners from the impact of PSPR. When fully in place from the beginning of 2020, these changes will mean that the vast majority of public service retirees - approximately 97% - comprising everyone with occupational pension values up to at least €54,000, will be entirely free of PSPR. For those who retired since end-February 2012, that threshold will be even higher at €60,000.

Section 26 of the Public Service Pay and Pensions Act, 2017 requires the Minister for Public Expenditure and Reform to make an order, no later than 31 December 2020, setting a date for the complete elimination of PSPR from all public service pensions. This approach can be seen in the context that restoration of the public service pension cuts has proceeded at a faster pace than has applied to the FEMPI pay measures. This implies that only those pensions whose associated contemporary salaries are, at a minimum, €108,000 (or €120,000 for the post-February 2012 retiree group), will bear any PSPR impact beyond the end of 2020.  I can assure the Deputy that the timetable set out in the Act will be complied with.

**PSPR**

**Deputy Barry Cowen** asked the **Minister for Public Expenditure and Reform** the estimated cost of removing the PSPR in 2020 for public service pensioners that retired pre-March 2012; the estimated cost of removing it in 2020 for public service pensioners that have retired post-March 2012; and if he will make a statement on the matter.

**Minister for Public Expenditure and Reform (Deputy Paschal Donohoe):**  Section 24 of the Public Service Pay and Pensions Act, 2017 will raise the PSPR exemption threshold from €34,132 to €39,000 per annum. This means that all pensions up to €39,000 per annum will be exempt from PSPR in 2019, while those higher-value pensions still affected will benefit from a gain of €1,080 per annum. This significant change in 2019 will reduce the overall PSPR yield by approx. 50% (from c. €48 million to c. €24 million), and will remove approx. 12,000 pensioners from the impact of PSPR.  From 1 January 2020, the PSPR exemption threshold will be raised from €39,000 to €54,000 per annum. This change means that all pensions up to €54,000 per annum will be exempt from PSPR from the beginning of 2020, while those pensions still affected will benefit from a gain of €1,800 per annum. This change in 2020 will reduce the residual PSPR yield by 50% (from c. €24 million to c. €12 million), and will remove an additional 10,500 pensioners from the impact of PSPR.

Taken together, these changes in 2019 and 2020 will mean that, from 1 January 2020 the vast majority of pre-March 2012 pensions will be exempt from PSPR. In the region of 3,500 of the highest value pre-March 2012 pensions will continue to be subjected to PSPR from then onwards.  In addition to the currently legislated reduction in PSPR yield for 2020, the estimated additional cost of full abolition of PSPR in 2020 is €12m and while the bulk of this cost would relate to pre-March 2012 pensioners, a disaggregated estimate between pre and post-2012 pensioners is not currently available.

In addition to the PSPR amelioration, many public service pensioners stand to benefit from the public service pension increase policy which Government has agreed to as part of the PSSA 2018-2020. For the duration of the Agreement, i.e. until end-2020, that policy means that there will be an effective limited return to the traditional “pay parity” link, whereby pay increases awarded to public servants are passed on proportionately to the pensions of retired public servants. For post-February 2012 retirees, this means that that they will receive pension increases in line with the pay increases due to their peers currently in employment over the three-year lifetime of the PSSA to end-2020. Pre-2012 retirees, whose pensions are already based on superior (pre-2010 salary level), will see their pensions likewise boosted during the 2018-2020 period where that is necessary to keep pace with the value of a pension awarded to a same-profile person retiring just after each particular pay increase.

**State Pensions**

**Deputy Mary Butler** asked the **Minister for Employment Affairs and Social Protection**  when a person (details supplied) will be contacted about their pension payment which is €14 under the maximum rate; and if she will make a statement on the matter.

**Deputy Anne Rabbitte** asked the **Minister for Employment Affairs and Social Protection** the criteria for qualifying for the TCA; and if a person (details supplied) will qualify.

**Deputy Mattie McGrath** asked the **Minister for Employment Affairs and Social Protection** if a person (details supplied) in receipt of the non-contributory pension will have the pension amended following the change in the rules surrounding contributions in view of the fact that they lost on due to the 2012 changes; and if she will make a statement on the matter.

**Deputy Peter Burke** asked the **Minister for Employment Affairs and Social Protection** the status of a pension review for a person (details supplied); and if she will make a statement on the matter.

**Deputy James Browne** asked the **Minister for Employment Affairs and Social Protection** the position regarding the pension entitlement of a person (details supplied); if the person will benefit from forthcoming pension changes; if compensation will be offered; and if she will make a statement on the matter.

**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty):** On 23 January last, the Government agreed to allow pensioners, born on or after the 1st September 1946, affected by the 2012 changes in rate bands, to have their State Pension (Contributory) entitlement calculated under an interim TCA.  The changes also provide for up to 20 years of home caring periods in the calculation of that entitlement, for those who took time out of the workplace for parenting children under age 12, or individuals who needed increased levels of care.    
  
The changes apply to those who reached pension age on or after 1st   September 2012, who were awarded less than maximum rate, on post Budget 2012 rate bands. The changes do not apply to anyone already entitled to maximum rate State Pension (Contributory). Currently there are approximately 79,000 pensioners in this category.  My Department has issued Information Letters to over 70,000 of these pensioners who are resident in Ireland.  The remaining over 8,000 pensioners resident outside of Ireland are expected to receive these letters in December. The Information Letter informs pensioners that my Department will contact them directly with the outcome of their individual pension review, or a request for further information regarding gaps in their social insurance record, if required to complete their review. It is not necessary for anyone to contact the Department on this matter.    
  
Work on examination of the social insurance records of the pensioners concerned commenced in September. As social insurance records are unique to individual pensioners, a manual examination phase is expected to continue to the end of the year. To date, over 70 temporary staff members have been recruited to work on this phase. Further recruitment will take place in January 2019 when the first pension reviews are expected to get under way following enactment of the Social Welfare, Pensions and Civil Registrations Bill 2018. In line with this timeframe, it is anticipated that the first review outcomes will be notified to pensioners during Q1 2019. Payment of increases, where awarded, will be made immediately after an individual's review is completed. Given the numbers involved, it will take my Department a number of months to work through all the reviews. In all cases,  where the outcome of the review results in an increase in State Pension (Contributory) entitlement, the increase will be backdated to 30 March 2018 or the date of a person's 66th birthday if later, and arrears will be paid.     
  
Personal pension entitlement rates will not be reduced as a result of this review.  If a pensioner does not qualify for an increased rate, they will continue to receive their existing rate of entitlement.

**State Pension Age**

**Deputy Michael Healy-Rae** asked the **Minister for Employment Affairs and Social Protection** if she will address a matter (details supplied) regarding the State Pension age; and if she will make a statement on the matter.

**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty):** The Social Welfare and Pensions Act 2011 provided that State Pension age will be increased gradually to 68. It began in January 2014 with the abolition of the State Pension (Transition) which was available to people aged 65 who satisfied the qualifying conditions and standardised the State Pension age for all at 66.  This will increase to 67 in 2021 and to 68 in 2028.

In most cases, it is hoped that workers will continue to work up to State Pension age. Where this is not possible, they may qualify for Jobseeker’s Benefit. Where a person exits the workforce before reaching State Pension age, they may apply for either the Jobseeker’s Benefit or Jobseeker’s Allowance schemes.   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 well known that people are living for much longer.  This is very positive.  As a result of this demographic change, the number of State Pension recipients is increasing year on year. This has significant implications for the future costs of State Pension provision which are currently increasing by approximately €1 billion every five years.  The purpose of changes to the 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.

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

Wednesday, November 28

**Written Questions**

**IORP II Directive**

**Deputy Clare Daly** asked the **Minister for Employment Affairs and Social Protection** the legislation that will need to be amended in order to transpose IORP II; and the timeline for transposition.

**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty):** The over-arching objective of IORP II is to facilitate the development of occupational retirement savings in the EU. Many of the provisions will support positive reform of the Irish occupational pension sector. It provides for a range of new requirements concerning governance, management standards in schemes, safekeeping of assets, the need for clear and relevant information to members, the removal of obstacles to cross-border provision of pension services, and the facilitation of cross border transfer of schemes. There are also provisions that will enhance the powers of the Pensions Authority for effective supervision of occupational pensions. The deadline for transposition is 13 January 2019.

My Department, supported by the Pensions Authority, is managing the transposition process and regulations under the Pensions Act 1990, as amended, are being drafted. Primary legislation will not be necessary. Codes of practice will also be issued by the Pensions Authority following approval of the Minister. The Codes will expand on requirements, policies and principles prescribed in the transposing regulations and will explain in practical detail what the Authority will expect from trustees to demonstrate their commitment to serving the best interests of members, deferred members and other beneficiaries.

**Self-Employed & State Pensions**

**Deputy Fiona O'Loughlin** asked the **Minister for Employment Affairs and Social Protection** if social insurance contributions made by self-employed persons before 1987 will be recognised for pension purposes when those self-employed persons reach pension age; and if she will make a statement on the matter.

**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty):**  Whether social insurance contributions made by self-employed persons before 1987 are reckonable for pension purposes will depend upon the nature of those contributions. Class S PRSI was introduced for the self-employed in 1988. Prior to 1988, the self-employed could maintain their social insurance record by paying Voluntary Contributions, once they had already been an employed contributor and met the qualifying conditions of the Voluntary Contributions scheme. Generally, Voluntary Contributions maintained entitlement to a limited range of pension payments, including the State Pension (Contributory).

**TCA**

**Deputy Niall Collins** asked the **Minister for Employment Affairs and Social Protection** the amount a person (details supplied) on a reduced State Pension (Contributory) with 35 years of stamps and credits can expect to receive following the review due to take place in 2019; and if she will make a statement on the matter.

**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty):** On 23 January last, the Government agreed to allow pensioners, born on or after the 1st September 1946, affected by the 2012 changes in rate bands, to have their State Pension (Contributory) entitlement calculated under an interim TCA. The changes also provide for up to 20 years of home caring periods in the calculation of that entitlement, for those who took time out of the workplace for parenting children under 12, or individuals who needed increased levels of care. The changes apply to those who reached pension age on or after 1st September 2012 who were awarded less than maximum rate, on post Budget 2012 rate bands. The changes do not apply to anyone already entitled to maximum rate State Pension (Contributory).   
  
Currently, there are approximately 79,000 pensioners in this category. My Department has issued Information Letters to over 70,000 of these pensioners who are resident in Ireland and the person concerned was one of these pensioners. The remaining over 8,000 pensioners resident outside of Ireland are expected to receive these letters in December.  The Information Letter informs pensioners that my Department will contact them directly with the outcome of their individual pension review, or a request for further information regarding gaps in their social insurance record, if required to complete their review.   It is not necessary for anyone to contact the Department on this matter. Work on examination of the social insurance records of the pensioners concerned commenced in September. As social insurance records are unique to individual pensioners, a manual examination phase is expected to continue to the end of the year. To date, over 70 temporary staff members have been recruited to work on this phase. Further recruitment will take place in January 2019 when the first pension reviews are expected to get under way following enactment of the Social Welfare, Pensions and Civil Registrations Bill 2018. In line with this timeframe, it is anticipated that the first review outcomes will be notified to pensioners during Q1 2019.     
  
Payment of increases, where awarded, will be made immediately after an individual's review is completed. Given the numbers involved, it will take my Department a number of months to work through all the reviews. In all cases, where the outcome of the review results in an increase in State Pension (Contributory) entitlement, the increase will be backdated to 30 March 2018 or the date of a person's 66th birthday if later, and arrears will be paid. Personal pension entitlement rates will not be reduced as a result of this review. If a pensioner does not qualify for an increased rate, they will continue to receive their existing rate of entitlement.  As stated, once the legislation is enacted, individual review outcomes or requests for additional information will be sent to those individual pensioners directly, as reviews are processed.

Thursday, November 29

**Written Questions**

**Retirement Age**

**Deputy John Brassil** asked the **Minister for Public Expenditure and Reform** the progress to date on the Public Service Superannuation (Age of Retirement) Bill 2018; the date for implementation;; and if he will make a statement on the matter.

**Minister for Public Expenditure and Reform (Deputy Paschal Donohoe):** The Public Service Superannuation (Age of Retirement) Bill 2018, published on 9 July, passed all stages in the Seanad on 17 July and Second Stage in the Dail on 7 November. It is provisionally scheduled for Committee Stage in the Dail on 11 December. While ultimately, the scheduling of the Bill in the Dail is a matter for the Oireachtas, my intention is to secure enactment of the Bill as soon as possible.

**Seanad**

Tuesday, November 27

**Finance Bill (edited)**

**Senator Alice-Mary Higgins:** Much of the narrative tends to focus on private pension tax

relief. I am aware that there is consultation under way on this, but there is a considerable problem with marginal rate tax relief that has not been addressed. It was flagged as early as the MOU with the troika was produced. Even then it was being flagged as a concern, even by those with an austerity mandate. We know that €2.6 billion is spent in providing private pension tax relief. There is a debate in the Department of Social Protection, but it is of great concern to Minister Donohoe, because, overall, the concern relates to equality and gender-proofing which fall within the remit of his Department. It is a question of equity within the contributory and non-contributory pension systems. There is a proposal that might seek to push out the number of contributions required towards 40 years, which would not work for most people and leave nearly everybody on a reduced rate of pension, rather than 30 years, as had been anticipated under a TCA. I refer to a scenario which is far from a doubling of 20 years, which is the current requirement. I refer to a very severe change in the basic safety net for every citizen. In that context, we need to re-examine critically the €2.6 billion spent in providing the private pension tax relief. This is not a debate solely for the Department of Social Protection; it is also one for the Minister for Finance, as the Minister with responsibility for reform and overall responsibility for gender and equality-proofing of the budget. I would appreciate it if he could speak more about the gender and equality-proofing of the Budget and how he sees it being rolled out.

Wednesday, November 28

No relevant business

Thursday, November 29

No relevant business

**Oireachtas Committee**

No relevant business

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

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

**+353 87 256 2166**

www.linkedin.com/in/franklahiffe