



SUBMISSION TO THE PENSIONS COMMISSION

9TH MARCH 2021

Executive Summary

In February-March 2021, SpunOut.ie surveyed 2,084 people aged 16-35 as to their views on the future of the State Pension in Ireland. Some of the key insights are summarised below:

1. Only 20% of respondents were paying into a private or workplace pension.
2. 23% expected that the State Pension would be their main source of income in old age.
3. 61% of respondents said they knew the qualifying age for the State Pension.
4. 61% expected both the qualifying age and the rates of payment for the State Pension would have changed by the time they retired.
5. Respondents generally felt the State Pension was fair, represented value for taxpayers, and helped to protect people from poverty.
6. Respondents were generally concerned that the level of payments for the State Pension were not high enough to live on, and only a minority disagreed that the State Pension was hard to qualify for.
7. Respondents were divided on how to facilitate long-term carers in the State Pension system:
 - 42% preferred a new pension for carers, not based on ability to pay in
 - 37% wanted to allow carers to access the full pension with fewer contributions than other workers
 - 21% favoured a reduced pension available for those without enough contributions
8. Respondents generally favoured raising general taxation, reducing other areas of spending, or making changes to pension rates as methods of ensuring the State Pension was available into the future.
9. Respondents generally disapproved of raising the qualifying age for the State Pension.
10. However, respondents were generally in favour of a more flexible approach to qualifying for the State Pension, including removing requirements to retire at a certain age, allowing people to work beyond retirement age and permitting early retirement.

Introduction to SpunOut.ie

SpunOut.ie is Ireland's youth information platform by young people, for young people. SpunOut.ie's mission is to provide young people throughout Ireland with information, tools, resources and opportunities to enable them to make informed decisions and be a positive force in their own lives and in their communities. Over 180,000 young people access resources created by SpunOut.ie each month, with a further 5,000 reaching out to SpunOut.ie's 24/7 texting support service 50808 on average each month.

SpunOut.ie “Future of Pensions” Survey

In early 2021, SpunOut.ie ran a targeted online survey of young people on the issue of State Pensions and related matters. The survey ran from February 26th to March 4th and was completed by 2,084 people aged from 16 to 35.

Survey respondents were incentivised for their participation with the chance to win their choice of wireless earphones or a Fitbit device.

The vast majority of respondents fell within the age range of 16-25. This group accounted for 1,687 respondents or 81% of the total sample. Just over half of respondents (1,116, or 53%) were younger than 21 years old.

In terms of gender identity, respondents were split as follows:

- 49.5% identified as women
- 49.5% identified as men
- 1% identified as non-binary or 'other'

All respondents were based in the Republic of Ireland, 70% of whom said they expected to live in Ireland in the future. Eight per cent said they did not think they would live in Ireland in the future with 22% saying they did not know.

Sixty per-cent of respondents described themselves as students, with 32% saying they were in work. Approximately 7% were unemployed or unable to work. The survey results most clearly represent the views of young people at and around school-leaving age, while also taking into account the experiences of young adults.

We believe it is absolutely crucial that these views are represented within any consideration of the future of the pensions system. The key findings from our survey are set out in this document. We are happy to share any additional information or data we have gathered if it would assist the Pensions Commission in any way.

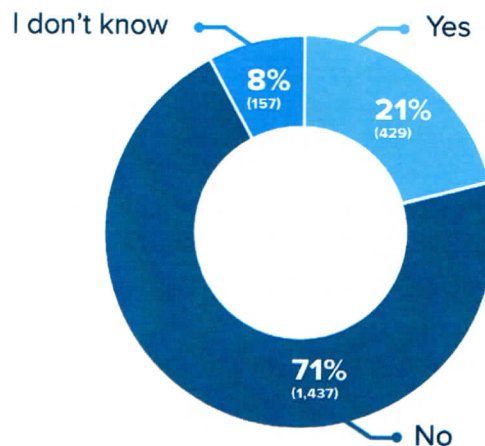
1. Expectations of Young People

Planning for the future

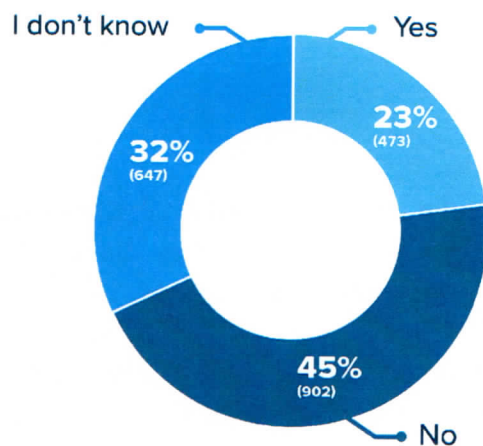
Of more than 2,000 young people surveyed, only two in ten (21%) were currently paying into a private or workplace pension.

However, most respondents (62%) said they had thought about how to have enough retirement income in the future. Only a minority (23%) expected that the State Pension would be their main source of income in old age.

I am paying into a pension, either on my own or through my job.



I expect the State Pension to be my main source of money when I retire.



(52% vs 29%).

Those who had thought about their future retirement income were much more likely to be paying into a pension than those who had not previously thought about it (27% vs 11%).

Likewise, those who had thought about their retirement were far more likely to say the State Pension would *not* be their main source of income compared with those who had not thought about it

Levels of knowledge regarding the State Pension

A minority of respondents reported that they knew the weekly payment rates for the State Pension (21%). The proportion claiming this knowledge grew to 28% amongst those who did not expect the State Pension to account for most of their income in retirement, and stood at 19% of those who expected it would.

Reported awareness was much higher regarding the qualifying age for the State Pension. In total 61% of respondents said they knew this figure. Again, claimed knowledge was higher among those who did not believe the State Pension would fund the majority of their retirement income, expanding to 67% among this group compared with 60% of those who did expect to mostly rely on this payment.

Overall, greater reported knowledge of the rates and qualifying age for the State Pension correlated with a somewhat decreased likelihood to expect the payment would one day form a majority of a respondent's income in retirement.¹

Expectations regarding the future of the State Pension

Respondents were highly pessimistic that the current rates and qualifying age for the State Pension would be the same when they retired as they are today.

Only 9.5% believed that State Pension payments would remain at the same level until their own retirement, while 18% thought that the qualifying age would not change in that timeframe. A clear majority of 61% expected both the qualifying age and rates of payment would change.

Respondents who expected to rely on the State Pension for a majority of their post-retirement income were significantly more optimistic. Of this group, 16.5% expected payment rates to remain the same and 29% thought the qualifying age would remain at its current place. However, a narrow majority of this group (51% and 52%) did expect these figures would have changed by their own retirement.

A considerable majority (78%) of respondents agreed with the statement "the State Pension is something most people can expect when they retire". This remained constant for those who did not expect to rely on the payment and rose to 83% of those who did.

¹ Claimed knowledge was not tested; respondents were taken at their word as to whether they did or did not know the accurate rates or qualifying age of the State Pension. Respondents were informed at the beginning of the survey that it was okay not to know the answer to any question asked.

2. What Young People Think Works about the State Pension

Fairness, taxpayer value and protection from poverty

Broadly speaking, respondents thought of the current State Pension as fair, cost-effective and important in the prevention of poverty. Far more respondents approved of the general structure of the State Pension than disapproved of it, though there was a high percentage without an opinion.

More respondents felt the State Pension was fair than those who did not, with 58% agreeing and 21% disagreeing with the statement “the State Pension is fair – people pay in, and they get something back”. Of those with an opinion, 73% agreed the State Pension was fair versus 27% who disagreed.

On the question of value-for-money, 49% of respondents disagreed that “the State Pension costs too much for taxpayers” while 19% agreed. When those who said they did not know were excluded, 72% of those with an opinion felt the State Pension did not cost too much versus 28% who did.

A clear majority of 70% agreed with the statement “the State Pension protects people from poverty” with only 18% disagreeing. These figures were consistent both for those who said they knew the current rates of payment and those who did not.

In terms of the general structure of the State Pension, far more respondents agreed than disagreed with the statement “using contributions (stamps) of current workers is a good way of paying for current State pensioners” (40% agreed with 17% disagreeing). However, a high number (43%) of respondents said they neither agreed nor disagreed. Once these respondents were excluded, the figures were 70% in agreement and 30% in disagreement that the current system was a good one.

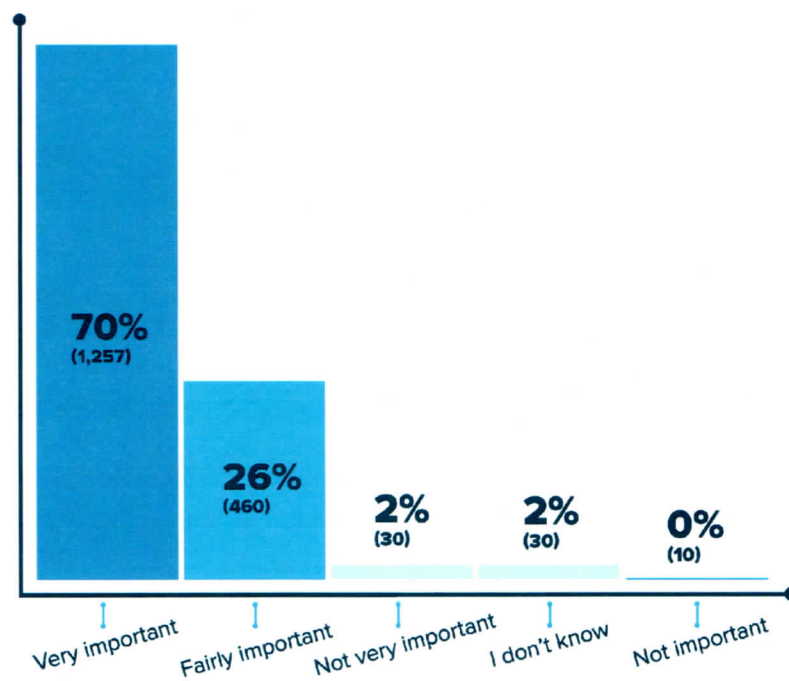
Importance of the State Pension

There was overwhelming agreement from respondents that it was important to protect the State Pension into the future.

Almost all respondents (96%) considered protecting State Pensions to be important, with 70% rating it “very important”, rising to 80% of respondents who expected to rely on the State Pension for the bulk of their income.

Even among those who did not expect to rely on it themselves, 85% considered it either “very” or “fairly” important to protect the State Pension.

How important is it to protect State Pensions into the future?



3. Young People's Concerns about the State Pension

Concern that the payment is not enough to live on

Respondents were generally concerned that the rate of State Pension payments was not enough to live on.

A majority of respondents (55%) did not believe that current State Pension payments were enough to live on, while a further 25% did not offer an opinion. When this latter group was excluded, 74% of those with an opinion did not believe the payments were sufficient to live on.

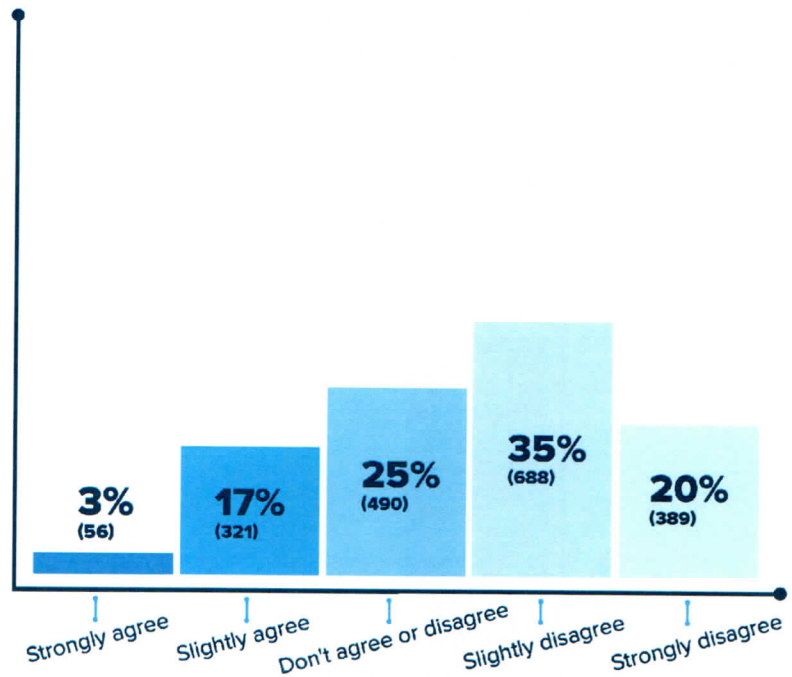
Of those who expected the State Pension to make up a majority of their income after retirement, 51% felt the payments alone were insufficient to live on. This rose to 65% once those without an opinion were excluded.

For those who did not expect the State Pension to constitute the bulk of their retirement income, 59% thought the payments were insufficient to live on. This rose to 77% once those without an opinion were excluded.

Of those who claimed to know the rates of payment for the State Pension, 57% said they were not enough to live on. This rose to 70% once those without an opinion were excluded.

For those who did not know the current rates of payment for the State Pension, 55% thought they were insufficient to live on. This rose to 75% once those without an opinion were excluded.

State Pension payments are enough to live on.



Difficulty of qualifying for the State Pension

A majority of respondents did not offer an opinion when asked to agree or disagree with the statement "it is hard to qualify for the State Pension". This represented 55% of those taking the survey, or just over a thousand people.

Of those that did express an opinion, 40% agreed it was hard to qualify while 60% disagreed.

Overall, only just over a quarter of respondents (27%) disagreed that the State Pension was hard to qualify for.

4. Facilitating Long-Term Carers

Mixed views on how to provide for carers

Respondents were presented with the following statement:

“Some people spend some or most of their working lives providing unpaid care for others. This means they cannot ‘pay in’ to the pension system as much as other workers.”

They were then presented with three options and asked which would be fairer.

No single option received a majority of support.

Once respondents without an opinion were excluded, the results were as follows:

- 42% chose the statement “long-term carers should get a different pension, not based on their ability to pay in”. This option was favoured by 46% of women and 37% of men.
- 37% chose the statement “long-term carers should be able to get the full state pension with fewer contributions than other workers”. This option was favoured by 38% of men and 34% of women.
- 21% chose the statement “there should be a reduced pension available for those who haven’t spent enough time in paid work”. This option was favoured by 24% of men and 18% of women.

While only five respondents identified themselves as currently providing long-term care, four of these selected “long-term carers should get a different pension, not based on their ability to pay in” as the fairest option.

5. Opinions on Sustainable Reform of the State Pension

Ranking policy options

Respondents were presented with a list of seven potential ways to ensure the State Pension was available in the future, and asked to rank these policy options from 1 (most preferred) to 7 (least preferred) in order of favorability.

The results are set out below:

	1 (First pref)	2	3	4	5	6	7 (Last pref)
Increasing the age at which you begin to receive the State Pension	6.3%	6.1%	6.4%	8.5%	12.0%	21.0%	39.7%
	112	109	113	151	212	374	705
Only making the State Pension available to those who need it	13.8%	10.1%	9.1%	12.7%	15.8%	23.7%	14.8%
	245	179	162	225	281	421	262
Increasing taxes to contribute towards the growing cost	24.9%	17.3%	14.7%	9.4%	9.8%	11.6%	12.3%
	440	305	260	166	173	204	218
Cutting spending on other public services	21.9%	21.2%	14.9%	11.7%	10.1%	8.5%	11.8%
	387	373	262	206	178	150	208
Not increasing pension payment rates over time	6.6%	11.2%	16.1%	24.0%	16.6%	15.1%	10.5%
	117	197	285	424	293	266	185
Increasing how much workers and employers pay in PRSI	4.8%	8.8%	14.3%	20.1%	26.8%	15.7%	9.6%
	85	155	253	355	473	277	170
Changing how pension rates are calculated	21.6%	25.3%	24.6%	14.0%	9.0%	4.0%	1.5%
	383	448	436	249	159	73	26

Most preferred options

Respondents generally favoured raising overall taxation, reducing other areas of spending, or making changes to pension rates as methods of ensuring the State Pension was available into the future.

Raising general taxation to cover the increased cost of providing the State Pension was the single most popular first choice among respondents, with 25% ranking this as their most preferred option. Cutting spending in other areas and changing the rates by which pension payments are calculated were also relatively popular, with 22% of respondents ranking each as their first choice.

Very few respondents (1.5%) ranked “changing how pension rates are calculated” as their least preferred policy option.

Least preferred options

Respondents generally disapproved of raising the qualifying age for the State Pension. There was also little evident enthusiasm for freezing pension payment rates or increasing PRSI.

A high proportion of respondents (38%) ranked “increasing the age at which you begin to receive the State Pension” as their lowest-ranked choice out of the seven options provided. Furthermore, only 6% of respondents chose this as their most preferred option.

Significantly, increasing the pension age was more than twice as likely to be ranked last compared to the next lowest-ranked option (“only make the State Pension available to those who need it”, which 15% of respondents ranked as their least preferred option).

Respondents were also very unlikely to select either “not increasing pension payment rates over time” or “increasing how much workers and employers pay in PRSI” as their first choice option (only 6.5% and 5% did so for each option, respectively).

Flexible retirement and the State Pension Age

On the State Pension qualification age, a majority of respondents (61%) believed that the age would have changed by the time of their own retirement.

In terms of their preferred system, 66% of respondents favoured a “flexible” pension age, “with options for people to continue working past retirement age or retire early”. Only a significant minority of 5% felt the age should be increased for everyone, the same proportion who felt there should be no change to the qualification age and lower than the 6% who believed it should be reduced for all claimants.

When asked to choose between potential options for the Government “to ensure a fair and sustainable State Pension”, half of respondents selected “allow some people to stay in work past retirement age” as one of their top three preferences.

Another popular option, selected by 46% of respondents, was “promote opportunities for older people to stay in work”. Furthermore, 40% selected “remove requirements for people to retire at a certain age”.

An overwhelming majority (83.5%) agreed that “people working beyond the State Pension Age should be able to keep making contributions, so they can get a higher pension when they eventually retire”, with only 7% disagreeing with this statement.

Conversely, only 15% chose “increase the state pension age” as one of their top three options to ensure a fair and sustainable State Pension system.