

Sinn Féin Submission to the Pensions Commission

Introduction:

We welcome the opportunity to make a submission to the Pensions Commission given the importance of the issues being examined which will determine the future of pension provision and in particular as it relates to the State Pension, which is the bedrock of our pension system.

This submission presents our views in relation to the key areas being explored by the Commission with a focus on the Total Contributions Approach and the age at which a person can access their State Pension.

The State Pension is a crucial component of our pension system and for a sizable portion of our older population it is their sole income and therefore, they depend on it week to week to meet their basic needs and expenses. The very objective of any State Pension should be to protect its recipients from poverty, but so too should it provide a level of comfort and dignity in retirement.

Total Contributions Approach:

Sinn Féin welcomed the idea of a Total Contributions Approach as a new mechanism to ensure fairness when it comes to the calculation of the State Pension. The old averaging approach coupled with the changes to the bands and increase in number of contributions needed to qualify for a full State Pension (from 260 to 520) left many Pensioners, most especially women and Carers on a reduced pension payment. This system was inherently unfair for those who spent time caring prior to 1994 as the Homemaker's Scheme that was introduced only recognised care beyond 1994. This immediately left many whose time spent caring was ignored when they came to seek their State Pension. The averaging system also punished those who began work early as many people did in the past. It was not at all uncommon for young people in their teenage years to leave school to begin work.

We welcome any system of calculation that improves the outcome for Carers, ensures that periods of care regardless of when they took place are recognised and does not punish women, in particular who took time out of the workforce to raise a family or care for a loved one. On this basis, we fed into the Total Contributions Approach consultation at the time and we welcomed the idea of such a system.

We understand that a decision is yet to be made on the most important element of the Total Contributions Approach and that is the number of years of contributions required in order to qualify for a full State Pension. The 2010 National Pensions Framework was clear in that a "total

contributions requirement of 30 years contributions for a maximum pension will be introduced.”¹ This commitment should be honoured.

We also need to see fairness for the Self-Employed when it comes to the roll-out of the Total Contributions Approach. They can have periods of employment where they paid two different classes of PRSI contributions. These workers must be carefully considered when it comes to the roll-out.

Total Contribution Approach & Carers

In relation to Carers, we must ensure that the new Total Contributions Approach and the accompanying HomeCaring Credit benefits Carers in acknowledging the contribution they make in caring for a loved one or raising a family. We need to look beyond paid employment being the only ‘contribution’ that is recognised. Carers who were not employed outside the home and did not pay PRSI but cared at home, making that contribution through work at home should be entitled to a full State Pension.

In cases where periods of care lasted longer than 20 years, those additional years beyond the 20 years, as currently allowed for under the HomeCaring Credit should not be ignored, there should be no such cap on caring periods.

We need to see careful review of the Total Contributions Approach, including engagement and consultation with organisations such as Family Carers Ireland to ensure that this new approach to the calculation of the State Pension ensures that Carers are rewarded for the invaluable contribution they make, not to mention the billions they save the State each and every year.

State Pension Age:

While it is often remarked that Ireland has no statutory retirement age, it is well recognised that for many years in Ireland the date for retirement in employment contracts was when an Employee turned 65 years of age. This was common practice in Ireland.

Sinn Féin has a long-standing position in relation to the age at which a worker qualifies for their State Pension and we must remember that it is in fact “their” pension which a worker will have paid into through PRSI, in many cases, for decades. This fact should not be lost when we consider the qualifying age for the State Pension.

We strongly opposed the practice that had been ongoing up until recently where those forced to retire at 65 years due to contractual obligations were left with no option but to apply for either Jobseeker’s Benefit or Jobseeker’s Allowance. Since 2014, thousands of retirees have had to sign on for a payment that is in place for people who are seeking work, many of them at the start of their working

¹https://www.pensionsauthority.ie/en/trustees_registered_administrators/policy/national_pensions_framework/national_pensions_framework.pdf

life rather than at the end. Some of these people had never been to a social welfare office in their lives and we know from direct engagement with individuals who found themselves in this situation, they felt really let down by the system.

The other element of this practice that equally angered those who ended up signing on for a Jobseekers' payment was the money they lost. The current difference between a Jobseekers' payment and the State Pension equates to a loss of over €2,355.60 in the year. This loss of income will continue under new Benefit for 65-year olds recently announced.

Sinn Féin have long called for the re-introduction of the State Pension Transition for those who wish to retire at 65 years, an end to mandatory retirement to end the practice of Employers stipulating that an Employee can no longer do their job once they turn a certain age (up to now the age of 65), and also allowing for longer working lives for those who wish to work longer. This is not for everyone but choice around retirement should be afforded to everyone.

For those who choose to remain on at work beyond the age of 65, they should be able to continue accruing contributions towards their State Pension. This is particularly important for those who have not reached the 520 necessary PRSI contributions.

Other Pension related matters:

Other issues which should be considered as part of the work of the Pensions Commission include:

The commitment in the Pensions Framework for the rate of the State Pension to be benchmarked at 34% of wages was re-committed to in the recently published Pensions Roadmap. We cannot continue to have the annual 'fiver' debate at Budget time. Pensioners need certainty and security when it comes to their income. At the very least, the State Pension rates payable need to protect Older People from poverty, that can be achieved by ensuring that the rates meet a minimum essential standard of living.

Foster Carers play a really important role in society. Some Foster Parents spend years looking after and caring for children in this way. Currently, this contribution to society is not recognised when it comes to qualifying for a State Pension. This needs to change. Individuals who provide Foster Care should be able to qualify for HomeCaring Credit in recognition of this care.

The rule that sees qualification for a Widow's Pension determined by a marriage certificate is outdated and discriminates against couples who choose not to marry however, they may live together and/or have a family. This issue should be examined, and consideration should be given to amending the rules to at the very least, allow for access to a Widow's Pension where there are dependants.

The Qualified Adult element of the State Pension system should be explored especially when it comes to the rate payable due to the means test. The current income limits for a dependant Adult should be reviewed.

Given that the Non-Contributory State Pension is means tested, it should be regularly reviewed to ensure it keeps up, in as much as possible with the cost of living and changes in income levels. There should be higher thresholds allowed for before reductions in the rate are made due to income.

We need to see better communication and education around the State Pension. For example, in some cases where a person leaves work due to illness and qualifies for Illness Benefit, they can be left on it for years and then on reaching pension age realise they do not have enough PRSI contributions nor had they been accruing stamps while on Illness Benefit. In other cases, people do not realise they will not qualify for a State Pension at the full rate until it is too late. We need to see more information being made available to workers on these matters.

Recommendations:

- A 30-year contribution requirement in order to qualify for a full State Pension as committed to 2010 National Pensions Framework
- Ensure careful consideration for the Self-Employed when it comes to the roll-out of the Total Contributions Approach
- Careful review of the Total Contributions Approach, including engagement and consultation with organisations such as Family Carers Ireland to ensure that this new approach to the calculation of the State Pension ensures that Carers are rewarded for the invaluable contribution, they make
- Re-introduce the State Pension Transition for those retiring at the age of 65 years
- Abolish mandatory retirement with exemptions for security related employment
- Make choice when it comes to retirement a core component of our pension system
- Recognise PRSI contributions towards the State Pension for any person who remains on at work beyond the age of 65 years to ensure they have an opportunity to build up their level of contributions
- The rates of the State Pension should protect Older People from poverty at the very least, this can be done by ensuring adequacy through ensuring rates are set at a Minimum Essential Standard of Living.
- Foster Carers should be able to qualify for HomeCaring Credits and the care they provide should be acknowledged and recognised by our pension system
- Consider the requirement of marriage for individuals to access a Widow's Pension
- Current income limits for a dependant Adult should be reviewed when it comes to the Qualified Adult payment

- Income thresholds for the State Pension Non-Contributory should be reviewed with higher thresholds
- Better communication and education in relation to the State Pension for workers

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