



SEÁN SHERLOCK TD

Submission of the Labour Party to the Pensions Commission

Labour recommends maintaining the State Pension age at 66. . Many workers now reaching the age of 66 have already made 45 years of social insurance contributions, and many are affected by mandatory retirement at the age of 65. We are living longer, and we do need to prepare for longer working lives, but we currently have a sufficient surplus in the Social Insurance Fund (excluding one-off pandemic expenditure) that we can afford to continue to provide the State Pension from age 66 onwards, while we make preparations for population ageing that are sustainable and equitable.

Following the General Election Campaign of 2020, all parties agreed on the need to look at the long term future of the pension system in the State. Inspired by the work of the Stop67 Coalition, all parties signed up to the pledge to halt the rise in the pension age. Below are recommendations the Labour Party would like the Pension Commission to examine

The role of Civic Society in determining pensions

The trade union movement and all those involved in the Stop67 campaign made a strong impression during the general election campaign through their own stories and advocacy. The campaign has been quite influential in bringing about an outcome that ensures people do not have to face the ignominy of appearing before a social protection office when they have 35, 40, or 50 years of work under their belts. The Labour Party commends the work of the trade union movement and all others who successfully halted the increase in the retirement age. Engagement with civic society groups and trade unions must become a hallmark of all developments relating to the reform of the pension system in the State.

Restoring the dignity of the State Pension

While there are demographic challenges in relation to pensions, we must allow for flexibility, in order to reflect the new realities of people's working lives, which are now more segmented and less stable.

As a society, we want to ensure that we recognise the dignity of people who have laboured and toiled. We need to set up a pensions architecture that is realistic, that speaks to the cost and the demographic fact that Irish people are living longer lives but also to the need to ensure we look after these people when they come to the end of their working lives, and that they can continue to live with dignity, decency and a basic standard of living.

Labour believes that older people should be able to continue working past 65 if they wish to continue working. Labour recommends that the State provides an incentive for employers to end compulsory retirement at 65 in employment contracts, and allow people to work until the

State Pension age or longer. There is no one size fits all approach to pensions and the working lives of the Irish people. We must take into account all sections of our society.

Ensuring gender related pension shortcomings are rectified

We must be conscious, through the Pensions Commission, of the issue of gender and set up a system whereby women, particularly those in labour-intensive jobs or precarious employment, when coming to the end of their working lives, do not have to go through another firewall or have to knock down another door to get the basic standard of living which they deserve in retirement.

Women currently represent around 54% of people in Ireland over the age of 65. Women over the age of 65 have a very high risk of poverty at 25%, compared to 15% of men in the same age group. Due to a longer life expectancy than men, and a higher likelihood of living alone, older women require increasing levels of financial security as they age to ensure they do not age in poverty. Older women are also less likely to have a private pension to supplement the State pension due to societal expectations and pressures to provide unpaid care. According to 2018 European Commission figures, women aged 65-79 received a pension which was only 26% of amount of men in the same age bracket. Looking at the State pension in isolation, ESRI research shows that higher proportions of women are less likely to qualify for the full state pension, presumably due to the fact that they, on average, likely spend fewer years in employment compared to males.

Increased recognition is needed of women's valuable contribution to society - both past and present - of unpaid work. According to CSO figures, 195,263 careers in 2016 were providing unpaid caring help and of these, 61% were female. About 31% of female carers and about 26% of male carers provided 29 hours or more of unpaid help each week in 2016. This is an enormous service which these carers are providing in lieu of the State, and is a service that needs to be recognised by the State. Labour recommends starting the process of introducing paid Carer's Leave, in line with the new Work-Life Balance Directive.

If the Pensions Commission deals with the above it will have done the State a considerable service, but only if the Minister of the day does not put its recommendations up on a shelf to gather dust. Such recommendations must be acted upon and implemented.

Clarity on the Pension Age and A State Transition Payment

All political parties agreed on the need to stop the increase in the pension age following the General Election in February 2020. The Pensions Commission must develop with a set of recommendations that speak to flexibility and the issue of people who work in labour-intensive or extremely stressful jobs. This involves front-line workers, nurses and doctors in the current climate. If these citizens have done so many years' work and are retiring well in advance of 65, a framework should be set up to protect them in order that they do not lose their entitlements. We need a system that reflects that new paradigm in Irish society.

A full transition payment is also still needed. The current process, introduced this year, would only apply to those who retired at age 65, and is at an amount that is €45.30 less per week than the old age pension. This is despite the government parties committing to the full rate during last year's election.

This effectively amounts to a rebranding of Jobseekers payments and it is not equivalent to the previous State Pension Transition Payment. In effect the government has introduced a cutback and has not tackled the issue at all. It has made matters worse in fact. People will be down €45.30 per week or over €2,000 a year. Labour recommends that there is a link between social protection payments to the cost of living, including pensions, based on a new national cost of living index, linked to the real cost of living on a modest but sufficient income.

Conclusion:

While the Pensions Commission report will be a valuable contribution to this policy area, the Commission itself cannot be the final arbiter of this matter. The Labour Party wants to see a robust mechanism established that takes into account changing dynamics in Irish population trends and working lives. Of course, it must be noted that this recommendation is being made in the middle of a pandemic that has halted everyday life and previously unassailed social norms.

Should a remote working life continue following the passing of this pandemic, that has an impact on the extent of a person's working life and should be factored into pension reforms.

In summary, Labour recommends:

1. Retaining the pension age at 66
2. Continued and detailed engagement with Civic Society & Trade Unions
3. Ensuring a pension process which gives every citizen decency, dignity and a basic standard of living
4. Formalise the State Pension Transition Payment to be in line with State Pension rates.
5. Allow flexibility on retirement age, should a person so desire to continue working.
6. Gender proof all State pension policies, to ensure that there is no bias against older women.
7. Increase recognition for unpaid work, and particularly for the work of carers.
8. Link social protection payments, including pensions to the cost of living, based on a new national cost of living index.

Kind Regards,



Seán Sherlock TD Labour Party Spokesperson on Social Protection

Contact

Email: sean.sherlock@oir.ie

Web: www.labour.ie/seansherlock

022-53523

087-7402057

Constituency Office

Liberty Hall (SIPTU)

Fair Street

Mallow

Co. Cork

Eircode: P51 PX49