
SIPTU
Stop the
State Pension
Age Increase
STOP
67
www.pensionage.ie

The increasing pension age

2014: Pension age effectively rose from 65 to 66 years through the abolition of the Transition Pension

2021: Planned increase to 67 years

2028: Planned increase to 68 years

The incoming government must:

- Stop the planned increase in the state pension age to 67 in 2021.
- Establish a forum with all stakeholders (employees, employers, political and civil society) to promote new and progressive policies on pension age and age discrimination, living standards in retirement, sustainable finances and the restoration of full pension rights. This requires a pension system that accommodates the needs of people, including flexibility in pension age.

Weekly difference in payment: State Pension and Jobseekers Benefit

	Jobseekers Benefit	State pension	Weekly difference
Single person	€203	€248	€45
With adult dependent (aged below 66)	€338	€414	€76
With adult dependent (aged over 66)	€338	€471	€133

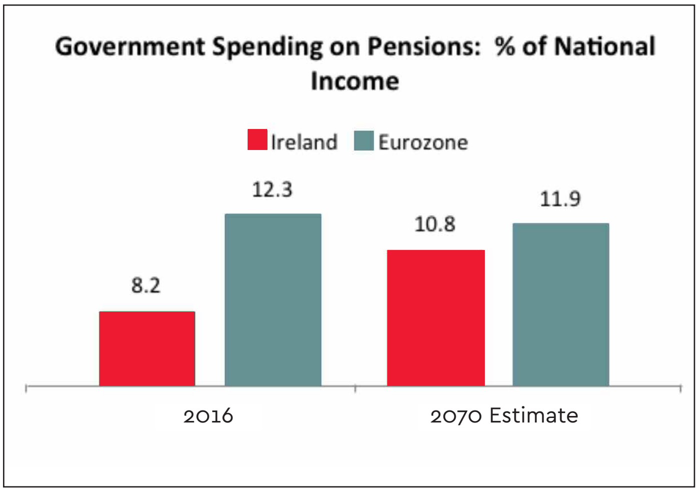
Lack of consultation

The planned increases in the pension age over the next eight years were implemented with little consultation or debate. Increasing the pension age was supposedly taken for budgetary reasons. However, the Government has yet to publish a detailed impact on public finances as the result of increasing the pension age.

One thing is certain – the Government did not take the decision to increase the pension age to promote the living standards of those in retirement. In fact, it will have the opposite effect – cutting retirement income and forcing people to apply for unemployment payments.

The myth of the demographic time-bomb

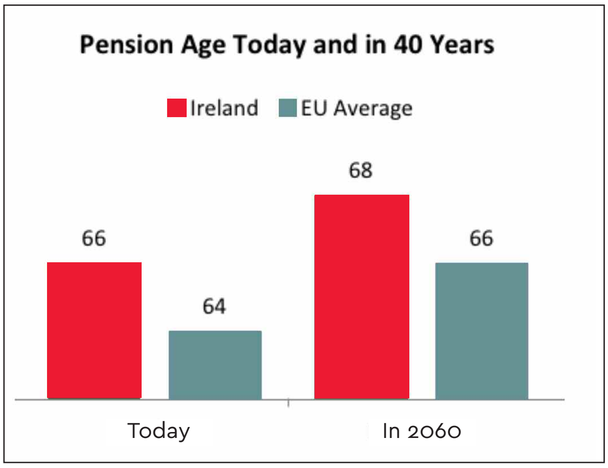
Government Ministers and commentators constantly refer to the demographic time-bomb – that the increasing number of retired workers is a threat to public finances. This is a myth.



In 2016, Ireland spent 8% of national income on public pensions. This will rise by less than three percentage points over the next 50 years. Not only do we spend less on public pensions than any other Eurozone country today, in 50 years' time we will still be spending less than the amount Eurozone countries spend today. The so-called demographic time-bomb is a myth, used to justify cutting the living standards of people in retirement.

Ireland's high pension age

Ireland's current pension age of 66 stands in contrast to an EU average of 64 years. Yet we have far fewer older people – nearly 30% less than other EU countries.



The Government intends to increase the pension age to 68 by 2028. The OECD projects that based on current policies, the average EU pension age will only rise to 66 by 2050.

The Government intends to increase the pension age faster than almost any other European country even though in 50 years Ireland will still have the lowest number of older people – nearly 20% less than other EU countries.

We have far fewer older people but we have – and will continue to have – one of the highest pension ages in the EU. There is no logic to this unless it is seen by government as a crude revenue saving measure introduced at the expense of retired workers.

Cutting living standards

The increase in the pension age will mean a cut of between 15% and 20% in pension income over a person's lifetime in retirement.

Even though the Government is raising the pension age it has not solved the problem of people being forced to retire at the age of 65 or earlier. People forced to retire but who cannot get a pension are being forced on to unemployment payments even though they have worked and paid taxes all their lives.

Being forced on to unemployment payments, rather than receive a pension, means a loss of nearly €2,400 a year (and up to €7,000 for a couple). This is a massive cut in living standards. Reaching 65, or 66 in 2021, an unemployed worker moving from Jobseekers Benefit to the means tested Jobseekers Allowance may face no income for a year or a search for work at this advanced age.

The budgetary gain is marginal, at best. Increasing the pension age to 67 in 2021 will 'save' the Government approximately 0.2% of national income in pension payments. But this doesn't include the cost of rising unemployment and related payments for those who have retired but have to wait for their pension.

It is difficult to understand the rationale for the Government's decision to increase the pension age.

A Cross-party consensus for suspension

In 2017, the Joint Oireachtas Committee on Social Protection called for a suspension in the increase of the pension age given the unsolved issues involved it said:

"The Minister should review the disparity between the retirement age and pension age, and the proposed increases in pensionable age should be suspended."

This Committee recommendation had the support of TDs and Senators of all political parties.

SIPTU members are only demanding what a parliamentary committee has already recommended.

Question: While SIPTU is campaigning to stop the pension age from rising to 67, does this mean that it accepts the abolition of the Transition Pension and the current situation where 66 is the effective pension age?

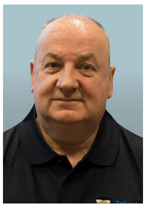
Answer: No.
SIPTU is pursuing a 3-step strategy. First, to stop the pension age from rising in 2021 is the priority. Second, the establishment of a Forum with stakeholders to engage in social dialogue on all issues relating to pensions and retirement, including the pension age. Third, in the Forum, SIPTU will campaign for a new flexible pension age regime which would not only include the restoration of the Transition Pension but allow people to access their pension after a lifetime of contributions and to allow people to work beyond the pension age without discrimination if that is what they want. The pension system should work for people, not the other way around.

Data taken from OECD Pensions at a Glance 2017, the EU Commission Ageing Report 2018 and the Ireland Interdepartmental Group on Fuller Working Lives.

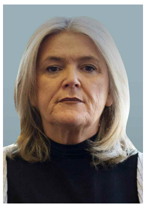
January 2020

SIPTU members speak out:

Tom Melia
"I will be retiring in 2026 and I won't get the State pension until 2028. I will get the Jobseekers Benefit for the first nine months but then will have to rely on a meagre workplace pension, which was reduced by 25% during the downturn. I will have to spend whatever lump sum I have to survive."
Co-operative store worker



Broc Delaney
"The financial impact, particularly for people who are in bad health, can be devastating. For those who are forced to work on because of such financial issues it can result in a further deterioration in their health."
Hospital worker



Lynda Scully
"As a community sector worker the proposed rises in the retirement age mean that my contract was unilaterally changed without consultation so that I will not now retire until I am 68. Of course, I am very unhappy about this and believe it is unacceptable that I have to work for three years more than I expected."
Community sector worker

Susan Redmond
"When my contract ended at 65, I was forced to go onto Jobseekers Benefit. It was degrading to have to jump through hoops to prove you were seeking jobs when you expected to be receiving a pension after a lifetime working."
Health worker

#Stop67

SIPTU is the largest trade union in the country representing 200,000 workers across almost every sector of the economy. We are organised across the island of Ireland.

SIPTU