

Income Security

Why it matters for older people everywhere



Age Action
For all older people

Tubakwerwa, 58, from Uganda at her stall in a fruit and vegetable market.



This booklet is produced to raise awareness of income security among older people in Ireland and in developing countries. It also aims to highlight the importance of social protection systems and increase solidarity for older people living in developing countries.

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What is income security?

Income security is not only concerned with having an adequate level of income, it also relates to assurances and expectations about receiving an income now and in the future. It's an issue of concern not only for people during their working lives but also during times of illness and in older age.

Income security then is about **actual**, **perceived** and **expected** income. It can be a worry for everyone but this is especially true for older people both in Ireland and across the world. This is because their opportunity and ability to generate additional income can be significantly reduced and in many cases non-existent.

Why is income security important?

“Income security is important for both society and the economy. If people have secure incomes it helps to prevent them from falling or remaining in poverty. They are also less likely to be subject to inequality. In addition secure incomes facilitate people to contribute to the economy. At an individual level income security greatly enhances everyone's ability to live a life of dignity.”

Poverty is real – in Ireland and developing countries

Globally, only 51.5 per cent of older persons above statutory pensionable age receive an old-age pension. If China is excluded the proportion falls to 45.6 per cent. While this figure has risen in recent years as more countries extend pension coverage to their older populations, significant inequalities still exist. In sub-Saharan Africa, less than one in five older persons (16.9 per cent) receives an old-age pension. In the Middle East, 29.5 per cent of older persons receive a pension; the figure is 36.7 per cent in North Africa, 47.0 per cent in Asia and the Pacific (32.4 per cent excluding China), and 56.1 per cent in Latin America and the Caribbean. (*International Labour Organisation, World Social Security Report, 2014/15*)

As a result millions of older people live in poverty or are forced to work well into their old age, when their capacity to earn a living is reducing. This will only increase as population's age globally, particularly in developing countries where population ageing is now occurring at a faster level than developed countries. The proportion of the population aged 60 years or over in the more developed regions was 12 per cent in 1950, rose to 23 per cent in 2013 and is expected to reach 32 per cent in 2050. In the less developed regions, the proportion of older persons increased slowly between 1950 and 2013, from 6 per cent to 9 per cent; however, the increase in the proportion of older persons is expected to accelerate in the coming decades, reaching 19 per cent in 2050. (*United Nations Department of Economic and Social Affairs, World Population Ageing, 2013*)

Pensions, particularly social or non contributory pensions are a way of giving older people a minimum income in old age and are widely acknowledged to be one of the most effective tools to reduce old age poverty.

In addition, older people in developing countries have predominantly worked in the informal sector or "under the counter". This kind of work is often irregular and poorly paid, which means that few have been able to save for old age, adding to the strong argument for introducing pensions in developing countries.

Where pensions have been introduced in developing countries there has been a marked increase in income security for older people. In Ngenge in the Muleba district in Tanzania, where a pension for older people has been in place for over a decade, the average income of recipient households increased by almost 80 per cent. On average, pensions equalled close to half of all income, but in many cases exceeded 80 per

cent. (*HelpAge International, Towards universal pensions in Tanzania, 2014*)

Pensions also contribute to the reduction of intergenerational poverty as they tend to function more as an income transfer to poorer households rather than individual retirement income. As well as having a knock on effect for all members of the households involved it has been shown that pensions have a positive effect on the wider economy. (*HelpAge International, Pensions, poverty and wellbeing, 2011*)

Ireland

In Ireland state transfer payments play a huge role in protecting older people from poverty, as older people rely heavily on these as their main source of income. According to the OECD, of the four income sources that older people rely on, public transfers are the most important. In Ireland, they account for 75 per cent of older people's income. This is higher than the OECD average of 54 per cent and behind Hungary and Belgium who have higher rates of 89 per cent and 85 per cent respectively.

Until the mid-2000s living standards for older people in Ireland were far less favourable than those of the working age population. This was due to slower rates of growth in relation to pension benefits. Subsequent investment in welfare supports, in particular the state pension for older people, began to address this inequality and poverty rates of people aged 66-75 went from 31 per cent in 2001 to less than 10 per cent in 2012; and among people aged 76 and over poverty rates dropped from over 40 per cent to 7.5 per cent. (*OECD, Pensions at a glance, 2015*)

The latest EU-SILC statistics - show that in 2014 10.3 per cent of people aged 65 years and over were at risk of poverty, an increase from the 2013 figure of 9.2 per cent. The deprivation rate, which shows the inability to afford basic goods and services, is 14.3 per cent. Meanwhile the consistent poverty rate among people aged 65 years and is 2.1 per cent an increase on the 2013 figure of 1.9 per cent. (*Central Statistics Office, Survey of income and living conditions, 2014*)

"The inclusive combined extra increases in taxes, levies and charges, as a percentage of the total old age pension or income is penal and unjust. Since the austerity tactics imposed by the government my financial circumstances as a pensioner have changed drastically when taking into account all the new extra taxes, levies and charges including the up and coming property tax and water tax and the upward only price increases in food prices and heating fuel such as heating oil". (*Quote from Age Action member, 2013*)



Nicola Elliot was part of the 2009 Positive Ageing Photo Exhibition



Marie Stanley won 3rd prize in the 2010 Positive Ageing Photo Competition and was part of the 2010 Positive Ageing Photo Exhibition

Case Studies

Ireland

Rosie (76) is a widow with four children. She lives alone in a suburb of Dublin. During the recession, three of her children left Ireland to seek employment elsewhere. Despite having some health problems, relating to arthritis and joint pain, she provides childcare for two of her grandchildren three days a week.

During her working life Rosie was a cleaner, taking some years out of work to care for her children and again for her mother who lived with her before she died. Because of this disruption to her employment she does not qualify for a contributory state pension (€233.30 per week) and receives the non-contributory pension of €222 a week.

Rosie and her husband managed to purchase their small mid-terrace house and have paid off the mortgage but Rosie finds it difficult to meet all the household expenses "Heat and other bills cost the same as they did when the full family were living at home, but income has reduced now that they are gone." (quote from Age Action member's meeting, 2013)

Her pension is supplemented by additional state benefits such as the fuel allowance and household benefits package; she is also entitled to a medical card. These benefits are essential to sustain Rosie's standard of living, although with additional costs such as the property tax, water charges, increases in VAT, the loss of the bin waiver and reductions in the fuel payment she is finding it increasingly difficult to make ends meet.

South Africa

Sophie (68) and Lizio (68) live in Topu village, in the Eastern Cape. Sophie had five children, but none of them are still alive. She has a number of surviving grandchildren, but none of these are in contact with her. Her relationships with her children were limited; since several had moved away to find work and her eldest son was "in and out of prison". Her last child died four years previously: "I don't know what it was. People say she had ulcers and a headache."

Lacking family support, Sophie and Lizio have been left to fend for themselves. They own a small plot of land but are not strong enough to farm it: "It's my eyes. I cannot see well. I lose strength, my knees get weak

Mama Brigitia is 64 years old and lives in Kenya. Her husband and 5 of her children died of AIDS, now she must care for 8 orphaned grandchildren aged between 2 to 17. ©Frederic Courbet/ HelpAge International

Seforosa, 64, from Uganda runs a banana field and grows coffee. She is photographed with her daughter, granddaughter and great-granddaughter.

and my ankles are sometimes painful, and sometimes I just fall over."

Their two social pensions are their only means of support. More than half of the pension money is spent on basic food items, and they also use it to pay for essential medication from a local clinic. Sophie sets aside a small part of the pension to make contributions to a funeral fund; having a dignified burial is very important to her. (*HelpAge International, Pensions, poverty and wellbeing, 2011*)

Zambia

Tiziwenji Tembo is 75 years old. She cares for four children of her late daughter who passed away five years ago. Being a widow and taking care of a large family, life was difficult before the government pilot to distribute state transfer payments started.

"I used to starve, I had no clothes, I was not myself, but now I am able to run my family comfortably and hire labour for my farm in case I am not able to work."

As well as buying basics such as food and materials for the grandchildren, she has been able to put a little money aside from the pension. Part of this she used to renovate her house which was about to collapse, and she also bought a piglet which she fattened up and sold on.

For the grandchildren the extra money for books and uniforms has ended the stigmatisation they experienced at school. "My grandchildren are motivated to go to school now. Before the pension they didn't want go because they did not have proper school uniforms and books, and their fellow students used to laugh at them." (*HelpAge International, A social pension in Zambia, 2009*)

What is striking about the case studies are that they show the types of issues facing older people in Ireland, South Africa and Zambia are similar. They also demonstrate how pensions are of huge importance for older people to live dignified lives, free from poverty wherever they live in the world.



The Human Rights Context of Income Security

International human rights law is also concerned with income security. The right to social security is protected in a number of different international human rights instruments, most notably in Article 9 of the International Covenant on Economic, Social and Cultural Rights (ICESCR). Ireland, as well as numerous developing countries has ratified this Covenant and is therefore party to its content, indeed 130 states are party to it.

The UN body that monitors the implementation of the ICESCR (the Committee on Economic Social and Cultural Rights) says that states that are party to it should take appropriate measures to establish social security schemes for older people. These schemes must start at a specific age and be underpinned by national law.

The Committee also says states should, within the limits of available resources, provide non-contributory old-age benefits to people who do not qualify or are not entitled to an old-age insurance-based pension or do not have other social security benefit or assistance, and have no other source of income. *(General comment no. 19 on the right to social security, article 9)*

It is important to note that states cannot simply row back on their commitments made under ICESCR just because there is a recession. The Committee says that any deliberately retrogressive measures under ICESCR requires the most careful consideration, and would need to be fully justified by reference to all of the rights provided for in the Covenant and in the context of the full use of the maximum available resources.

The Committee further explains that "a general decline of living and housing conditions, directly attributable to policy and legislative decisions by State parties, and in the absence of accompanying compensatory measures, would be inconsistent with the obligations under the Covenant". *(General comment no. 4 on the right to adequate housing)*

Ali is 56 years old and lives in Pakistan. He is the main breadwinner for his 14 family members. ©HelpAge International



A Convention on the Rights of Older People

The UN is currently discussing whether there should be a dedicated international convention on the rights of older people. A convention on the rights of older people could include a specific right on social security for older people and detail how the right applies to older people. It could also explain how states are obliged to protect income security for their older populations.

Age Action Ireland is advocating that the Irish government support a new convention to protect the rights of older people.

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The Office of the High Commission of Human Rights is the UN body that is mandated to promote and protect human rights for all. It has information on ICESCR and the Committee on Economic Social and Cultural Rights and other human rights instrument.

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Kijakazi from Tanzania is a volunteer health worker who educates people in her community about HIV and AIDS.

