

AgeAction

For all older people



Towards a Fair State Pension for Women Pensioners

Author: Maureen Bassett MSc. Researcher and Social Policy Analyst.

Please cite as: Bassett, M. (2017) Towards a Fair State Pension for Women Pensioners. Dublin: Age Action.



**Coimisiún na hÉireann um Chearta
an Duine agus Comhionannas**
Irish Human Rights and Equality Commission

This report is funded by the Irish Human Rights and Equality Grant Scheme 2016-2017. The views and opinions expressed herein are those of the author and do not necessarily reflect the official policy or position of the Irish Human Rights and Equality Commission.



**An Roinn Tithíochta, Pleanála,
Pobail agus Rialtais Áitiúil**
Department of Housing, Planning,
Community and Local Government



The work of the Age Action policy team is supported by the Scheme to Support National Organisations, funded via the Department of Housing, Planning, Community and Local Government, and administered by Pobal.

	Foreword	I
	Acknowledgements	II
	Glossary	III
Section 1	Introduction	1
	Introduction to Age Action	
	Focus and Rationale for the Study	
	Aim and Objectives of the Study	
	Methodology	
	Approach	
	Report Outline	
Section 2	The Policy Context	4
	Introduction	
	Welfare Regimes and Irish State Pension System	
	Gendered Welfare Regimes	
	Gendered Pension Gap	
	Macro-Economic Policy: Austerity and Social Investment	
	The National Pensions Framework	
	The Irish State Pension System	
Section 3	Change in State Pension Contributory Bands 2012	11
	Introduction	
	Recipient of State Pension Payments	
	What Changed?	
	The Numbers and Gender affected by the Change	
	Estimated Savings from the Change	
	Official Rationale for the Changes	
	Responses to Announced Changes	
	Discussion of the Official Rationale	
	Impact on Equality and Economic Rights	
Section 4	Case Studies and Interviews	22
	Introduction	
	Case Studies	
	Estimated Financial Loss	
	Others Impacted by Changes to State Pension Contributory System	
	Views of Other Key Stakeholders	
	Views of Interviewees on what needs to happen	
Section 5	Conclusions and Recommendations	33
	The Band Changes and their Effects	
	Widening the Gender Pension Gap	
	Official Rationale for the Changes and Wider Pension Policy	
	Framework of Equality and Rights	
	Bibliography	
	Appendix 1 – Key Stakeholders Interview List	

FOREWORD

Since its establishment in 1992 as a national advocacy organisation for older people, Age Action has always strived to ensure that the voice of older people was heard, particularly on issues which directly impacted on them.

The need to highlight the first-hand, lived experience of older people has always been a key part of our research and advocacy work. From the year-round work by our Glór groups of older people, to the national consultation of members which we undertake annually to produce our pre-Budget submission, older people are at the heart of what we do.

As part of her work on this research document, Maureen Bassett has interviewed a number of older people who were impacted by the changes to the PRSI bands used to calculate the State Pension. Their personal experiences highlight the scale of the injustice and inequality behind the 2012 changes to the PRSI bands. On behalf of Age Action I would like to thank Maureen for the work she put into this report and her commitment and drive to the issue at hand. I would also like to thank all of those who participated in the interviews, particularly those who shared their personal experience of the impact of this unequal cut.

Was it a coincidence that this issue – which has already resulted in reduced pensions for almost 36,000 pensioners – received such little attention on budget night of December 5th, 2011? I recall working for Age Action that night, as part of our Advocacy and Communications team, analysing the impact of the budget for older people. The immediately contentious issues which grabbed the headlines on the night included cuts to the fuel allowance, major reductions in the health budget and increases in the threshold for the drugs payment scheme.

It was only in the days and weeks that followed, when the dust settled, that the impact of the new PRSI payment bands was realised. But the scale of that impact which the controversial PRSI band changes made is evidenced by the fact that five years later this piece of research is being published to highlight the inequality of these measures.

These changes have resulted in a further widening of the gender gap within Irish society. They add to the decades of injustice experienced by Irish women, following in the wake of the marriage bar, traditionally lower pay levels for female workers, the limited backdating of the Homemakers Scheme, and insufficient recognition of the key role many women have played as carers.

The gender gap is evident in the pension statistics. Just 36% of those currently receiving the State Pension (Contributory) are women. This is in contrast to the 89% of recipients of the Widow's, Widower's, Or Surviving Civil Partner's (Contributory) Pension who are women.

That inequality is costly for those who suffer as a consequence. The 2012 changes resulted in pension reductions of between €18.80 and €29.80 per weekly or between €997 and €1,549 per annum. Given the heavy dependency on the State Pension as the main source of income for many pensioner households, those income reductions take on even greater significance.

Our research comes at a time when questions are being asked about the sustainability of the State Pension. As part of that discussion, policy makers need to recognise the hardship and inequality created by the 2012 changes and move to reverse them as part of pension policy reform.

This research is also essential reading for policy makers seeking to provide an adequate income for current and future generations of pensioners, through the provision of a sustainable State Pension scheme.

Eamon Timmins,

Chief Executive,

Age Action.

ACKNOWLEDGEMENTS

This report is the outcome of the commitment and effort of many people. Evidence based social research is vital to shaping social policy and the author commends Age Action for commissioning research on an issue which had 'stayed under the radar'.

The author would like to thank Naomi Feely and Justin Moran of Age Action who very ably and patiently managed and guided the research. They also provided great support to the researcher.

I would also like to thank the people who participated in the interview process.

Firstly, I thank those directly affected by the issues at the heart of the research. This is a very personal matter for them and they very generously shared their experiences and views so that the research could be grounded in their lived reality. For this reason, I have changed their names to respect their privacy. I also thank the other key stakeholders who participated including Alan Barrett, ESRI; David Begg, Pensions Authority; Nata Duvvury, NUIG and Senator Alice Mary Higgins all of whom very generously shared their valuable expertise and insights on pension policy and women's equality in the pension's area.

I give a particular thanks to the representative of the Department of Social Protection who as well as participating in an interview provided very valuable data previously not available in the public domain.

Thanks also to the two external readers who provided very useful feedback on the draft report, Orla O'Connor of the National Women's Council of Ireland, and Peter Kavanagh of Active Retirement Ireland.

Finally, thanks also to others who contributed in different ways to the research including Rachel Doyle of Community Work Ireland and Mary O'Donoghue of West Clare Family Resource Centre who put me in touch with two women in west Clare who offered valuable insights on their experiences.

GLOSSARY

The State Pension Contributory is linked to Pay Related Social Insurance (PRSI) contributions over the working life. Credited payments are also taken into account when the level of payment is calculated. This calculation is made using an averaging method. This method takes the total contributions over the whole working life, back to the first contribution (from age 16) and calculates an annual average. The level of payment is determined by the averaged annual contributions and an associated payment band. In 2012, the number of bands was increased to six from four; the latter had existed since 2000.

The State Pension Non Contributory is a means-tested payment and can only be accessed if income and ownership of assets, investments and savings are within certain limits. People who are married, in a civil partnership or cohabiting are jointly assessed and each partner is assumed to own half the joint income and assets.

The Homemakers' Scheme, applies to a man or woman caring full-time for children (aged 12 or under) or a person with a disability (aged over 12). The individual is granted up to a maximum of 20 years 'disregard' when the averaging method is employed. This scheme applies to periods of caring from 1994.

Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension is a weekly payment to the husband, wife or civil partner of a deceased person. Either the living or deceased spouse or partner must have enough social insurance contributions to qualify. The pension is payable regardless of other income.

INTRODUCTION

1.0 INTRODUCTION TO AGE ACTION

Age Action was established in 1992 as a voice for older people and is Ireland's leading advocacy organisation on ageing issues. The charity acts as a network of organisations and individuals, including older people and carers of older people, and as a service provider. It assists tens of thousands of older people every year.

Age Action's mission is to empower all older people to live full lives as actively engaged citizens and to secure their rights to comprehensive high quality services according to their changing needs.

1.1 FOCUS AND RATIONALE FOR THE STUDY

The Irish pension system is made up of a number of pillars or tiers. Pillar one is the State Pension system and the one of most importance to many older people.

The State Pension system includes the State Pension Contributory and the State Pension Non Contributory. Prior to January 2014 there was also the State Pension Transition which could be claimed by people aged between 65 and 66. This was abolished from the beginning of 2014.

The State Pension Contributory is linked to Pay Related Social Insurance (PRSI) contributions over the working life. Credited payments¹ are also taken into account when the level of payment is calculated. This calculation is made using an averaging method. This method takes the total contributions over the whole working life, back to the first contribution (from age 16) and calculates an annual average. The level of payment is determined by the averaged annual contributions and an associated payment band. In 2012, the number of bands was increased to six from four; the latter had existed since 2000.

The State Pension Non Contributory is a means tested payment and can only be accessed if income and ownership of assets, investments and savings are within certain limits. People who are married, in a civil partnership or cohabiting are jointly assessed and each partner is assumed to own half the joint income and assets.

The State Pension is a critical, and often the only, source of income for older people. According to the OECD up to three-quarters² of a household's disposable income (for those aged over 65) is made up of public transfers.

Between 2009 and 2013, the weekly incomes of older people were affected by rising costs, the introduction of new taxes and charges and cuts to supplementary payments (such as the Household Benefits Package). The situation was worsened by a freeze in the weekly rate of the State Pension during the period 2009 to 2015.

The impact of this is reflected in the rise in the deprivation rate for people aged 65 and over. In 2014, 14.3 per cent of those aged over 65 years experienced deprivation³. According to Social Justice Ireland (SJI)⁴ this means that 85,000 older people were simply unable to afford basic goods and services. In 2009, the last year in which the State Pension was increased prior to 2016, the deprivation rate was much lower at 9.5 per cent⁵.

In 2012, the Government introduced changes to the eligibility criteria for the State Pension Contributory. New bands were introduced and in some cases new reduced payment rates related to these bands. This had the effect of increasing

1 These are gained when claiming some social welfare payments, for example, when unemployed or ill, if certain criteria are met.

2 OECD (2016) Pensions at a Glance 2015 – OECD and G20 Indicators – available at http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/pensions-at-a-glance-2015_pension_glance-2015-en#page3

3 CSO (2015) Survey on Income and Living Conditions 2014 <http://www.cso.ie/en/releasesandpublications/er/silc/surveyonincomeandlivingconditions2014/>

4 Social Justice Ireland (26th November 2015) 'Number of people in deprivation up more than 200,000 since Government took office', published on Social Justice Ireland website – available at <http://www.socialjustice.ie/content/policy-issues/number-people-deprivation-more-200000-government-took-office>

5 CSO (2013) Survey on Income and Living Conditions (SILC) - Thematic Report on the Elderly 2004, 2009 and 2010 <http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2010/elderly0409and10.pdf>

Section 1

the number of PRSI contributions required for the higher payments. The new bands, linked with the 'averaging' rule, resulted in many people receiving a reduced weekly State Pension payment.

The change applies to all new applicants since 2012. However, women are more likely to lose out because of periods out of the workforce due to family responsibilities. Many women already experience inequality in the State Pension system. Lack of access to the Homemakers' Scheme for a whole generation of women is a particularly striking example of this inequality.

Age Action believes that the change in the bands is a serious issue affecting many older people and women particularly. It commissioned this research, which investigates the scale and nature of the impact of the change on older people. It also highlights the policy implications and makes recommendations on possible remedies and future policy directions.

1.2 AIM AND OBJECTIVES OF THE STUDY

The Aim of the study is:

To investigate the impact of recent changes to the State Pension's eligibility criteria on the income of women pensioners in the context of the 'averaging out' system and to propose, and cost, remedies to help eliminate this inequality.

The Objectives are:

- To set the context for the research by reviewing the existing literature on the Irish State Pension system;
- To analyse and present data on the operation of the Irish State Pension;
- To carry out interviews with relevant key stakeholders to inform the development of the research;
- To ensure the voice of pensioners affected by these changes is represented by profiling case studies of individuals provided by Age Action;
- To provide sample scenarios of how pensioners are affected by these changes against how they would have fared were these changes not implemented;
- To identify and cost solutions that would reverse the impact of these changes on the pensioners affected.

1.3 METHODOLOGY

The methodology involved desk research, consisting of a review of relevant literature and other documents, and qualitative research in the form of semi-structured interviews.

The literature review included:

- Reports on the Irish State Pension system;
- Comparative European data;
- Government data and documents on the State Pension system as well as budgetary documents;
- Reports on the broader economic and social policy context;
- Research on women's inequality in Irish society and specifically in the Irish State Pension system;
- Additional material provided by some of the people interviewed directly affected by the changes;
- Media coverage;
- Parliamentary debates.

Six interviews (five women and one man) were carried out with people directly affected by the issues raised in the research. The interviewees were identified by Age Action from older people who had contacted the organisation regarding this issue.

Four interviewees were directly affected by the band changes and all of these were women⁶. These are presented as

⁶ Men are also directly affected by the changes. However the man interviewed is not yet in that position as he is not yet retired. He is concerned how the changes might affect him in the future and how the State Pension system works for men with atypical work lives. These issues are reflected in Section Four of the report.

case studies in Section Four of the report. These interviews are supplemented in some cases by additional material provided by the interviewees. Their anonymity is protected by the use of pseudonyms and as far as possible by the removal of any specific identifying information.

In addition five interviews were conducted with other key stakeholders including senior researchers and academics, an advocate for older people and women's equality, chairperson of a relevant public body and an official in the Department of Social Protection (see Appendices for a list of those interviewed).

1.4 APPROACH

The approach adopted in the research and in the report places the issue of the band changes within the broader welfare state and social and pension policy context. In other words it adopts a political economy approach. It is also contextualised within other pension related changes in recent years.

A gendered analysis is also adopted informed by the pre-existing inequality experienced by women in Irish State Pension policy as well as in Irish society. This is also informed by the disproportionate impact of the band changes on women.

Both of these approaches inform the understanding and analysis of the band changes which are the focus of the report.

1.5 REPORT OUTLINE

The remainder of the report is set out as follows:

- Section Two: The Policy Context
- Section Three: Change in State Pension Contributory Bands 2012
- Section Four: Case Studies and Interviews
- Section Five: Conclusions and Recommendations

THE POLICY CONTEXT

2.0 INTRODUCTION

This section is intended to give a context for the 2012 band changes which are the focus of this study. In recognition of the inequality experienced by women in the State Pension system⁷ the analysis is contextualised within welfare regime and gender regime theory. The inequality has resulted in a gender pension gap and this is briefly outlined.

The section also places the changes in the context of current economic and social investment approaches as these are relevant to understanding the 2012 changes. Finally, it outlines some key aspects of national pension policy and also sets out relevant information on the State Pension system.

2.1 WELFARE REGIMES AND IRISH STATE PENSION SYSTEM

In order to understand the Irish State Pension system as well as the changes to the 2012 bands it is worth examining what type of welfare regime the Irish System operates within. De Neubourg and Weigand⁸ argue that the type of welfare regime in which older people live will determine the level of protection they experience from life cycle and categorical risks (risk associated with being a member of a particular group).

Esping-Andersen⁹ identified three types of welfare regimes: social democratic, liberal and conservative/corporatist. He arrived at this typology through an examination of the roles played by the State, family and the market in different welfare state contexts. Despite critiques¹⁰, some commentators have placed Ireland in the conservative /corporatist regime.

This is marked by dependence on the family and non-state agencies including occupational, religious and community organisations to provide essential social services. Within this approach the State does not take full responsibility for protection of citizens but sees this shared with actors as outlined above. The provision of social services, including older age services, still bear the hallmarks of this approach.

However, welfare regimes change and many commentators¹¹ argue that the Irish welfare regime is increasingly moving towards a liberal model marked by dependence on the market to provide services (albeit often with State support). This can be observed in Ireland in the recent past in terms of housing, childcare, elder care and so on.

This privatisation is often linked to a shift in responsibility and risk to the individual. In the context of pensions, there is an increasing emphasis in national policy on pillar two in which much of the risk is on the individual holder of an occupational or private pension¹². Also within the liberal regime, a universal system of State payments including pensions and other old age payments is rarely envisaged.

2.2 GENDERED WELFARE REGIMES

Esping-Andersen has been critiqued by feminists¹³ for lack of attention to the gendered nature of welfare states. They also point out that he did not take enough account of the role of the family. In particular, he did not take into account the

7 Walsh, K. Carney, GM. and Ni Léime, A. editors (2015) Ageing through Austerity-Critical Perspectives from Ireland; Duvvury et al, (2012) Older Women Workers' Access to Pensions; http://www.icsg.ie/sites/www.icsg.ie/files/personfiles/oww_report_.pdf ; Murphy. E (2014) Pension Policy in Ireland: An Evaluation http://www.nerinstitute.net/download/pdf/pension_policy_in_ireland_neri_wp16.pdf
Murphy, M. and McCashin, T. (2008) Pensions- What Women Want http://www.nwci.ie/download/pdf/pensions_publication_final.pdf

8 De Neubourg, C. and Weigand, C. (2000) Social Policy as Social Risk Management

9 Bussemaker, J. and van Kersbergen, K. (1994) 'Gender and Welfare States: Some Theoretical Reflections' in Sainsbury, D. (ed) Gendering Welfare States

10 Mac Cionnaith, C. (2010) Welfare State Regimes www.academia.edu/4321551/welfare_state_regimes

11 Ni Léime et al, 'Pension provision, gender, ageing and work in Ireland' in Walsh, K. et al. editors (2015) Ageing through Austerity-Critical Perspectives from Ireland

12 Ni Léime et al, (2015) 'Pension provision, gender, ageing and work in Ireland' in Walsh, K. et al. (Eds.) Ageing through Austerity – Critical Perspectives from Ireland Bristol: Policy Press

13 Bussemaker, J. and van Kersbergen, K. (1994). 'Gender and Welfare States: Some Theoretical Reflections' in Sainsbury, D. (ed) Gendering Welfare States, London, Sage; Lewis, J. (1992), 'Gender and the Development of European Welfare Regimes', Journal of European Social Policy 3 (2) 159-173.

unequal gender relations within families and the way this results in women doing the majority of the unpaid caring work and the contribution this makes to freeing up male labour.

Lewis puts forward a tentative typology which focuses on gender as an organising category in welfare regimes. This included those typified as strong, modified and weak breadwinner regimes. Historically, Ireland was clearly placed in the strong bread winner regime¹⁴. This is marked by exclusion of women from the labour market and their treatment as dependents in tax and social security systems. It is also marked by lack of State provision for childcare.

As with all typologies, there have been critiques of Lewis. However, it is useful when considering the gendered nature of welfare states and the associated gendered risks. It has particular relevance for an analysis of gendered pension policy and outcomes in Ireland.

In a gendered analysis the importance of adopting a life course perspective is also highlighted¹⁵. The different life trajectories of many women and men make this vital. The importance of a life course approach was also emphasised by the National Economic and Social Council¹⁶ which sets out the arguments for this approach in state welfare policy. The gendered life course approach is particularly relevant in the context of women's income in later life. We will see that this is determined by much earlier stages of the life course and not just at a point in time, that is, at retirement age.

It will be argued in Section Three that the 2012 changes and their disproportionate impact on women are strongly linked to the fact that Ireland adopted a conservative welfare regime and a strong breadwinner model including the dependence on women for care of the family:

... the unpaid nature of this socially and economically necessary work has historically led to issues with female eligibility for State benefits. Many women are now being penalised a second time for this unjust and discriminatory approach¹⁷.

2.3 GENDERED PENSION GAP

The outcome of the welfare regimes discussed above has contributed to what is now known as the gender pension gap and which refers to the difference in pension income between women and men. This is causing concern in many countries and at EU Level¹⁸. The European Commission report, drawing on 2012 data, highlights that the gender pension gap in Ireland is 41 per cent compared to 40 per cent for the EU 27. This is the gap between female and male pensioners aged between 65 and 79.

The report also highlights that due to poor pension coverage in Ireland the gender gap for all people in this age cohort is in fact far higher at 52 per cent and, with Spain, is the highest in the EU 27.

This pension gap is also linked to the gender pay gap. In Ireland this has widened from 12.6 per cent in 2008 to 14.4 per cent in 2012¹⁹. However, it is also important to take an historical perspective on this gap. In the past it was considerably higher, for example, it was almost 20 per cent in 1987²⁰. Many women who are now retiring commenced

14 Cook, G. and McCashin, A. (1997) 'Male Bread Winner: A Case Study of Gender and Social Security in the Republic Of Ireland' in Byrne, A. and Leonard, M. (eds) *Women in Irish Society*, Belfast, Beyond the Pale

15 N Léime et al, (2015) 'Pension provision, gender, ageing and work in Ireland' in Walsh, K, et al. editors (2015) *Ageing through Austerity-Critical Perspectives from Ireland*

16 NESCC (2005) *The Developmental Welfare State* – available at http://files.nesc.ie/nesc_reports/en/NESC_113.pdf

17 Murphy, E (2014) *Pension Policy in Ireland: An Evaluation* http://www.nerinstitute.net/download/pdf/pension_policy_in_ireland_neri_wp16.pdf

18 European Commission (2015) *Men, Women and Pensions*. http://ec.europa.eu/justice/gender-equality/files/documents/150618_men_women_pensions_en.pdf

19 Edwards, E. (2015) 'Pay gap between men and women in Ireland up to 14.4%' *Irish Times* [online] March 5th – available at <http://www.irishtimes.com/news/social-affairs/pay-gap-between-men-and-women-in-ireland-up-to-14-4-1.2128045>

20 Barry, U and Murphy, S. (2006) *Gender pay gap in Ireland* <http://researchrepository.ucd.ie/bitstream/handle/10197/2084/Barry-Genderpaygap-2006.pdf?sequence=3>

Section 2

work in the 1960s and early 70s; it is very likely the gap would have been even greater at that time, as this predated antidiscrimination and employment equality legislation.

However, the gender pay gap is only one aspect of the gender pension gap. The latter is hugely influenced by other aspects of the life course, including length of time in the work force, whether working full-time or part-time, type of employment (often linked to levels of education) and access to occupational and private pension schemes. In Ireland the following factors need to be taken into account when considering the gender pension gap, particularly for older women²¹:

- Historically women were less likely to participate in the labour market after having children or have interrupted labour market participation because of their care role;
- Gender pay gaps in the labour market;
- Women are over represented in precarious and part-time work;
- Less likely to have occupational or private pensions than men or, if they have them, generally at lower rates;
- Much lower proportion are on the State Pension Contributory and they are less likely to have the full rate of this payment;
- More reliant on lower levels of payment, that is, the State Pension Non Contributory or as Qualified Adults;
- Discrimination against women who cared for their families prior to 1994 in the State Pension Contributory System because of the cut-off date in Homemakers' Scheme.

This gender pension gap is predicted to continue into the future²². The need to address this gap has been highlighted for some time. The NWC²³ in 2008 called for 'retrospective pension justice' and argued that the:

.. stronger the first pillar of pensions, the lower the level of poverty and the greater the access women have to an independent pension in old age.

Concern was also raised at the inaugural meeting of the Irish Pensions Council in 2015 by the then Minister for Social Protection Joan Burton TD and she directed the council to consider this issue²⁴.

2.4 MACRO-ECONOMIC POLICY: AUSTERITY AND SOCIAL INVESTMENT.

2.4.1 Austerity approach

It is useful to place the Band changes of 2012 as well as other recent changes to the State Pension in the context of the economic approach adopted post the economic collapse in 2008 and often referred to as an austerity approach.

Many analysts and commentators²⁵ highlight that successive austerity budgets have impacted more on lower income groups. The European Anti Poverty Network (EAPN) points out that prior to the crisis, overall at risk of poverty rates²⁶

21 Duvvury et al, (2012) Older Women Workers' Access to Pensions; http://www.icsg.ie/sites/www.icsg.ie/files/personfiles/oww_report_.pdf; Murphy, M. and McCashin, T. (2008) Pensions- What Women Want http://www.nwci.ie/download/pdf/pensions_publication_final.pdf

22 OECD (2014), OECD Reviews of Pensions Systems: Ireland, <http://dx.doi.org/10.1787/9789264208834-en>

23 Murphy, M and McCashin, T. (2008) Pensions- What Women Want http://www.nwci.ie/download/pdf/pensions_publication_final.pdf

24 Pensions Council (2015) Meeting Minutes [23 March] available at – <http://www.pensionscouncil.ie/en/Meeting-documents/2015/Monday-23-March-2015/150323-Pensions-Council-Minutes.pdf>

25 N Léime et al, (2015) 'Pension provision, gender, ageing and work in Ireland' in Walsh, K, Carney, GM and Ni Leime, A. editors (2015) Ageing through Austerity-Critical Perspectives from Ireland; Social Justice Ireland (2016) Choices for Equity and Sustainability <https://www.socialjustice.ie/sites/default/files/attach/publication/4310/entire.pdf>

26 At risk of poverty means being on or below 60% of the median house hold income; in 2014 the national median (middle) income was €18,210 making the at risk of poverty threshold €10,926 (€209.39 per week). Consistent poverty means having this level of income and being deprived of at least two items from a selected list of 11 items. Deprivation rates refer to households deprived of at least two of these items. See European Anti-Poverty Network (n.d.) 'Consistent Poverty Rates' [online] - available at <http://www.eapn.ie/eapn/training/consistent-poverty-rates> [accessed 28/11/16].

had been consistently decreasing. But between 2009 and 2012 this increased from 14.1 per cent to 16.5 per cent. It fell to 15.2 per cent in 2013 but increased again to 16.3 per cent in 2014.

They also point out that consistent poverty has risen from 4.2 per cent in 2008 to 8 per cent in 2014 and material deprivation from 13.7 per cent in 2008 to 29 per cent of households. Social Justice Ireland (SJI) highlights that almost half of households below the poverty line are deprived of two or more essential items.

Increases in the State Pension up to 2009 were relatively successful in keeping many retired households out of poverty. The at risk of poverty rate fell from 27.1 per cent in 2004 to 9.6 per cent in 2009²⁷. However this increased to 10.9 per cent in 2014²⁸. There has also been an increase in deprivation from 9.5 per cent to 16.1 per cent, affecting almost 85,000 older people.

The fact that the State Pension has been successful in keeping many retired households out of poverty makes the protection of these payments even more important. Also, relying only on relative or consistent poverty measures is a minimal position and does not imply an adequate or decent standard of living. In 2014, the median income equalled €209.39 per week. The State Pension Contributory payments in bands four, five and six are all below this rate (see Section 3).

As part of the austerity approach a number of changes which impacted on older people were introduced in budgets from 2009 onwards. These included cuts to elements of the Household Benefits Package, including a reduction in the electricity element of the payment and removal of the telephone subvention. The number of weeks that the Fuel Allowance was paid was shortened, the Bereavement Grant was abolished and there were further changes to the over 70's Medical Card conditions. Other changes that also affected older people included the introduction, and rapid rise, of prescriptions charges and the removal of the Christmas Bonus (later partially restored). In addition, the introduction of property tax added to financial burdens. Changes to the State Pension were also introduced over recent years. These include:

- Increase in the total number of contributions required to qualify for a State Pension Contributory from 260 to 520 (April 2012)²⁹;
- Increase in the total number of contributions required to qualify for the Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension from 156 to 260 (December 2013)³⁰;
- Increase in the total number of (PRSI) contributions required to qualify to make voluntary contributions to 520 in April 2015³¹;
- The State Pension age rose to age 66 from January 2014, and will rise to age 67 in 2021, to age 68 in 2028 (January 2014);
- Abolition of the State Pension Transition from January 2014.

People previously qualifying for the State Pension Transition can sign on for Job Seekers Benefit or Job Seekers Assistance for one year between the ages of 65 and 66³². In 2016, the rate for Job Seekers Benefit is €188.00 compared to €233.30 for the top rate of the State Pension Contributory.

27 Central Statistics Office (2013) 'Survey on Income and Living Conditions (SILC) Thematic Report on the Elderly 2004, 2009, 2010 (revised) and 2011' – available at <http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/elderly040910and11.pdf>

28 European Anti-Poverty Network (n.d.) 'Relative Poverty Rates' [online] - available at <http://www.eapn.ie/eapn/training/poverty-in-ireland> [accessed 28/11/16].

29 Citizen's Information Board (n.d.), State Pension (Contributory) [online] – available at http://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/older_and_retired_people/state_pension_contributory.html [accessed 28/11/16].

30 Citizen's Information Board (n.d.), 'Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension', [online] – available at http://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/death_related_benefits/widows_contrib_pension.html [accessed 28/11/16].

31 Some individuals buy voluntary contributions to address gaps in their PRSI contribution histories – see Citizen's Information Board (n.d.), 'Voluntary social insurance contributions' [online] – available at http://www.citizensinformation.ie/en/social_welfare/irish_social_welfare_system/social_insurance_prsi/voluntarysocialinsurancecontributions.html [accessed 28/11/16].

32 Dr O. Quinn at Joint Oireachtas Committee on Education and Social Protection, (2014) <http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/EDJ2014021200005>

The rationale for the change was that people would choose stay in employment, however many employers did not change their rules regarding retirement age. Therefore, for one year, the incomes of those previously eligible for State Pension Transition at the top rate is almost 20 per cent less than it would have been if the State Pension Transition had remained in place.

Apart from the significantly reduced payment many people find themselves in the 'dole office' for the first time³³ dealing with a system of which they have no experience. Whilst they are not subjected to formal activation measures³⁴ they are expected to be available and seeking work. From a gender equality perspective fewer women are in a position to qualify for Job Seekers Benefit for this one year period as fewer women than men qualify for the State Pension Transition³⁵ because it is linked to averaged PRSI contributions. They may apply for Job Seekers Assistance but this is means tested. The differential impact of the removal of the State Pension Transition needs further research.

2.4.2 Low levels of social investment and revenue

Another feature of the macro-economic approach which impacts on the State's ability to adequately fund social services and benefits including pensions is the level of expenditure on social investment. Many commentators³⁶ highlight that Ireland's social investment is low compared to other EU countries.

At a recent Irish Social Policy Association (ISPA) conference, Dr Michelle Norris³⁷ highlighted that amongst Eurozone members, Ireland (with Lithuania) has the lowest level of spending in 2015 at about 35 per cent of GDP. She also pointed out that this level of spending is closely linked to the low level of Government revenue from taxes and social contributions. Overall this is the lowest in the Eurozone. The data highlights the very low proportion of overall revenue from taxation.

It is often argued that low taxes contribute to competitiveness. SJI³⁸ highlights that countries with considerably higher tax regimes than Ireland rank well ahead of us on competitiveness. The World Economic Forum Global Competitiveness Report shows that we are in position 24, Germany is fourth and Finland is eighth, both have higher taxes.

Governments' ability to spend on social services and benefits is not determined simply by the 'state of the economy' although this is a factor. It is very much determined by Government choices in taxation and social investment policy.

In the context of pensions many commentators point to the cost of tax exemptions for all elements of State support for occupational and private pensions.

A recent presentation³⁹ by Dr Micheál Collins (UCD) and Professor Gerard Hughes (TCD) gives an estimated figure of €2.39 billion for all elements in 2014. This compares to €2.453 billion in 2005. This represents a very small reduction during a period of deep economic crisis marked by austerity budgets. The researchers also point to the extremely skewed nature of the distribution of tax reliefs on employees' contributions. In 2014 the top 20 per cent of income earners received 73.6 per cent of this tax relief compared to 0.6 per cent for the bottom 20 percent.

33 RTÉ, Sean O'Rourke Show, 1 August (2016)

34 Activation measures include formal assessment and interview(s) with staff at an Intreo office and subsequent offers of training and support for job seeking. There may also be tracking of efforts to gain employment-Government of Ireland (2012) Pathways to Work <http://www.welfare.ie/en/downloads/pathwaystowork.pdf>

35 The Department of Social Protection (2013) 'Qualifying for State Pension (transition): Frequently Asked Questions' – available at [https://www.welfare.ie/en/downloads/Qualifying-for-State-Pension-\(Transition\)-FAQs.pdf](https://www.welfare.ie/en/downloads/Qualifying-for-State-Pension-(Transition)-FAQs.pdf)

36 Begg, D, (2015) TASC Annual Lecture http://www.tasc.ie/download/pdf/tasc_annual_lecture_david_begg.pdf?issuusi=ignore ; Norris, M, (2016) Presentation to ISPA Conference http://www.ispa.ie/images/seminars/conference_2016/conf2016_slides/Michelle_Norris.pdf

37 Norris, M. (2016) Presentation to ISPA Conference http://www.ispa.ie/images/seminars/conference_2016/conf2016_slides/Michelle_Norris.pdf

38 Social Justice Ireland (2016) Choices for Equity and Sustainability <https://www.socialjustice.ie/sites/default/files/attach/publication/4310/entire.pdf>

39 Collins, M and Hughes, G.(2016) Tax Expenditure on Occupational Pensions in Ireland <http://www.nerinstitute.net/blog/2016/10/04/slides-from-neri-seminar-on-tax-expenditure-on-oc/>

The cost of all pension related tax reliefs needs to be placed in the context of the level of spending on the State Pension itself which is given as €5 billion in 2014. Unfortunately, there is no gender breakdown of these figures as yet however as women are less likely to be in the very high income brackets it is likely they benefit to a lesser extent from these reliefs.

2.5 THE NATIONAL PENSIONS FRAMEWORK

The stated aim of the National Pensions Framework (NPF)⁴⁰ is to deliver security, equity, choice and clarity for the individual. It also states it aims to increase private pension coverage, particularly among low to middle income groups and to ensure that State support for pensions is equitable and sustainable.

It sets out the key policy steps to be taken until at least 2020. It is guided by seven principles as follows:

- Proposals for pension reform must be affordable and sustainable;
- The State Pension will continue to be the fundamental basis for the pension system. The Government will seek to ensure that the level of the State Pension is maintained at 35 per cent of average weekly earnings;
- Supplementary pension coverage and contributions must be increased to improve adequacy of incomes in retirement;
- The system of tax incentives offered by the State should be equitable;
- Employees, employers and the State each have a role to play in any pension reform;
- People should be supported to work longer through flexible working arrangements;
- Pension reform should focus on arrangements for the future rather than attempt to address shortcomings of the past.

The foreword to the NPF states: 'We must plan now to ensure the adequacy of retirement incomes and the long-term future and sustainability of our pension system'. Subsequently in the NPF adequacy is mainly referenced in the context of a proposed supplementary pension scheme.

In relation to the State Pension some of the key changes proposed and implemented to date have been outlined above. The NPF also proposed a Total Contributions Approach (TCA) within the State Pension Contributory System. These proposals are still being discussed at Government level and may still be changed⁴¹.

This aspect of the framework is of particular relevance to the focus of this research as it proposes a different approach to calculating levels of payment under the State Pension Contributory.

The approach is proposed to strengthen the link between the level of Pay Related Social Insurance (PRSI) contributions (paid or credited) and the level of benefits received. It is to be implemented from 2020 and will replace the current system of averaging⁴².

The NPF states (p21):

Under the new total contributions approach, this (520) is the level at which the minimum rate of State Pension (Contributory) will be payable (i.e. 10/30ths – or one third – of the maximum rate). A person will accumulate 1/30th of a pension for each year of contributions up to a maximum of 30/30ths.

Based on this, someone with 10 years contributions or 520 may only receive one third of the State Pension Contributory.

Currently, under the Homemakers' Scheme⁴³, a man or woman who cares full-time for children (aged 12 or under) or a

40 Department of Social Protection (2010) National Pensions Framework http://www.welfare.ie/en/downloads/nationalpensionsframework_en.pdf

41 Communication from representative of the Department of Social Protection who also pointed out that the gender aspect is under serious consideration.

42 The averaging method involves totalling all PRSI contributions from age 16 and calculating a yearly average over the total working life.

43 Citizen's Information Board (n.d.), 'Homemaker's Scheme' [online] – available at http://www.citizensinformation.ie/en/social_welfare/irish_social_welfare_system/social_insurance_prsi/homemakers_scheme.html [accessed 28/11/16].

person with a disability (aged over 12) is granted up to 20 years 'disregard' when the averaging method is employed to calculate the level of benefit they are entitled to. As stated on the Citizen's Information website:

Under the Homemaker's Scheme any years spent as a homemaker (since 6 April 1994) are ignored or disregarded when working out your yearly average contributions for a State Pension (Contributory)⁴⁴.

The NPF proposed changing the disregard to a credit system from 2012 (this has not been introduced). This was to be capped at 520 contributions or 10 years. The same credit system was proposed for job seekers and people with disabilities. Concerns have been expressed as to whether this new approach, if introduced, would disadvantage women⁴⁵. The final proposals are still awaited.

2.6 THE IRISH STATE PENSION SYSTEM

A brief outline of the structure and key elements of the State Pension system is provided in the introduction to this report. As highlighted, eligibility to a State Pension depends on either PRSI contributions (State Pension Contributory), qualifying for a means tested payment (State Pension Non Contributory) or accessing a pension through a spouse or partner as a Qualified Adult.

Under the Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension, a spouse or partner of a deceased person may access a State Pension if either person has sufficient PRSI contributions. There is no universal or absolute right to a State Pension although most citizens do receive a payment under these schemes.

There are also pro rata pensions covering those who have worked in Ireland as well as in other EU countries and those with a history of mixed types of social insurance contributions.

Pillars two and three refer to occupational pensions and private or individual pensions respectively. Public service pensions come under pillar two. The State also supports others with occupational and private pensions through tax reliefs and exemptions.

In 2012, the State Pension System accounted for 63.4 per cent of income for people over 65. This is an increase on 2004 when it was 56.8 per cent and above the EU average of 59 per cent⁴⁶. According to the NPF, the State Pension provides the only income for many people in retirement and, for many others, it represents the solid foundation on which the rest of their overall income is built.

The proportion of workers (aged 20-69) who expected the State Pension to be their main source of income rose from 26 per cent to 36 per cent between 2009 and 2015. Significantly 47.8 per cent of those aged 55-69 expected this to be the case⁴⁷. Thus, access to an adequate State Pension is imperative both for current and future generations of older people.

A key concern emphasised in official documents relating to the State Pension system including the NPF is the question of sustainability. The changes to the State Pension outlined above and other proposed changes are framed in this way. In this context it is worth noting that according to the OECD, Ireland 'will still be among the ten countries with the lowest public pension expenditure in the EU 27'⁴⁸.

44 Citizen's Information Board (n.d.), 'Homemaker's Scheme' [online] – available at http://www.citizensinformation.ie/en/social_welfare/irish_social_welfare_system/social_insurance_prsi/homemakers_scheme.html [accessed 28/11/16].

45 N Léime et al, (2015) 'Pension provision, gender, ageing and work in Ireland' in Walsh, K, Carney, GM and Ní Léime, A, (Eds.) (2015) Ageing through Austerity-Critical Perspectives from Ireland

46 OECD (2014), OECD Reviews of Pensions Systems: Ireland, <http://dx.doi.org/10.1787/9789264208834-en>

47 CSO-QNHS Module on Pensions, (Q4 2015: 2016). <http://www.cso.ie/en/releasesandpublications/er/q-penp/qnhsmoduleonpensionsq42015/>

48 OECD (2014), OECD Reviews of Pensions Systems: Ireland, <http://dx.doi.org/10.1787/9789264208834-en>

CHANGE IN STATE PENSION CONTRIBUTORY BANDS 2012

3.0 INTRODUCTION

This section of the report outlines the band changes that were introduced in 2012 including their scale and impact. It contextualises these in relation to other changes to the State Pension system. It also outlines the official rationale for the changes and responses to these from a range of key stakeholders.

To understand the impact of the changes, particularly on women, it is necessary to understand the position of women in the State Pension System overall. This is outlined at 3.1 below.

The section concludes with a discussion of the official rationale.

3.1 RECIPIENTS OF STATE PENSION PAYMENTS

To understand the 2012 changes it is important to place them in the context of where women are placed in the State Pension system. The data presented below gives a context to the changes to the bands which are the focus of this report.

Table 1. Recipients (over 66 years) of Main State Pension Payments in 2015 by Gender

	Total 2015		Male		Female	
	No.	No.	% ¹	No.	%	
State Pension (Contributory)	361,725	231,030	64	130,695	36	
State Pension (Non-Contributory)	95,179	36,101	38	59,078	62	
State Pension (Transition)	66	44	67	22	33	
Widow/Widower's or Surviving Civil Partner's (Con)	90,630	9,625	11	81,005	89	
Total	547,600	276,800	51	270,800	49	

Source: Adapted from Department of Social Protection (2016) Annual Statistical Information Report 2015 - <http://www.welfare.ie/en/Pages/Annual-SWS-Statistical-Information-Report-2015.aspx>; accessed 22 November 2016.

¹ Percentages are rounded to the nearest percent.

This table highlights that the gender breakdown overall of the numbers of recipients of State Pensions is almost balanced with slightly more women than men in receipt of state pensions. However it also highlights significant gender differences within the key schemes.

The State Pension Contributory is the main State Pension payment with a total of 361,725 recipients. However, the gendered nature of that system is highlighted by the fact that just under 36 per cent of those are women.

The opposite is true of the State Pension Non Contributory where women comprise just over 62 per cent of recipients. In 2016, the State Pension Non Contributory full rate is €222.00 per week compared to €233.30 for the full rate of State Pension Contributory.

The latter is also a means tested payment. The level of payment is linked to the assessed weekly income. People who don't qualify for a payment under State Pension Contributory or qualify for a low rate of payment may or may not qualify for a payment under State Pension Non Contributory. The maximum assessed means allowed is €247.50 per

Section 3

week although at this level there is only a payment of €4.50 per week⁴⁹. The level of payment is linked to assessed weekly income.

Weekly income can be made up of earned income and capital (rules determine how capital translates to weekly income). There is a disregard of €20,000 in capital and €200 per week of earned income (not including income from an occupational or private pension, investments or income from self employment). If the applicant is married or living with a partner the application will be assessed based on the joint income of both partners. As stated on the Department's website:

If you are married/in a civil partnership or are cohabiting with another person, your means will be taken as half the joint means of you and your spouse/partner⁵⁰.

The same rules apply to both women and men when applying for means tested payments however this feature of the welfare system has significant implications for women who are married, in a civil partnership or cohabiting. As we see from Table 1 they are less likely to qualify for a State Pension Contributory and therefore more likely to have to access a pension through the Non Contributory system. 21 per cent of all women access a pension through this means tested system compared to 13 per cent of men. They cannot access this without reference to their husband's or partner's means.

Another illustration of how women are impacted negatively within the State Pension system is demonstrated by the fact that in 2013 (the last full year for the State Pension Transition), only 39 per cent of recipients were women. This is largely explained by the fact that to qualify for even a minimum payment under this scheme, it was necessary to have 24 annual averaged contributions⁵¹.

Another striking gender difference is the fact that 89 per cent of all recipients of Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension are women. Almost 30 per cent of all women access their pensions under this scheme. The full weekly rate for those aged 66⁵² or over is the same as for the State Pension Contributory. Published data is not available on the level of payments actually received⁵³.

In addition to the schemes already outlined women (and men) can also access a pension payment as Qualified Adults. This applies if either spouse or partner is in receipt of a social welfare payment but payment is not automatic as it is also a means tested payment.

Table 2. Qualified Adults and State Pension Non Contributory and State Pension Contributory

Type of Payment	Total Number of Recipients	Qualified Adults
State Pension (Non Contributory)	95,179	3,207
State Pension (Contributory)	361,725	68,561

Source: Department of Social Protection Annual Statistical Report 2015 - <http://www.welfare.ie/en/Pages/Annual-SWS-Statistical-Information-Report-2015.aspx>; accessed 22 November 2016.

Although no gender breakdown is given, it was acknowledged (by the representative of the Department of Social Protection, interviewed for the research) that the majority of QAs are women, particularly in relation to the State Pension Contributory.

49 The Department of Social Protection (2016) 'Rates of Payment 2016: State Pension (Non-Contributory)' – available at <http://www.welfare.ie/en/Pages/Payments-for-retired-or-older-people.aspx>

50 The Department of Social Protection (2016) 'Operational Guidelines: State Pension Non-Contributory' – available at <http://www.welfare.ie/en/Pages/State-Pension-Non-Contributory.aspx>

51 The Department of Social Protection (2013) 'Qualifying for State Pension (transition): Frequently Asked Questions' – available at [https://www.welfare.ie/en/downloads/Qualifying-for-State-Pension-\(Transition\)-FAQs.pdf](https://www.welfare.ie/en/downloads/Qualifying-for-State-Pension-(Transition)-FAQs.pdf)

52 According to the representative of the department interviewed 90 per cent of women in receipt of this payment are over 66.

53 The representative also indicated that many are on the top payment as it is easier to qualify for this compared to the State Pension Contributory.

In the past this created particular difficulties for some women as the payment was made to the main recipients who were generally men. The default position now is that it is paid directly to the woman unless otherwise requested by her.

The level of payment for a QA under the State Pension Contributory is linked to the band in which the main recipient is placed. In 2016, the weekly rate for a QA (aged 66 or over) for the top band of State Pension Contributory is €209 or just under 90 per cent. When the spouse or partner of someone on the State Pension Non Contributory reaches age 66 they no longer qualify for a QA payment but can apply for a State Pension in their own right⁵⁴.

Unfortunately, Department of Social Protection Annual Statistical Reports do not provide data on the levels of payments received by recipients under the different payment schemes. This information is vital to understanding the actual income received and to make assessments on the basis of equality, fairness and adequacy.

Some information is contained in the Actuarial Review of the Social Insurance Fund (SIF) 2012 and cited in the OECD 2014 Report⁵⁵. This draws on 2010 data so the figures predate the band changes in 2012. The figures show that in 2010, just over half of all recipients of the State Pension Contributory were receiving the full rate of payment. Another 21 per cent were receiving the second band payment of 98 per cent, therefore 73 per cent or almost three quarters were in receipt of the higher payments. 55 per cent of men were on the top rate compared to just under 41 per cent of women.

When the top two bands are combined, just over 75 per cent of men are in receipt of these rates compared to just under 65 per cent of women. It also needs to be remembered that, in 2010, only one third of all recipients of the State Pension Contributory were women. The OECD report also highlights that only 69 per cent of women would achieve a full or almost full pension in 2035. This seems to imply an acceptance that women will continue to be disadvantaged in the State Pension Contributory System⁵⁶.

The main focus of this report is on the changes to the State Pension Contributory made in 2012 and their unequal impact on women. There is an official view⁵⁷ that the inequality experienced by women within the State Pension Contributory Scheme is largely offset by women's position in other parts of the State Pension System including the large numbers of women on Widow's, Widower's or Surviving Civil Partner's (Contributory) Pensions⁵⁸.

Until such time as a full breakdown of all payments levels by gender is included in the Annual Statistical Reports it is not possible to make an assessment of how women fare overall in the State Pension System compared to men. More importantly an overall average does not reveal how certain groups of women may be discriminated against within specific parts of the system.

Very useful data was provided by the Department of Social Protection on the levels of payments and bands broken down by gender in relation to those impacted by the 2012 band changes. These are presented below.

3.2 WHAT CHANGED?

A change in bands was announced at the end of 2011 as part of Budget 2012. These were to be used in deciding the level of payment to be awarded within the State Pension Contributory Scheme. The change became operational in September 2012.

54 See http://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/older_and_retired_people/state_pension_non_contributory.html

55 OECD (2014), OECD Reviews of Pensions Systems: Ireland, <http://dx.doi.org/10.1787/9789264208834-en>

56 OECD (2014), OECD Reviews of Pensions Systems: Ireland, <http://dx.doi.org/10.1787/9789264208834-en>

57 Communication from representative of Department for Social Protection.

58 It was indicated when payments across all schemes are averaged that the differential between men and women is 1.5 percent, taking this figure at face value is problematic as it is not possible to assess how the averaging has been done.

Section 3

Table 3. State Pension Contributory Bands and Levels of Payments pre and post September 2012

Band and Yearly Averaged Contributions	Level of Payment pre-2012	Post 2012 changes ⁵⁹	Weekly difference
1. Average 48+	€230.30 (maximum)	€230.30 (no change)	No difference
2. Average 40-47	€225.80 (98% of maximum),	€225.80 (no change)	No difference
3. Average 30-39		€207.00 (90% of maximum)	(€18.80)
4. Average 20-29		€196.00 (85% of maximum)	(€29.80)
5. Average 15-19		€172.70 (75% of maximum),	€150.00 (65% of maximum)
6. Average 10-14	€115.20 (50% of maximum),	€92.00 (40% of maximum)	(€23.20)

Source: Adapted from Citizens Information Relate. May 2012. http://www.citizensinformationboard.ie/downloads/relate/relate_2012_05.pdf

The band which previously covered 20-47 averaged contributions has been broken into three bands. New applicants who fall into two of these new bands receive lower payments than they would have done before September 2012. The new band three payment is €18.80 lower per week and band four is €29.80 lower; this is the largest reduction in money terms.

It is also important to note that those in bands five and six experience lower payments without any change in their bands. These payments were simply cut by €22.70 and €23.20 per week respectively.

3.3 THE NUMBERS AND GENDER AFFECTED BY THE CHANGE

Part of the scope of this research was to establish how many people are affected by the changes, to what level and to include a gender analysis.

The data provided by the Department of Social Protection is a snapshot in time and is cumulative from the time of the change in September 2012 to the end of June 2016. The department representative stated that the data comes with caveats. The data includes people on pro rata pensions⁵⁹ and also may be skewed by the removal of the State Pension Transition in 2014. Also it does not tell us if people awarded a lower payment than expected subsequently opted for a State Pension Non Contributory or to become a QA.

Efforts were made to establish how many people may have taken up these options but, again, data is not available. A review⁶⁰ of the total numbers on State Pension Non Contributory and of QAs, in 2013 and 2014, compared to previous years does not show any significant changes. The numbers on the State Pension Non Contributory continue to decrease.

A key reason why people may not take up these options is because they are means tested and people may feel they would not qualify. In the case of the QA route women who believe they are entitled to a pension in their own right based on a history of paid contributions might not necessarily opt for this. A number of research projects involving consultations with older women⁶¹, as well as the research for this report highlight the very strong desire amongst most women for economic independence. In the main they want the payment in their own right rather than through husbands or partners.

⁵⁹ The inclusion of this group may not change the picture of the impact of the band changes as those on pro rata pensions are also impacted if their averaged contributions place them in a different band than it would have done before the change.

⁶⁰ Department of Social Protection Annual Statistical Report, 2014 <https://www.welfare.ie/en/Pages/Annual-SWS-Statistical-Information-Report-2014.aspx>

⁶¹ NWCI (2008) Forgotten Women - available at http://www.nwci.ie/download/pdf/pension_sample4.pdf

However further research is needed on the degree to which people are opting for the State Pension Non Contributory or to become a QA as a result of the band changes. This should be done at department level. The department representative who provided the data did advise that this may be difficult as it would involve looking at specific cases and accessing confidential information. It may be possible if cases are anonymised and a sampling method is used.

Table 4. Numbers affected September 2012 to end of June 2016 by Gender

Gender	Bands						Total
	48+	40-47	30-39	20-29	15-19	10-14	
Male	42,806	8,205	5,952	4,739	1,943	1,048	64,693
Female	15,546	2,265	7,769	10,119	3,053	1,307	41,159

Source: Provided to Researcher by Department of Social Protection, June 2016.

The table above highlights that a significant number of people are affected by the 2012 changes. These include those falling into bands three, four, five and six. This is a total 35,930 people whose pension payments were lower because of the changes introduced in 2012.

Both men and women are affected by the change but the gendered nature of the impact is significant. Women are almost twice as likely to be affected as men, making up 62 per cent of those who have received a lower pension.

Other key findings include:

- 38 per cent of all women got a full pension compared to 66 per cent of men;
- More than double the number of women to men fell into band four, people in this band experience the largest reduction in monetary terms at almost €30 per week;
- Almost 25 per cent (10,119) of all women who were granted a State Pension Contributory fell into band four compared to just over seven per cent (4,739) of men;
- 11 per cent of all women fall into bands five and six compared to under five per cent of men.

The significant unequal impacts on women further deepens the inequality experienced by women in the State Pension Contributory system and is likely to widen the gender pension gap. The depth of the cuts also raise questions of income adequacy for those most affected.

This is even more of an issue for women as they are less likely to have an occupational or private pension and even if they have one they are likely to be at a lower level because of shorter paid working life and lower rates of pay.

It is important to remember that these changes took place at a time when there was a decrease in secondary supports as well as the introduction of additional charges and taxes.

3.5 ESTIMATED SAVINGS FROM THE CHANGE

It has proven surprisingly challenging to be clear how much these changes saved the Exchequer. A number of different estimates are available, but no definite figures.

In the documents for Budget 2012⁶² savings are estimated to be €45.3 million in a full year. This referred to two changes:

- Provide, for new claimants, new payment rates of State Pensions where the yearly average number of contributions and credits is less than 48 contributions (from September 2012).

⁶² The Department of Expenditure and Public Reform (2013) 'Summary of 2012 Budget and Estimates Measures Policy Changes' – available at <http://www.budget.gov.ie/budgets/2012/Documents/Summary%20of%202012%20Budget%20and%20Estimates%20Measures%20Policy%20Changes.pdf>

Section 3

- Increase the minimum number of contributions required to qualify for a Widow/ers/Civil Partnership Contributory Pension from 156 to 520 in July 2013.

No breakdown of the figure is given.

A staff paper of the Irish Government Economic and Evaluation Service (IGEES)⁶³ refers to an estimated saving of €17 million in a full year from the change in bands.

Finally, the Department of Social Protection as part of co-operating with the research stated (with caveats) that the estimated savings to date have been about €10 million per year and the costs of reversing the changes are estimated to be between €40-50 million.

It was also acknowledged 'that more significant work would need to be done to arrive at a more reliable figure'⁶⁴.

3.6 OFFICIAL RATIONALE FOR THE CHANGES

The 2012 band changes were announced at the end of 2011 as part of Budget 2012. The then Minister for Social Protection, Joan Burton TD, placed all proposed welfare changes in the context of preserving 'core payments' whilst making significant savings⁶⁵. She stated that the Government decided to limit the adjustment in Social Protection spending to €475 million in 2012 rather than €665 million as originally proposed. This was on the stated basis that the Government was unwilling 'to impose such a devastating level of cutbacks at a time of such severe economic difficulty'⁶⁶.

She also stated that welfare expenditure plays a vital role in protecting the most vulnerable people and that older people will continue to get their State Pension at current rates.

The rationale given for the bands changes was as follows:

Additional rates bands for State Pension (Transition) and State Pension (Contributory) will be introduced from September 2012 to more fairly reflect the proportionality of attachment to the workforce by the claimant. Recognising that the State Pension (Contributory) is a very valuable benefit, it is important to ensure that those qualifying have made a sustained contribution to the Social Insurance Fund over their working lives thereby ensuring equity in the social welfare system. By aligning the rate of pension paid with the contribution made ensures that those who contribute more during a working life benefit more in retirement than those with lesser contributions⁶⁷.

The then Minister for Public Expenditure and Reform, Brendan Howlin TD, in his Budget speech stated that he could confirm that the Government decided not to reduce any weekly rate of social welfare payments. He went on to say 'despite the tough decisions we have had to take, we have been able to maintain core social welfare payments including jobseekers allowance and state pensions⁶⁸'. He also goes on to stress the importance of fairness in budget decision-making.

Despite official statements that State Pension payments were not cut in Budget 2012, as already outlined this was not the case for a significant proportion of new applicants who received considerably reduced payments. A number of official documents also outlined ways to reduce expenditure including 'tightening of eligibility criteria for schemes such

63 IGEES (2014) Expenditure Review of State Pension and Related Supplementary Benefit Schemes <http://igees.gov.ie/wp-content/uploads/2014/11/Expenditure-Review-of-State-Pension-and-Related-Supplementary-Benefit-Schemes.pdf>

64 Communication from representative of the Department of Social Protection, 22 July 2016.

65 The Department of Social Protection (n.d.), 'No cuts to primary weekly social welfare rates - Minister Burton' [online] - available at <http://www.welfare.ie/en/pressoffice/Pages/No-cuts-to-primary-weekly-social-welfare-rates---Minister-Bu.aspx> [accessed 28/11/16].

66 Op.Cit.

67 Op.Cit.

68 The Department of Expenditure and Public Reform (2011) 'Statement of the Minister for Public Expenditure and Reform, Brendan Howlin, T.D., Address to Dáil Éireann on Expenditure Estimates 2012' - available at <http://www.budget.gov.ie/budgets/2012/EstimateStatement.aspx>

as more stringent social insurance contribution requirements' and adjustments to secondary payments, such as the Household Benefits Scheme and Fuel Allowance⁶⁹.

A review of relevant Government documents as well as conversations with a representative of the Department of Social Protection confirm that a key rationale for the bands changes was to save money in a time of economic crisis and to address the sustainability of the State Pension as discussed in Section Two. This aspect is emphasised in the IGEES Paper referred to earlier. It states that due to concerns about the sustainability of the State Pension schemes it has been necessary to introduce long-term measures. These include changes to rates of payments of the State Pension Contributory through the introduction of new bands. It concludes that these 'effectively reduced the payments to new entrants that had an average of less than 40 PRSI Contributions per year'⁷⁰.

3.7 RESPONSES TO ANNOUNCED CHANGES

The following gives a flavour of the responses in the media, from civil society actors, NGOs and politicians to the band changes and their potential impact. It is not an in-depth account of all such responses. The most predominant issue highlighted in these was the disproportionate impact on women. This is captured in an article in the *Daily Mail* in September 2012⁷¹ at the time the new bands were to come into operation. This highlighted the stark gendered nature of the impact:

Radical changes to pension rules will leave tens of thousands of women with dramatically reduced incomes in their old age The new rules will disproportionately affect women who took time out from work to raise children in the 1970s.

This article links the disproportionate impacts on women to the fact that the Homemaker's Scheme was only backdated to 1994. It goes on to state that this disadvantaged women who began their childrearing in the 60s and 70s and who are now retiring. A woman interviewed for the article states:

I have learned to my horror that I have been victimised for doing what I was asked to do in the 1970s. If I manage to survive for another ten years, I will lose €10,000 compared to other people because of what the government is doing.

The article also states that the changes were not sufficiently publicised and many people interviewed faced a 'nightmare' in getting accurate information.

3.7.1 Trade unions, older people's organisations and women's organisations

Trade unions, older people and women's organisations also highlighted the unjust and discriminatory nature of the changes, within a short-time of their announcement.

Many of these views were included in newspaper coverage of the issue. An article in the *Irish Examiner* in January 2012⁷² refers to both the increased number of contributions required as well as the introduction of new bands. Age Action are quoted in the article and emphasises both the level of lost income over a year (€1,500 for some) and the number of people potentially affected – approximately 14,000 in 2014.

69 The Comprehensive Expenditure Report 2012-2014: <http://www.budget.gov.ie/budgets/2012/Documents/CER%20-%20Estimates%20Final%20Part%201.pdf>

70 Meaney, K. (2014) 'Staff Paper 2014 Expenditure Review of State Pension and Related Supplementary Benefit Schemes Irish Government Economic and Evaluation Service', the Irish Government Economic and Evaluation Service (IGEES) – available at <http://igees.gov.ie/wp-content/uploads/2014/11/Expenditure-Review-of-State-Pension-and-Related-Supplementary-Benefit-Schemes.pdf>

71 Daily Mail (2012) <http://www.dailymail.co.uk/news/article-2200487/Thousands-Irish-women-hit-dramatically-reduced-income-old-age-pensions-shake-up.html>

72 O'Doherty, C. (2012) 'Criteria Changes leave new retirees facing pension cut' Irish Examiner [online] January 24 – available at <http://www.irishexaminer.com/ireland/politics/criteria-changes-leave-new-retirees-facing-state-pension-cut-181221.html>

Section 3

Trade Union leaders were also critical of the changes. A subsequent *Irish Examiner* article⁷³ (March 2014) which contained in-depth discussion and analysis of the changes includes references to these responses. SIPTU expressed shock at 'such a penal measure' particularly 'as contemplated by a Labour Party Minister' and also emphasised that the change 'contravenes a firm undertaking given by the [Labour] Party that rates would not be cut'.

ICTU is cited as having told the Department of Social Protection at the time that the change was 'a grossly inequitable cut which targets a section of the workforce and will adversely affect vulnerable workers, particularly women'.

SIPTU launched a campaign to protest against a number of changes to the State Pension around this time, including the change in pension age, increased number of contributions required, change in the bands and removal of the State Pension Transition. A SIPTU policy document entitled 'Making Caring Count' produced at the time places a strong emphasis on the disproportionate impact of the bands change on women and again links this to the refusal to backdate the Homemaker's Scheme⁷⁴.

The NWCI⁷⁵ also highlighted the negative impacts of the changes stating:

..this hugely severe cut will push thousands of senior citizens closer to hardship and at-risk of poverty.

They also emphasised that it will particularly affect women because of the family care role and linked to this broken employment histories.

3.7.2 Political reaction

At the time a number of politicians also highlighted the unfairness of the changes to women including Willie O'Dea TD, Fianna Fáil, Aengus Ó Snodaigh TD, Sinn Féin and Clare Daly TD, Independent. In 2013, Deputy Ó Snodaigh asked the then Minister for Social Protection, Joan Burton TD, if she would reconsider backdating the Homemaker's Scheme. She responded by saying that it would cost too much and gave an estimate of €160 million.

Deputy Daly raised the issue in 2013 and again in 2016 in two Parliamentary Questions. In 2013, she asked what action would be taken to address discrimination against women in the State Pension system due to the marriage bar. She also highlighted the discriminatory nature of the Homemaker's Scheme.

The then Minister for Social Protection, Joan Burton TD, having reiterated points already outlined in this report pointed out that anyone who does not qualify for a higher level of payment under the State Pension Contributory can apply for the State Pension Non Contributory or opt to go as a QA (the limitations to both these options have been covered earlier).

Clare Daly raised the issue again in May 2016 in a written Parliamentary Question with particular reference to the current method of averaging in the context of the band changes. The current Minister for Social Protection, Leo Varadkar TD, in his response, highlights that the averaging method has been in place since 1961. He also stated that those with 'a strong attachment to the workforce' will get a better payment and that 520 contributions is the minimum required for any level of State Pension Contributory. As with Minister Burton previously, he refers to the State Pension Non Contributory and the QA route as alternatives to the State Pension Contributory.

3.8 DISCUSSION OF THE OFFICIAL RATIONALE

It is hard to reconcile the earlier statements that core payments were untouched and that fairness was to be the guiding principle for Budget 2012 with the reality that State Pension Contributory payments for some new entrants were going to be considerably lower than they would have been before the changes.

73 Ryan, C. (2014) 'No country for old women as females bear brunt of pension cuts' *Irish Examiner* [online] March 17 – available at <http://www.irishexaminer.com/viewpoints/analysis/no-country-for-old-women-as-females-bear-brunt-of-pension-cuts-262241.html>

74 SIPTU (2013) 'Making Caring Count' Policy Document (unpublished).

75 NWCI (2012) 'New Pension Measures Condemn Older Women to Increased Risk of Poverty' [Press Release], 30th of August, The National Women's Council of Ireland – available at http://www.nwci.ie/index.php/learn/article/new_pension_measures_condemn_older_women_to_increased_risk_of_poverty

The statement in the Comprehensive Expenditure Review 2012-2014⁷⁶ is misleading as it states that there are 'no changes to State pension rates, ensuring that the elderly are shielded from reductions'.

It is hard to see how the statements in many Budget documents and announcements claiming that core payments were protected can stand up in any real sense when many new applicants subsequently found that their 'core payment' was indeed cut.

Furthermore, fairness hardly seems to apply if they have lower payments than others with the same contributions who happened to retire before September 2012.

The desire to better align State Pension Contributory levels of payments to levels of PRSI contributions may appear reasonable within a contributions based system. This is in line with the proposed Total Contributions Approach (TCA) to be introduced in 2020.

However, the system as it currently operates does not necessarily produce these results. It uses an averaging method over the whole employment history. All contributions made from age 16 are taken into account.

People with fewer contributions over a relatively short working life can end up on a higher payment than someone with more contributions made over a longer employment history⁷⁷.

This has particular implications for women, many of whom have interrupted contribution histories. Many factors contributed to this including those which the State played a part in creating or reinforcing as already highlighted.

At no time in published official documents announcing the changes was there any reference to the likely disproportionate impacts on women. This had to be known in advance because of existing knowledge of the interrupted employment histories of many women as well as the knowledge that these women were unlikely to qualify for the Homemakers' Scheme.

There was already official acknowledgement of the gender pension gap as demonstrated by then Minister for Social Protection Joan Burton TD's speech at the inaugural meeting of the Pensions Council where she directs the council to take action on this. Yet it was under her watch as Minister that these changes, which will widen the gender pension gap, were made.

Conor Ryan in the *Irish Examiner* Article referred to earlier⁷⁸, clearly demonstrates that prior knowledge of the disproportionate impact on women did exist. A detailed analysis of a comprehensive sample of PRSI contributions records was carried out by the department in 2011 (prior to the announcement of the changes). Details of this analysis were released by the Department of Social Protection to the *Irish Examiner*. The article highlights that a gender disparity was clear in this analysis.

... women make up more than 60% of the people with less than 30 weeks of contributions. Men make up well in excess of 60% of those who contributed between 30 and 48 weeks' worth of contributions. However, women were in the majority in each of the three respective categories hit by reductions worth more than €1,100.

It also revealed that in the three lowest bands, where the highest reductions occurred, the proportion of women affected was between 60 per cent and 64 per cent.

Ryan states 'that documents show that the impact on the lower categories, where there was mostly women, was flagged by officials in October 2011'. Some adjustments to the level of cuts were made but the band changes and related cuts went ahead. The article concludes that 'the full effect of the changes has only started to emerge'. The

76 Government of Ireland (2012) Comprehensive Expenditure Report 2012-2014 – available at <http://www.budget.gov.ie/budgets/2012/Documents/CER%20-%20Estimates%20Final%20Part%201.pdf>

77 OECD (2014), OECD Reviews of Pensions Systems: Ireland available at <http://dx.doi.org/10.1787/9789264208834-en>

78 Ryan, C. (2014) 'No country for old women as females bear brunt of pension cuts' *Irish Examiner* [online] March 17 – available at <http://www.irishexaminer.com/viewpoints/analysis/no-country-for-old-women-as-females-bear-brunt-of-pension-cuts-262241.html>

Section 3

information contained in the *Irish Examiner* article makes it very clear that officials and the Minister were aware of the disproportionate impact their proposals would have on women.

The insistence by both the current and former ministers that women negatively impacted by the band changes can potentially access a better pension through the State Pension Non Contributory or as a QA suggests that a belief still exists, that women ultimately can or will be supported by their husbands. Putting these options forward as a remedy does not recognise the importance to women of a pension in their own right.

The various responses from both Ministers for Social Protection show no acceptance that the band changes in particular and the refusal to backdate the Homemakers Scheme is discriminating against women. Also that State policy in the past linked with the band changes is resulting in many women (and some men) receiving considerably lower State Pensions than they expected or indeed would have received if they retired in August 2012 rather than since then.

3.9 IMPACT ON EQUALITY AND ECONOMIC RIGHTS

The evidence outlined in this report that the changes impact significantly more on women and that prior knowledge of this unequal impact existed raises questions as to whether they may be in contravention of national and/or international equality and human rights legislation and conventions.

In light of this the following section outlines some areas and questions worthy of further exploration.

The Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) is an international treaty adopted in 1979 by the United Nations General Assembly. The CEDAW Committee, in its General Recommendation 27 on older women, recognises the disadvantage of women in older age regarding pension rights, and stresses:

.... States have an obligation to facilitate the participation of older women in paid work, to ensure that women are not forced into early retirement and that women who have been active have access to adequate pensions⁷⁹.

Ireland signed and ratified the CEDAW Convention in 1995. The disproportionate impact on women of the band changes are clearly related to other areas of discrimination such as the legacy of the marriage bar and the cut off point for the Homemakers Scheme. This raises the question of whether there is a contradiction between these changes and Ireland's commitments under the convention.

The European Convention on Human Rights (ECHR) must be honoured in Irish law and policy. Article 14 of the European Convention on Human Rights explicitly prohibits discrimination in how all of the other Convention rights should be enjoyed. This means that everyone is entitled to the equal enjoyment of all of the rights in the ECHR.

It has been evidenced in this research that the negative impact of the band changes is related to historical discriminatory policies and practices (marriage bar, lack of support for childcare, no access to contraception, unequal pay and cultural norms).

The impact of these can be seen in the levels of female labour force participation in 1970. Only 7.5 per cent of Irish married women were in the labour force compared with 48.8 per cent in the UK and 56.2 per cent in Sweden. This statistic is very relevant to the current study as the women claiming the State Pension Contributory since the band changes were born between 1947 and 1950 and so many were likely to get married in the early 70s⁸⁰.

Therefore it can be concluded that the majority of the women affected by the band changes bear a direct link to previous State policy as well as cultural norms; both of which are clearly interlinked as already highlighted. This raises the question as to whether the band changes are in contravention of the ECHR.

Finally, under section 42 of the Irish Human Rights and Equality Act 2014, public bodies are required to 'have regard

79 OHCHR (undated) Gender Pension Gap - Background Paper to Human Rights Council <http://www.ohchr.org/Documents/Issues/Women/WG/ESL/BackgroundPaper6.doc>

80 NESc (1992) Women's Participation in the Irish Labour Market – available at http://files.nesc.ie/nesc_reports/en/NESC_91_1992.pdf

to the need to; (a) eliminate discrimination, (b) promote equality of opportunity and treatment of its staff and the persons to whom it provides services, and (c) protect the human rights of its members, staff and the persons to whom it provides services’.

The Department of Social Protection as a public body has a duty to eliminate discrimination and protect the human rights of those to whom it provides services. The introduction of the new bands⁸¹ discriminates against all those affected, as they now receive a lower payment than people with similar averaged contributions who retired before September 2012. It is important to consider if the particular impact on women is contravening the Irish Human Rights and Equality Act, 2014. The Act provides that where the Irish Human Rights and Equality Commission (IHREC) considers that there is evidence of failure by a public body to perform its functions in a manner consistent with the duty, the IHREC may invite the public body to carry out a review in relation to the performance of its functions under the duty.

Based on the evidence in this report it would appear to warrant further exploration of the questions raised above. In addition it is suggested that the IHREC should consider whether there are grounds for requesting the Department of Social Protection, as implementers of the policy, to carry out a review of the band changes as well as the cut-off point in the Homemaker’s Scheme.

Finally the National Women’s Strategy 2007-2016⁸² outlines State policy to achieve equality for women including objectives and commitments regarding pension income. It is worth considering a review of implementation of the strategy to date as part of an approach to assess the degree to which the State is meeting its legislative and policy commitments.

In addition this review could inform the development of the new National Women’s Strategy currently under consideration.

81 This is Government policy enacted in law and implemented by the Department of Social Protection.

82 Department of Justice (2007) National Women’s Strategy 2007-2016 <http://www.justice.ie/en/JELR/National%20Womens%20Strategy%20PDF.pdf/Files/National%20Womens%20Strategy%20PDF.pdf>

CASE STUDIES AND INTERVIEWS

4.0 INTRODUCTION

The lived experience of growing older is central to the policy analysis and advocacy work of Age Action. In line with this approach this section outlines the views of a number of people directly affected by the band changes.

Their insights are crucial to informing the recommendations and also to ensuring that those affected by policy change have an opportunity to outline the impacts on them and to articulate what they believe must be done.

The insights of a number of other key stakeholders are also outlined and further shape the recommendations.

4.1 CASE STUDIES

A number of people affected by the 2012 band changes were interviewed to establish the impact of the changes and their views. In total six interviews were carried out. Four of the people were directly impacted by the 2012 changes. The others included one person who was concerned about the future impact and another impacted by other changes in older age payments in recent years as well as by the cut-off in the Homemakers' Scheme. The first four are presented as case studies as these people were most directly impacted by the band changes. The insights of the others are summarised following this.

Table 5. Profile of those interviewed and directly impacted by 2012 band changes

Case No.	Age	Marital Status	Employment Status	Amount Awarded (weekly)	Amount would have received	Occupational or Private Pension
1. Marie	68	Married	Retired	€196	€225.80	No
2. Barbara	69	Married	Retired	€196	€225.80	Small Public Service pension
3. Margaret	67	Married	Working	€150 (Applied at age 66, when told would get €150 continued to work)	€172.70	Private pension opened later in life - still paying into this to try and improve her income
4. Liz	68	Married	Retired	€150	€172.70	Small public service pension based on six years working in public service

CASE STUDY 1- MARIE

Profile and Paid Working Life

Marie is 68, retired, and was awarded a weekly State Pension Contributory rate of €196⁸⁴. This rate is a band four payment and €34 per week less than the top rate.

⁸³ Whilst this is the amount they would have been allocated prior to the band changes and based on the current averaging system both Margaret and Liz believed they would get a full or almost full State Pension Contributory. They were unaware that the averaging system would be based on averaging all contributions back to age 16.

⁸⁴ There was an increase of €3 in the top rate in 2016 budget so the rate for band four is now €198.60.

Marie did summer work over a number years while at school and two years from this were counted in assessing her average PRSI contributions. She then had four years with no contributions before taking up full-time employment which lasted 12 years. She ceased employment when her first child was born and worked full-time in the home caring for her children and family for nine years.

She then set up her own business and paid contributions for a further ten years. Her total contributions were averaged over her working life (including the summer work) to retirement. She was told she had an annual average of 25 contributions.

Because Marie cared full-time for her children between 1981 and 1991 she got no benefit from the Homemakers' Scheme which only applies from 1994.

Reactions to the level of payment

Marie stated that she 'hadn't a clue what she would get' so initially was relieved that she 'got at least what she did'. However, when she later learned that her payment was impacted by the 2012 changes and that she would have received more if this did not happen, she stated 'I was a bit mad'.

She was not aware of the changes at the time of her retirement and believed they were not publicised enough. She felt they were done in a 'sneaky way' and were very unfair. She also felt that women caring for children in the home are 'doing a great job but are being penalised for doing so' in later life.

She was supported by her husband during the State Pension Contributory application process. He also raised the issue on her behalf with local politicians and with Age Action. Because of his role in raising the issue his views are also included here. James felt there was 'no publicity about the changes and that 'they were kept very quiet'. He also believes that they were kept quiet on purpose 'to avoid collective action in the way that happened when changes were made to medical cards for over 70's'. He believes it was kept at the individual level. He thinks there could be a legal issue in terms of the unequal treatment of people with similar numbers of contributions. He has since become aware of others in his local area affected by the changes and says 'they are shocked when they get the letter'.

CASE STUDY 2 - BARBARA

Profile and Paid Working Life

Barbara is aged 69, retired, and was awarded a weekly pension of €196. She worked from 1963 to 2013, a period of 50 years. There were very limited breaks in employment except for a period of four years after marriage as she moved to another part of the country. During this period she participated in FÁS and gained credited contributions.

From 1964, she worked for 13 years in the civil service then for a further 10 years in a State company. Her record shows modified contributions from 1979. From 1996 to 2013 (17 years) she worked in the not-for-profit sector and with the exception of a small number of credits has mostly paid contributions.

Barbara turned 65 in March 2012 and in preparation for this applied for the State Pension Transition in late 2011. She was granted this at a rate of €225.80 per week as her averaged contributions were deemed to place her in the second band of the system.

Early in 2012, before she reached 65, her employer offered her the opportunity to continue in work for another year. She accepted as she enjoyed her work and felt it made a contribution to the community. She did this despite only being 'marginally better off' each week.

She applied for the State Pension Contributory when she turned 66 in March 2013. She was awarded a payment of €196 as the new bands had come into operation from September 2012. She appealed this decision to no avail. She therefore was penalised for staying in work longer, an official stated objective for the removal of the State Pension Transition.

Reactions to the level of payment

Barbara expected to get the €225.80 payment which had been granted to her under the State Pension Transition in October 2011. She believes that such a crucial change should have been more publicly highlighted by the Department of Social Protection in late 2011. She would have had the opportunity to take the State Pension Transition granted to her instead of continuing in work.

Barbara was 'shocked', 'very upset' and 'very annoyed' when she received the letter outlining her payment. She phoned the local office initially and felt that she got 'little sympathy' from the official who merely indicated that this is the way it is now and she 'would have to put up with it'.

Later she appealed in writing to the Appeals Section of the Department of Social Protection and received a reply reiterating the same rate of payment already offered. This letter outlined the changes made in 2012 and said that this change was to ensure 'sustainable' and 'fair pension provision' into the future.

The 'meanness of it' leaves her with a deep sense of injustice. She asks is this the way 'to treat people who have contributed their whole lives'?

CASE STUDY 3 - MARGARET

Profile and Paid Working Life

Margaret is 67 and still in employment. She applied for the State Pension Contributory in 2015 at age 66 and was awarded €150 per week, which is a band five payment and 65 per cent of the top rate. She decided to continue working to try and top up a private pension she opened about 11 years ago.

Margaret worked for a few weeks in 1969 while a student. She did not enter employment after studying as she supported her mother in caring for her father who was very ill. She married in 1972 and continued to play a part caring for her father. She subsequently spent 19 years caring for her three children and for a period also for her mother who became ill with a degenerative disease.

In 1996 she started a small business and when this did not work out returned to study to get a qualification to enable her to start a new career. She subsequently worked for 16 years to age 66.

She had a total of 842 contributions and expected to get an almost full pension as she thought her contributions would be averaged over the years she considers constitute her paid working life. However she got two shocks when she applied. The first was that the bands had changed and the band covering 20-47 averaged contributions no longer existed. Secondly, that she was averaged back to 1969 when she did a few weeks holiday work. She had no other contributions for almost 27 years until 1996 when she considers she started her paid working life. She was averaged over 46 years rather than over 19 years.

Reactions to level of payment

She was 'devastated and gutted' when she received the letter which outlined her level of payment. She was angry that the averaging had taken in a few contributions made while a student. These are completely divorced from the main part of her paid working life. She could not believe that no account was taken of the fact that she had no further contributions for 27 years. In her view, if the averaging had been based on the real span of paid working life, her average would have been 44, entitling her to a band two payment.

She appealed the award but got no satisfaction. She believes that she fell foul of two things in the State Pension Contributory system, the change in the bands and the averaging method. She believes the band changes were 'petty and sneaky' and that they were not obvious to people at the time but were 'hidden in the appendices'.

She believes that the system is 'grossly unjust' and that it is 'not there to ensure a just and adequate pension but rather to 'reduce the State's obligation as far as possible'. She also observed that the system is neither values based or informed by justice nor rights.

She also believes that the averaging method as currently employed discriminates against women who care for their children and other family members. She gained no benefit from the Homemakers' Scheme.

CASE STUDY 4 - LIZ

Profile and Paid Working Life

Liz is aged 68. She retired in 2013 at 65 and received a pro rata State Pension Transition⁸⁵. She received the State Pension Contributory in 2014. In the former, she was awarded €140 per week, revised to €141.10 on appeal. She was awarded €150 per week under the State Pension Contributory; this places her in band five.

Liz worked from 1966 to 1972 in the public service, at which point she got married and was forced to leave because of the 'marriage bar'. She did try to get a job in the private sector but was not successful. She believes this was because she was married. There was no equality legislation at that time and women could be asked at interviews if they intended having children or if they had them who would mind them.

Liz cared for her three children full-time including her youngest child who had an intellectual disability. In 1998 she returned to study and work. She left the job in 2012 aged 64 because the ethos had changed and she felt that it was not tenable for her to remain. While she claimed Job Seekers she also continued to look for employment. She was unsuccessful and believes this was on age grounds.

She had expected to get a full pension as she believed the averaging would be done from the time she re-entered the workforce in 1998. She believed that the six years she had worked in the State sector which involved 'modified' payments would not be included.

When she appealed she was informed that the averaging did go back to 1966 and that she did not qualify for a State Pension Transition but was granted a pro-rata State Pension Transition because of her 'mixed insurance record. In 2014, on reaching age 66, she was granted a State Pension Contributory in band five as she was averaged once again over 47 years to 1966.

Reactions to the level of payment

Liz was shocked and angry when she first heard of the amount she was being allocated in 2013. It brought back the anger she had felt in 1972 at having to leave her job which pushed herself and her husband 'close to the poverty line' as most of his small salary was going on the mortgage. She believed she was being penalised by State policy in the form of the marriage bar⁸⁶ and for caring for her children including her daughter who had an intellectual disability. She is excluded from the Homemakers' Scheme because of the cut-off year. The change in bands did affect her as she would have received €172.70 instead of €150. However, she believes she should have gotten a full State Pension based on her later working life.

Liz continues to appeal her case. Her actions include contacting the Pensions Office in Sligo, the Social Welfare Appeals Office, government ministers including the current Minister for Social Protection and TDs, trade unions and advocacy organisations.

The official responses received by Liz do not acknowledge the legacy issues attached to the marriage bar and refuse to backdate the Homemakers Scheme on cost grounds. As outlined in Section Three of this report they also reiterate that the band changes were in the interests of the sustainability of the pension system and to make pension payments more aligned to contributions.

4.2 ESTIMATED FINANCIAL LOSS

The table below summarises the estimated financial loss experienced by the women in the case studies. The amounts

⁸⁵ As outlined earlier pro rata pensions apply to some people with a mixed insurance history.

⁸⁶ The marriage bar was removed in 1973 to fulfil requirements for entry into the EEC (now the EU).

Section 4

used are those granted on retirement; they do not take account of the subsequent increase in the State Pension in 2016. People affected by band changes will only get a proportion of this or any future increase.

In addition, in the cases of Margaret and Liz, they do not accept the band to which they were allocated; they argue that they should be on a full, or almost full, pension. This would be the case if either they were allowed access the Homemakers' Scheme or if the averaging was based on the main period of their working lives post-child rearing years. In their view they will experience a similar loss to Marie and Barbara.

Table 6. Summary of estimated financial loss

Case and Name	Loss per week	Per year	Over lifetime
1. Marie; 2. Barbara	€27.80	€1,445	€24,600
3. Margaret; 4. Liz	€22.70	€1,180	€20,100

4.2.1 Economic impacts of the Changes

The table above highlights the significant financial losses caused by the band changes. Whilst these are specific to each person the common themes identified in the interview process included, having to:

- Watch spending in an ongoing way;
- Dip into savings;
- Put off essential repairs to home;
- Cut back on treats and extras;
- Give less to children and grandchildren.

Most of the women also referred to feeling economically more dependent within the household with an associated feeling of reduced autonomy. One interviewee also emphasised that it felt like similar financial struggles experienced at an earlier stage of her life caused by losing her job as a result of the marriage bar.

4.3 OTHERS IMPACTED BY CHANGES TO STATE PENSION CONTRIBUTORY SYSTEM

The main focus in this report is on the band changes introduced in 2012, however, in the process of identifying people affected by the changes two people came forward whose inputs are relevant to the wider discussion on the operation of the State Pension system.

John highlights the uncertainty created by the band changes and the impacts on men with atypical employment histories.

Teresa's case highlights how the cut-off in the Homemakers' Scheme has been affecting many women like her before the band changes came into operation. The band changes have simply intensified this pre-existing discrimination. Three key themes were identified from these two structured interviews and are outlined below.

4.3.1 Lack of recognition of care role

Both interviewees believe that the State Pension system does not sufficiently recognise the family care work done by individuals and particularly by women. Teresa, who retired before the band changes, feels she has a vastly reduced State Contributory Pension (€175 in 2016) because of this lack of recognition as evidenced by the fact that she does not benefit from the Homemakers' Scheme.

She believes she has suffered a double injustice as a woman because she was also forced out of employment when she married a bank official in the 1960s. She had believed that she would qualify for 'almost a full pension'. This belief

87 Finn, C. (2014), Journal.ie 'The life expectancy for the Irish man is 78. For a woman? 83' – available at <http://www.thejournal.ie/the-measuring-irelands-progress-report-2012-cso-1274863-Jan2014/>

was based on her years caring for her children, grandchildren and more recently her husband combined with periods of paid employment both before her marriage and later in life. She also carried out extensive voluntary work including providing essential counselling services.

She believes that it is very wrong that the band changes have reduced even further the pension of many women like her.

4.3.2 Atypical employment and lack of information on the operation of the State Pension system

John also referred to the system's lack of recognition for care work as he played a part in looking after his father but the bigger issue for him was insufficient recognition overall of atypical employment patterns. He emphasised that this was intensified by the averaging method.

His own situation included periods out of the workforce because of a serious accident, time abroad studying and working. This was followed by a period of employment in Ireland followed by unemployment.

He had difficulties getting clear information on purchasing voluntary contributions and believes this is made more difficult by recent changes in the voluntary contribution system. He also believes doubling the number of contributions required to qualify for any level of State Pension Contributory will make it more difficult for people like him to qualify for a payment which gives an adequate income.

John believes the contribution system needs to be more transparent. Drawing on his experience in the US, he believes people should be sent an account of their contributions each year. He also thinks there should be a more proactive approach by the State to providing clear and timely information beyond that contained on the current websites. He argued that the onus is on the individual to go looking for this information and this is often done at a point when it is too late to take action to address shortfalls in contributions.

He had believed that there was a minimum pension that all citizens were entitled to regardless of means; he thinks that many people have this expectation.

4.3.3 Uncertainty for the future and adequacy of income

John is trying to address the gaps in his contribution history. However, he is still anxious about the future as he believes the averaging method may work against him. He also believes that governments make changes to the system without proper lead in time as was the case with the band changes. In his view they also do so without sufficient thought to the impacts on older people and the affects of uncertainty about the size of the State Pension they will get on retirement.

Teresa highlighted that her level of payment has made her more economically dependent on her husband's income (this income has been falling because of the recession). She 'feels diminished' by this. She believes she has to watch money more than she expected and that other cuts and new charges in recent years have made the situation worse. She is now caring for her husband who has serious health problems. They are forced to make substantial financial sacrifices to retain their private health insurance because of the weakness of the Irish health system.

John, who supports his mother who is on a State Pension, emphasised that without his support she would be struggling. This is due to cuts to secondary older age payments and additional changes and taxes as outlined earlier. In his view she is worse off than before and contests the claims of government that they are protecting 'core payments'. He believes the bottom line is how people are financially off, in real terms.

4.4 VIEWS OF OTHER KEY STAKEHOLDERS

To further inform the research and recommendations five interviews were carried out with the following key stakeholders:

- Alan Barrett, Director of the Economic and Social Research Institute (ESRI);

Section 4

- Nata Duvvury, a senior academic working from a feminist perspective on women's inequality in pension systems at NUI Galway;
- Senator Alice Mary Higgins, an advocate for women's and older people's rights and former Policy Officer with Older and Bolder and the NWCI;
- David Begg Chairperson of the Pensions Authority and former head of ICTU;
- An official from the Department of Social Protection with a brief in relation to pension policy.

The insights from the interviews are organised around themes identified in the data processing stage.

4.4.1 Pension Policy Context

Whilst the interviews were conducted to get participants' views on the band changes in particular not surprisingly, given their interest and involvement in macro level policy, this emphasis shaped their inputs. As outlined in Section Three the broader context is important in understanding the band changes.

Sustainability Question

Most interviewees linked the issue to sustainability of the Irish pension system although in different ways. Some believed that this is a pressing issue in Ireland and has to be addressed urgently:

.....the growing escalation in the dependency ratio of workers to people reaching retirement age has to be addressed' (Dr David Begg).

All governments are trying to tackle the sustainability question ... important that any restructuring does not penalise people (Professor Alan Barrett).

Dr Nata Duvvury stressed the need to consider sustainability within a framework of equality. She also pointed out that the discourse around pension sustainability is often heightened and out of proportion to reality.

This discourse is in danger of creating intergenerational conflict promoting an ideology that older people are eating up state resources (Dr Nata Duvvury).

Reform of the Irish Pension System

There was general agreement that reform of the National Pension System was needed but less agreement on what should be the focus of this.

A key point of difference was the emphasis needed on the different pillars.

There is an urgent need to reform the second and third pillars. A key element of this is the development of a universal supplementary pension system in which the State will have to play a role (Dr David Begg).

He elaborated that this needs to happen in tandem with reform of pillar one, which he acknowledged as an essential part of the State system. He also stressed the need for:

...greater regulation of the private system in order to protect pension holders and to make the system simpler..... make the system attractive and accessible to low and middle income earners.

He highlighted that there are currently 140,000 individual private pension schemes holding €100 billion in assets. The Netherlands, with a population of 16 million, has only 400 schemes.

Both Dr Duvvury and Senator Higgins believe that the increasing emphasis on pillars two and three could be to the detriment of a focus on pillar one on which the majority of people depend for their income.

There is a need to repair the gaps and anomalies in the first pillar and to address the inequality being

experienced by women before addressing issues in pillar two and three and before developing a universal supplementary pension (Senator Alice Mary Higgins).

Both of these interviewees framed their concerns on the growing emphasis on pillars two and three and in the context of a wider neo liberal agenda. This agenda, which is evident in Ireland and across Europe, advocates privatisation and individualisation and a potentially reduced role for the State in providing supports and protections for citizens including in older age. They also emphasised that it was moving all of the pension risk onto the individual.

Tax reliefs on private and occupational pensions as part of the national pension strategy

As part of the discussion on inequalities in the pension system the amount of State money being used to finance tax reliefs on private and occupational pensions was raised.

Some believed that serious reform was needed.

The current marginal rate Tax Reliefs for Private Pensions are a poor direction of state resources; they mainly benefit high earners and the industry rather than the majority of older people....they have not achieved the policy goal of encouraging more people to invest in pensions. CSO figures show a drop in the numbers of people with private or occupational pensions⁸⁸ (Senator Alice Mary Higgins).

Senator Higgins believes that reform of the pension tax relief system could be used to ensure that resources are made available to address inequalities in the system including revision of the band changes and back dating of the Homemakers' Scheme amongst other things.

The need for effective and equitable use of State resources was stressed generally.

There is a need for reform in light of skewed benefits but tax incentives are needed to encourage more people to save for older age (Dr David Begg).

4.4.2. Economic crisis and unequal impacts of policy and budget measures

Some believed that the band changes were more related to the state of the economy in 2011 than concern with long term sustainability of the national pension system. It was further believed that the main rationale was to make short term savings while also recognising that these savings would continue into the future.

The cuts were part of the austerity approach adopted by Irish Governments in successive budgets from 2008 in which a disproportionate amount of the impact was on the lower income groups and women (Dr Nata Duvvury).

The issue of impact assessment was discussed.

There has been less emphasis on equality or poverty proofing measures since the economic crisis the new Programme for Government (2016) is talking of this again (Professor Alan Barrett).

He went on to stress that Government decisions have to be based on economic considerations but also balanced with policy objectives.

Have to balance economic rationale with the need to ensure that people have an adequate income and a decent standard of livingwhich is the main purpose of State Pension policy (Professor Alan Barrett).

The need for reframing national social investment policy was also stressed.

...needs to be informed by a more holistic view of social investment which includes seeing it as productive and not passive... needs to move away from an addiction with low taxes (Dr David Begg).

88 Central Statistics Office (2016) 'QNHS Module on Pensions Q4 2015' -available at <http://www.cso.ie/en/releasesandpublications/er/q-penp/qnhsmoduleonpensionsq42015/>

4.4.3 Rationale for 2012 changes and how introduced

The official from the Department of Social Protection stressed sustainability and strengthening links with contributions but also emphasised that the change in bands was made in an attempt to make savings in expenditure for that year.

The official pointed out that originally the department's budget was to be cut by €665 million in 2012 but that this was resisted at department level and was reduced to €475 million. The official also stressed that the stated strategy was 'to protect all core social welfare payments'.

Some of those interviewed questioned whether the stated strategy of protecting core payments could stand up to scrutiny when so many people were awarded a greatly reduced pension.

Most agreed that the change was introduced with very little notice and as such was unacceptable and unfair. They described this in the following ways:

...changing the rules of the game in the middle of the game (Professor Alan Barrett).

...people should have time to do something about a change like this and this was not the case (Dr David Begg).

....it went under the radar in the budget announcements so most were not aware of it.....people were expected to go to the Citizens Information website to find out (Dr Nata Duvvury).

Most felt that many people only become aware of the changes when they receive notice of their own level of payment. Some also believe that as more people are affected that it will become more of a public issue.

4.4.4 Unequal Gender Impacts

Most of those interviewed were aware of the potential and/or actual gendered nature of the impacts of the 2012 changes. Some placed them in the context of the 'strong male bread winner' model that has shaped Irish State policy.

.. many women are experiencing a double whammy because of the 2012 band changes and by the public service marriage bar.. they lost out in their working lives and are losing again in their State Pensions (Dr David Begg).

These changes embed and deepen women's inequality in the State Pension system (Senator Alice Mary Higgins).

All interviewees acknowledged that women are much more likely to have interrupted employment histories, particularly women from the generation currently retiring. Therefore most understood that the introduction of more bands, based on averaged annual contributions, was bound to hurt women more.

It was also stated that policy makers in general could not be unaware of the gender dimension of policy as it 'comes up all the time'.

Specific aspects of women's inequality in the State Pension System

Many of the specific points raised confirm those outlined earlier in Sections Two and Three. These included:

- Strong male bread winner model has shaped Irish State policy;
- Far fewer women in receipt of the State Pension Contributory as they don't have sufficient contributions and more likely to be on the State Pension Non Contributory or as Qualified Adults;
- Women on the State Pension Contributory are on lower rates;
- Gender pension gap is rising;
- Legacy from the 'marriage bar' has to be addressed including backdating the Homemakers' Scheme;
- Lack of recognition and valuing of the care role at the heart of women's inequality both in the labour market and in the pension system;

- Women, despite some changes still carry the majority of the responsibility for caring for children and other family members.

Recognition of Care in the State Pension Contributory System

A key topic discussed by all interviewees was the degree to which the State Pension Contributory System needs to or can fully accommodate and recognise the contribution of women who care for their children (and other family members). The majority argued that the care contribution has to be recognised within the State Pension Contributory system in an equal and non-discriminatory way.

There is a need for a modern system of care credits (Senator Alice Mary Higgins).

Investment and support for caring has to be viewed as productive (Dr David Begg).

The need to balance a greater link between contributions and level of payment was also raised whilst still recognising the need to take account of the care role. Challenges to finding this balance were emphasised.

While Senator Higgins felt measures to recognise care as contribution must be introduced within both the first tier and any supplementary system, in the longer term she also agreed with Dr Duvvury that there is a need for a universal pension to which all citizens are entitled. In their view this could eliminate some of the issues outlined above.

Inequality and the Homemakers' Scheme

The operation of the Homemakers' Scheme was also raised by many interviewees (this is particularly relevant in the context of this study as the research found that the band changes in combination with limitations of the scheme contributed to many women ending up with low payments). Many of those interviewed believe that the Scheme needs to be backdated to at least the 1970s as prior to the lifting of the 'marriage bar' many women were obliged to leave public service jobs after marriage.

The EU Commission has expressed an interest in the legacy from the 'marriage bar' and the degree to which women are still experiencing discrimination through the impact of reduced pension payments (Senator Alice Mary Higgins).

Targeted interventions now such as backdating the Homemakers' Scheme could address the inequality for many of the women who are now retiring (Dr David Begg).

Senator Higgins also highlighted the important difference between a 'disregard' and an active 'credit'. For instance, a disregard does not entitle those receiving them to benefits such as education and training which apply to people on other social welfare schemes.

Embedding inequality in the State Pension System

A number of interviewees expressed concerns about future generations of women. It was pointed out that many are experiencing inequality in the labour market as they are over represented in low-paid precarious employment. Dr Duvvury pointed out that more women aged 55 to 64 entered the labour market during the economic crisis but as many ended up in low-paid work and often on low or zero hour contracts they still may not accrue the contributions needed to improve their State Pension.

Many women also continue to have interrupted employment histories because the care role is still not sufficiently shared and affordable childcare has not been provided.

It is critical that there is coordination between different policies and across government departments to tackle the embedded nature of women's inequality including in the State Pension system (Dr Nata Duvvury).

4.5 VIEWS OF INTERVIEWEES⁸⁹ ON WHAT NEEDS TO HAPPEN

Most of those interviewed outlined what they believed should happen to address the inequality of the band changes. These points are outlined here.

4.5.1 Reverse the band changes

The majority of those interviewed (9 of 11) agreed that the new bands should be removed and be backdated. It was observed by one interviewee that the cost of doing this needs to be taken into account but also that adequacy of income needs to be considered as the main reason for the State Pension is 'to ensure a decent standard of living'.

4.5.2 Back date the Homemakers' Scheme

Those who supported the removal of the new bands observed that this in itself is not sufficient and that there is a need to back date and improve the Homemakers Scheme.

Those most directly affected by the changes, along with some of the other stakeholders interviewed, proposed that Age Action with other NGOs concerned with the rights of older people and women should put in place a concerted campaign to reverse the changes. It was also suggested that this campaign should be framed within an equality and rights framework.

4.5.3 Wider proposals to address women's inequality in the pension system

Most interviewees working at the macro policy level recognised that the above are important and immediate issues but most also felt that to really address the issue of women's pension equality a much wider range of system-wide actions are needed. It was stressed that these are cross-departmental and need to be based on a 'joined up' approach.

Whilst this broader context is beyond the scope of the research the points are included here as this group argue that without deeper systemic measures the issue of women's pension inequality will continue into the future.

Interviewees did not necessarily agree on all of the proposals outlined below. They are included for further consideration by all those concerned with women's inequality in the pension system.

- Introduction of a modern system of care credits that takes account of the care role of women. These credits should count not only for pension contributions but also allow women who are out of the workforce because of a care role to access education and training opportunities; it should take account of a combination of part-time care and part-time work; the development of this model should be evidenced based and include investigation of models from elsewhere;
- Investment in childcare as a productive contribution to the economy and society;
- Reform of the labour market to eliminate low-paid and precarious work;
- Investment in education and training to up-skill women to access better paid jobs;
- Reform of the pension tax relief system to mainly benefit lower income earners;
- Reform of the private pension system in the interests of pension holders;
- Reframe the pension reform agenda in terms of equality rather than sustainability alone;
- Rebalance the emphasis on pension reform towards pillar one (there were different views here); another perspective was the need to develop a universal supplementary pension system as a priority whilst also reforming pillar one;
- Need for a universal pension (2 of 5 interviewees);
- Policy development to take account of research already conducted on gender inequality in the Irish pension system.

⁸⁹ This draws on all those interviewed for the research.

CONCLUSION

5.1 THE BAND CHANGES AND THEIR EFFECTS

In 2012, the Government introduced changes to the bands within the State Pension Contributory system. This research has found that these changes, aligned to the averaging method used for band allocation purposes, has resulted in almost 36,000 people receiving a lower level of payment than they otherwise would have done.

The level of lost income ranges from just under €30 per week to just under €19 per week. Over 40 per cent of all those affected are losing almost €30 per week or €1,500 per year. There is a significant disproportionate impact on women. Almost two-thirds, or 62 per cent, of all those affected are women and almost double the number of women to men experience the largest drop in monetary terms of almost €30 per week. In addition, more than half of all women who were granted a State Pension Contributory over the four year period since the band changes were introduced are affected, compared to 21 percent of men.

The interviews with women directly affected revealed that that they have been left with a deep sense of injustice and feel undervalued and angry. In particular, most of them believe they are being penalised for doing what was expected of them, that is, care for their children. The significant financial losses are resulting in economic impacts including constantly watching what is spent and cutting back on both essential and discretionary items. It has also left most feeling more economically dependent on husbands and with a sense of reduced autonomy.

All of those interviewed emphasised that the changes were introduced in an underhand and 'sneaky' way. This view was reinforced by most others interviewed for the research. It was also highlighted that the changes created anxiety and uncertainty about the future amongst people not yet retired leaving them with little sense of what their pension payment will be in the future.

5.2 WIDENING THE GENDER PENSION GAP

The research is contextualised in the reality of a significant gender pension gap which will be widened by the changes in the bands. The factors identified⁹⁰ which have contributed to this gap include State policy and cultural norms. This included a strong bread winner model informing and shaping public policy as demonstrated by the marriage bar (until 1973), lack of State support for childcare and classification of women as dependents within the social welfare system. This resulted in less than eight per cent of married women being in the workforce in 1970 compared to almost 50 per cent in the UK. These factors have resulted in many women having interrupted employment histories which in turn directly impacts on the level of State Pension Contributory they receive. The Homemakers' Scheme in theory was brought in to address this issue but only applies from 1994. The women interviewed in the research gained no benefit from this scheme and this, combined with the change in bands and the averaging method, resulted in significantly reduced pension payments.

The research revealed that the changes were made knowing they would impact to a greater extent on women, therefore knowingly widening the gender pension gap. It also highlighted that there is a refusal at Government level to address legacy issues from the marriage bar and other gendered State policies. The need for a comprehensive and modern approach to recognising care within the State Pension system was highlighted.

5.3 OFFICIAL RATIONALE FOR THE CHANGES AND WIDER PENSION POLICY

The research highlights that the official rationale for the changes was to ensure sustainability of the State Pension system and to increase the link between PRSI contributions and levels of payment. It was also indicated that savings had to be made because of reduced State finances. None the less it was claimed that 'core payments were protected'.

The research shows that this is not the case, as almost 36,000 new entrants have lower State pensions as a result of the changes.

Many of the people interviewed linked the changes to the austerity approach adopted by successive governments

⁹⁰ Other factors which have caused this gap historically and at the present time are the gender pay gap marked by lower rates of pay and higher proportion of women in part-time and precarious work.

which has disproportionately affected those on lower incomes. They also linked them to low levels of social investment and to 'an addiction to low taxes'. Others highlighted that significant amounts of State money are spent supporting private pensions which mainly benefit the higher paid and men. They suggested that part of this could be used to address the band changes, backdate the Homemakers' Scheme and generally improve pillar one of the State Pension system on which most people depend for their income.

Overall, it was argued that greater priority needed to be given to reforming pillar one and in doing so to ensure adequacy of income is a prime focus. Different perspectives were outlined concerning the development of pillars two and three with some believing that this was also a priority whilst others were concerned this could undermine the State Pension.

5.4 A FRAMEWORK OF EQUALITY AND RIGHTS

Many of the individuals interviewed emphasised that the band changes were discriminatory as they resulted in people with the same averaged contributions getting different payments depending on when they were born, that is on the basis of age. The unequal impacts on women were also believed to be discriminatory on the basis of gender. It was proposed that it was important to frame the discussion about the changes within an equality and rights framework. Questions are outlined within Section Three of this report for further consideration. These relate to how the changes fit with national and international equality and rights law and conventions. Questions are also raised in relation to the achievement of the relevant commitments under the National Women's Strategy.

RECOMMENDATIONS

The issues highlighted in this report emphasise the importance of framing the pension reform agenda not only in terms of sustainability but also equality. The lack of an equality focus when framing the 2012 band changes has resulted in inequality being experienced by a considerable number of older people, the majority of whom are women. This further embeds women's inequality in the system. This report calls for equality to be an overarching framework for all future State Pension policy.

In addition the following is recommended:

The Minister for Social Protection should:

1. Reverse the band changes and backdate the changes so that those currently affected are placed in the bands which applied before the 2012 change.
2. Backdate the Homemakers' Scheme to ensure all women retiring from now on and who cared for children will benefit.
3. Insert a modern system of care credits in the development of the TCA approach. (Conduct and draw on evidence based research to inform this development including investigation of best practice models from other countries).
4. Prioritise reform of pillar one of the State Pension system rather than the current focus on pillars two and three. In this reform ensure gender equality and income adequacy are a priority.
5. Develop data collections systems within the Department of Social Protection including gender disaggregation on the levels of payments under all State Pension schemes and include the data in Annual Statistical Reports.

The government must develop a cross-departmental strategy to ensure:

6. Implement the commitment in the Programme for Government to carry out and publish impact assessments based on equality principles on all future policy development. Gender proof and equality proof all future budgets and publish evidence of these in budget documents.
7. Develop a cross-departmental comprehensive long-term strategy to address the gender pension gap for current and future generations of women including targets, resourcing, implementation strategy, oversight and reporting and monitoring mechanisms.

It is recommended that the Irish Human Rights and Equality Commission:

8. Considers the findings of this report on the band changes (and the Homemakers' Scheme) in light of their compliance or otherwise with national and/or international equality and human rights law and conventions.

The Department of Justice and Equality must:

9. Ensure the new (forthcoming) National Women's Strategy includes objectives and actions to address pension inequalities for women.

BIBLIOGRAPHY

Barry, U and Murphy, S. (2006) Gender pay gap in Ireland <http://researchrepository.ucd.ie/bitstream/handle/10197/2084/Barry-Genderpaygap-2006.pdf?sequence=3>

Begg, D. (2015) TASC Annual Lecture http://www.tasc.ie/download/pdf/tasc_annual_lecture_david_begg.pdf?issuul=ignore ;

Bussemaker, J. and van Kersbergen, K. (1994) 'Gender and Welfare States: Some Theoretical Reflections' in Sainsbury, D.(ed) *Gendering Welfare States*

Citizens Information Relate. May 2012. http://www.citizensinformationboard.ie/downloads/relate/relate_2012_05.pdf

Collins, M and Hughes, G. (2016) Tax Expenditure on Occupational Pensions in Ireland <http://www.nerinstitute.net/blog/2016/10/04/slides-from-neri-seminar-on-tax-expenditure-on-occ/>

Cook, G. and McCashin, A. (1997) 'Male Bread Winner: A Case Study of Gender and Social Security in the Republic Of Ireland' in Byrne, A. and Leonard, M. (eds) *Women in Irish Society, Belfast, Beyond the Pale*

CSO (2013) Survey on Income and Living Conditions (SILC) - Thematic Report on the Elderly 2004, 2009 and 2010 <http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2010/elderly0409and10.pdf>

CSO (2015) Survey on Income and Living Conditions 2014 <http://www.cso.ie/en/releasesandpublications/er/silc/surveyonincomeandlivingconditions2014/>

CSO-QNHS Module on Pensions, (Q4 2015: 2016). <http://www.cso.ie/en/releasesandpublications/er/q-penp/qnhsmoduleonpensionsq42015>

De Neubourg, C. and Weigand, C. (2000) *Social Policy as Social Risk Management*

Department of Justice (2007) National Women's Strategy 2007-2016 <http://www.justice.ie/en/JELR/National%20Womens%20Strategy%20PDF.pdf/Files/National%20Womens%20Strategy%20PDF.pdf>

Department of Social Protection (2010) National Pensions Framework http://www.welfare.ie/en/downloads/nationalpensionsframework_en.pdf

Department of Social Protection Annual Statistical Report, 2014 <https://www.welfare.ie/en/Pages/Annual-SWS-Statistical-Information-Report-2014.aspx>

Duvvury et al, (2012) Older Women Workers' Access to Pensions; http://www.icsg.ie/sites/www.icsg.ie/files/personfiles/oww_report_.pdf;

European Commission (2015) Men, Women and Pensions. http://ec.europa.eu/justice/gender-equality/files/documents/150618_men_women_pensions_en.pdf

Government of Ireland (2012) Comprehensive Expenditure Report 2012-2014: <http://www.budget.gov.ie/budgets/2012/Documents/CER%20-%20Estimates%20Final%20Part%201.pdf>

Government of Ireland (2012) Pathways to Work <http://www.welfare.ie/en/downloads/pathwaystowork.pdf>

IGEES (2014) Expenditure Review of State Pension and Related Supplementary Benefit Schemes <http://igees.gov.ie/wp-content/uploads/2014/11/Expenditure-Review-of-State-Pension-and-Related-Supplementary-Benefit-Schemes.pdf>

Lewis, J. (1992), 'Gender and the Development of European Welfare Regimes', *Journal of European Social Policy* 3 (2) 159-173.

Mac Cionnaith, C. (2010?) *Welfare State Regimes* www.academia.edu/4321551/welfare_state_regimes

Murphy, M. and McCashin, T. (2008) Pensions- What Women Want http://www.nwci.ie/download/pdf/pensions_publication_final.pdf

Murphy, E. (2014) Pension Policy in Ireland: An Evaluation http://www.nerinstitute.net/download/pdf/pension_policy_in_ireland_neri_wp16.pdf

Ni Léime et al, 'Pension provision, gender, ageing and work in Ireland' in Walsh, K. et al. editors (2015) Ageing through Austerity-Critical Perspectives from Ireland

NESC (1992) Women's Participation in the Irish Labour Market <http://www.nesc.ie/en/publications/publications/nesc-reports/womens-participation-in-the-irish-labour->

NESC (2005)The Developmental Welfare State http://files.nesc.ie/nesc_reports/en/NESC_113.pdf

Norris, M. (2016) Presentation to ISPA Conference http://www.ispa.ie/images/seminars/conference_2016/conf2016_slides/Michelle_Norris.pdf

NWCI (2008) Forgotten Women http://www.nwci.ie/download/pdf/pension_sample4.pdf

NWCI (2012) Press Release http://www.nwci.ie/index.php/learn/article/new_pension_measures_condemn_older_women_to_increased_risk_of_poverty

OECD (2014), OECD Reviews of Pensions Systems: Ireland <http://dx.doi.org/10.1787/9789264208834-en>

OECD (2016) Pensions at a Glance 2015 – OECD and G20 Indicators – available at http://www.keepeek.com/Digital-Asset-Management/oecd/social-issues-migration-health/pensions-at-a-glance-2015_pension_glance-2015-en#page3

OHCHR (undated) Gender Pension Gap Background Paper to Human Rights Council

<http://www.ohchr.org/Documents/Issues/Women/WG/ESL/BackgroundPaper6.doc>

Quinn, O, at Joint Oireachtas Committee on Education and Social Protection, (2014) <http://oireachtasdebates.oireachtas.ie/Debates%20Authoring/DebatesWebPack.nsf/committeetakes/EDJ2014021200005>

RTÉ, Sean O'Rourke Show, 1 August (2016)

SIPTU (2013) Making Caring Count' Policy Document (unpublished).

Social Justice Ireland (2016) Choices for Equity and Sustainability <https://www.socialjustice.ie/sites/default/files/attachment/publication/4310/entire.pdf>

Walsh, K. Carney, GM. and Ni Léime, A. editors (2015) Ageing through Austerity-Critical Perspectives from Ireland;

NEWSPAPER ARTICLES

Daily Mail (2012) <http://www.dailymail.co.uk/news/article-2200487/Thousands-Irish-women-hit-dramatically-reduced-income-old-age-pensions-shake-up.html>

Irish Examiner (2013) <http://www.irishexaminer.com/ireland/politics/criteria-changes-leave-new-retirees-facing-state-pension-cut-181221.html>

Irish Examiner (2014) <http://www.irishexaminer.com/viewpoints/analysis/no-country-for-old-women-as-females-bear-brunt-of-pension-cuts-262241.html>

Irish Times (2014) <http://www.irishtimes.com/news/social-affairs/pay-gap-between-men-and-women-in-ireland-up-to-14-4-1.2128045>

Journal.ie (2014) <http://www.thejournal.ie/the-measuring-irelands-progress-report-2012-cso-1274863-Jan2014/>

WEB PAGES

[https://www.welfare.ie/en/downloads/Qualifying-for-State-Pension-\(Transition\)-FAQs.pdf](https://www.welfare.ie/en/downloads/Qualifying-for-State-Pension-(Transition)-FAQs.pdf)

<https://www.welfare.ie/en/downloads/sw1.pdf>

<http://www.welfare.ie/en/Pages/Payments-for-retired-or-older-people.aspx>

<http://www.welfare.ie/en/Pages/State-Pension-Non-Contributory.aspx>

<http://www.welfare.ie/en/pressoffice/Pages/No-cuts-to-primary-weekly-social-welfare-rates---Minister-Bu.aspx>

<http://www.budget.gov.ie/budgets/2012/Documents/Summary%20of%202012%20Budget%20and%20Estimates%20Measures%20Policy%20Changes.pdf>

<http://www.budget.gov.ie/budgets/2012/EstimateStatement.aspx>

<http://www.cso.ie/en/media/csoie/releasespublications/documents/silc/2011/elderly040910and11.pdf>

http://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/older_and_retired_people/state_pension_contributory.html

http://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/death_related_benefits/widows_contrib_pension.html

http://www.citizensinformation.ie/en/social_welfare/irish_social_welfare_system/social_insurance_prsi/voluntarysocialinsurancecontributions.html

http://www.citizensinformation.ie/en/social_welfare/irish_social_welfare_system/social_insurance_prsi/homemakers_scheme.html

http://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/older_and_retired_people/state_pension_non_contributory.html

<http://www.pensionscouncil.ie/en/Meeting-documents/2015/Monday-23-March-2015/150323-Pensions-Council-Minutes.pdf>

<http://www.socialjustice.ie/content/policy-issues/number-people-deprivation-more-200000-government-took-office>

<http://www.eapn.ie/eapn/training/poverty-in-ireland>

KEY STAKEHOLDERS INTERVIEW LIST

Professor Alan Barrett, Director of the Economic and Social Research Institute (ESRI)

Dr. David Begg, Chairperson of the Pensions Authority and former head of ICTU

Dr Nata Duvvury, senior academic and development expert with research interests in gender, labour market and welfare states at NUI Galway

Senator Alice Mary Higgins, advocate for women's and older people's rights and former Policy Officer with Older and Bolder and the NWC

An official (with a brief in pension policy) at the Department of Social Protection



