

*Attached documents supporting this submission are denoted in parentheses.
Relevant sections in documents are highlighted for convenience.*

I will begin my submission by asking you to imagine three young people of the same age starting out on their careers in February 1987. One was elected to public office, one joined the civil service, and one began in the private sector.

- The person who was elected to public office expected to retire on a State pension from the age of 50.
- The person who joined the civil service expected to retire on a State pension at age 60.
- The person who began in the private sector expected retire on a State pension at age 65.

Twenty five years after our three friends began working, the Government became concerned about our increasing life expectancy, the increasing time we spend in retirement, and the future difficulty we would have in funding State pensions. It began a process of reforms that included the raising of the age for receiving the State pension to 66 and beyond, but not everyone was treated equally. Our three friends were affected as follows:

- The elected representative's pension age remained at 50 because he was elected before 2004.
- The civil servant's pension age remained at 60 because he joined the civil service before 1995.
- The private sector worker's pension age was raised from 65 to 68 because he was born in 1965.

Even the most casual of observers would notice that the private sector worker is being singled out for non-preferential treatment in that his criteria is based on his date of birth, not when he started working as in the case of the elected representative and the civil servant. There is no justification for this type of segregation and none has been given by the Government.

Note: People born after 01 January 1949 have to wait until age 66 to receive the State pension. As was common at the time, many people left school at 14 to begin work. Someone born in 1949 would have left school in 1963, therefore, in effect, only people who began working in the private sector before 1963 can be absolutely guaranteed the State pension at 65.

In a submission to this committee on 02 October 2013, the Minister for Social Protection, Joan Burton, outlined how the people of Ireland now have a much better life expectancy, resulting in them spending a much longer period in retirement than heretofore. She expressed concern how this will cause difficulty in funding State pensions into the future. She also revealed that men are now living to an average age of 82, and women are living to an average age of 85 (*Doc.01*). Using this data, the expected period of retirement for our three friends is as follows:

- The elected representative would be drawing a State pension for 32 years. No change.
- The public servant would be drawing a State pension for 22 years. No change.
- The private sector worker would have his time drawing a State pension reduced from 17 years to 14 years. A reduction of 3 years.

As we can see, the private sector worker, whose pension would be much less than the public representative's pension, is targeted for cutbacks, not the person drawing the much larger pension for a much greater length of time.

In 2012, the Minister for Social Protection commissioned the OECD to investigate and report on all aspects of the Irish pension system. Despite claims by the Government that our State pension system is in a perilous state, the OECD found that it is on a sound footing both now and into the future when compared to other countries (*OECD.01*).

The report also found that the speed with which Government is retrospectively implementing pension reforms against private sector retirees is at odds with

the slow speed with which it is reforming public sector pensions. This can only mean the Government is acting in an inequitable, unfair, and discriminatory manner towards people retiring from the private sector (*OECD.02*).

Prior to the raising of the State pension age to 66, most employees in the private sector could plan their retirement with a degree of certainty. Now, with that certainty gone, they are approaching their retirement unsure of what the future holds. The Government can be regarded as acting irresponsibly by removing the State pension at 65 yet failing to legislate to protect employees who wish to remain with their employer until the relevant pension age. In a letter to this committee on 30 October 2014 (*Doc. 02*), the Department of Jobs, Enterprise and Innovation seems to be of the view that a retiring employee can take a case against their employer if they don't like the way they are being retired. I ask everyone present here today, is this the ideal way to start your retirement? – no pension from the State, and launching legal proceedings against your employer.

The Department also seems to be of the view that the problems caused to employees by the changes in the State pension age is no big deal as only about 1400 people a year would be affected. Why not take the opposite view of this – paying a State pension to such a small number of pensioners isn't going to break the bank.

Minister Burton is of the view that changes to the State pension system are required due to the effects of the financial crisis on the country's finances. As we know, our financial crisis was triggered by the banks and the enormous cost to the State for bailing them out. The Minister hasn't produced any evidence to show that retiring workers were contributors to the banking crisis. Most workers are prudent with their finances as they approach retirement and it would be a travesty of justice to try to punish them for the banking crisis. Before implementing pension reforms would it not be wise to await the outcome of the Banking Inquiry? By a strange co-incidence, it was those who were responsible for the supervision and the running of the banks who managed to escape with their mega-pensions intact and without much of a

murmur from Government quarters. One of the bailed out banks, AIB, even put one billion euro of taxpayers money into its pension fund, again without much of a murmur from the Government. This taxpayers' money could be put to better use funding the provision of State pensions, not bankers' pensions.

The Minister for Social Protection and the Government can be in no doubt that people approaching retirement are not happy with the changes being made to their State pension expectations. They still insist that reducing the time people spend in retirement is the only way forward. If this is the case, they should apply their logic to themselves. The Central Statistics Office regularly produces life expectancy data based a person's career choice (*Doc. 03*). This data shows there is a sizeable difference in life expectancy between non-skilled manual workers and professionals working at senior levels. As the lowest skilled male worker will not now receive a State pension until age 66, we can deduce from the CSO's figures that the male members of the Government should not receive their pensions until the age of at least 71, and female ministers should not get theirs until they reach the age of at least 75. Failure to apply their logic to themselves means they are elitist, self-serving, and only looking after themselves.

Segregating private sector workers from their public sector counterparts when it comes to State pension reforms requires that we also examine where the problem lies more closely. There are approximately 292,000 people working in the public sector and 150,000 retired. This is a ratio of almost 2 working to 1 retired. There are about 1.6 million people working in the private sector and 440,000 retired. This is a ratio of over 3.5 working to 1 retired. In her submission to this committee on October 2012, the Minister for Social Protection considered having 2.3 people of working age* to 1 retired an alarming situation. We can see from these statistics that the Government, in targeting private sector retirees for its pension reforms, is coming down hard on the wrong people.

**The Minister uses working age. Not everyone of working age is working and paying taxes. The working ratio in her submission would be less than 2.3 to 1.*

In democratic societies, Governments are entrusted by the people who elect them to govern in a fair and objective manner. The State pension reforms introduced by the Irish Government are anything but fair and objective. The reforms are clearly biased against those who work in the private sector. If the Government refutes these allegations, the main architect of the reforms, the Minister for Social Protection, must explain to the people of Ireland:

- Why, in applying different, more punitive rules to private sector workers she is not acting in a biased and discriminatory manner?
- Why a person with the longest working life and lowest life expectancy must work even longer than those with the shortest working life and longest life expectancy?
- Why those whose State pension funding is on a sound footing must face cutbacks while those whose State pension funding is in crisis can continue retiring as if nothing is wrong?

In conclusion, I would like to stress that if reforms are necessary in order to secure the future provision of State pensions in this country, those reforms should be implemented in a fair and equitable manner. All parties affected should be consulted and the way forward agreed upon before any such reforms are implemented. It is then, and only then, that the Government can truly say *We are all in this together.*