



# Bill Digest

## Public Service Superannuation (Age of Retirement) Bill 2018

No. 76 of 2018

Jason Cleary, Senior Parliamentary  
Researcher, Economics

Tuesday, 10 July, 2018

### Abstract

The *Public Service Superannuation (Age of Retirement) Bill 2018* amends existing legislation to provide for a higher mandatory retirement age for public servants who were appointed before 01 April 2004. Following this Bill's enactment, these public servants can work up to 70 years of age. The Bill also provides that, at a later date, a Ministerial order can increase this to a higher mandatory retirement age, but no more than 75 years of age. Generally (there are exceptions), public servants appointed after this date have either no mandatory retirement age (01 April 2004 - 31 December 2012) or currently have a maximum retirement age of 70 (01 January 2013 onwards), which may also be increased by Ministerial order.

## Contents

Summary .....	3
Table of provisions .....	5
Introduction .....	6
Measures put in place until this Bill is enacted .....	6
Principal provisions .....	8
Policy background / context .....	12
Sustainability of Ireland's pension system .....	12
Number of public service pensions and pension costs .....	13
Current retirement ages in the public service .....	13
Imposing a common retirement age on all civil servants .....	15
Possible impact of amending the retirement age .....	15
Is there a mandatory retirement age in the private sector? .....	16
Does working longer stymie jobs for younger workers? .....	17
International context .....	18
Social protection systems - national pensions framework .....	18
Public servants pension schemes .....	23
Performance indicators .....	26

**Bill publicly available:** 09 July 2018. **Second Stage Debate:** 12 July 2018.

**This Digest may be cited as:**

Oireachtas Library & Research Service, 2018.

*Bill Digest – Public Service Superannuation (Age of Retirement) Bill 2018.*

## Legal Disclaimer

No liability is accepted to any person arising out of any reliance on the contents of this paper. Nothing herein constitutes professional advice of any kind. This document contains a general summary of developments and is not complete or definitive. It has been prepared for distribution to Members to aid them in their parliamentary duties. Some papers, such as Bill Digests are prepared at very short notice. They are produced in the time available between the publication of a Bill and its scheduling for second stage debate. Authors are available to discuss the contents of these papers with Members and their staff but not with members of the general public.

## Summary

The [\*Public Service Superannuation \(Age of Retirement\) Bill 2018\*](#) (the 'Bill') proposes to amend legislation to provide for a higher mandatory retirement age for public servants who were appointed before 01 April 2004. Upon enactment, the mandatory retirement age will increase from 65 years to 70 years. This may be increased to a higher mandatory retirement age at a later date by Ministerial order. However, this cannot be higher than 75 years of age. Public servants will be allowed to accrue pension benefits but not beyond a statutory 40 year limit.

Generally, public servants recruited after 01 April 2004 have a maximum retirement age of 70 ('Single Pension Scheme' members) or they have no compulsory retirement age (those recruited between April 2004 and December 2012 i.e. 'new entrants').

This amendment does not apply to certain groups, such as:

- Those on 'uniformed'<sup>1</sup> pension fast accrual schemes who have earlier retirement ages due to the nature of their work (i.e. Gardaí, Permanent Defence Forces, Fire-fighters, and Prison Officers).
- Other groups with no compulsory retirement ages e.g. Members of the Oireachtas.
- Public servants who retired at the compulsory retirement age of 65 years, and have been rehired in a public service body on the operation of this legislation.

There are a number of reasons for this change.

1. For public servants who were appointed before 01 April 2004, there is currently a gap between their occupational retirement age and the age at which they can receive the Contributory State Pension (CSP)<sup>2</sup>. The CSP is available at 66 years and will rise to 67 in 2021 and 68 in 2028, but these public servants have a mandatory retirement age of 65 years. When a public servant retires at 65 years of age they can avail of jobseekers benefit or a supplementary<sup>3</sup> pension, as relevant, until they reach the age of 66 years and are

---

<sup>1</sup> Uniformed services are a title of convenience, for collectively naming Gardaí, Permanent Defence Force, Fire-fighter, and Prison Officer grades.

<sup>2</sup> As noted in the "[OECD Pensions Outlook 2016](#)" and Circular 21/2017 "[A Temporary Circular to allow for certain Civil servants to be retained beyond this Compulsory Retirement Age of 65 years until they reach the age of eligibility for the Contributory State Pension](#)"; in Ireland the pension entitlement of those who joined the public service after 06 April 1995 is integrated or co-ordinated with their State Pension entitlement so that their total pension is made up partly by the CSP and the balance by their employer.

<sup>3</sup> For example, a supplementary pension may be available to retirees in order to make up the shortfall in pension for the period between date of retirement and the age of eligibility for CSP where there is non-payment of Social Welfare Benefits through no fault of the retiree.

eligible for the CSP. As the age of qualification for the CSP will rise in the future, this is likely to become more of an issue for public servants appointed before 01 April 2004<sup>4</sup>.

2. Point one relates to the broader context of Government's pension policy to encourage longer working in light of an ageing population, and the related challenge to the fiscal sustainability of Ireland's pension system.
3. This brings the maximum retirement age for public servants (appointed before 01 April 2004) in line with public servants who were appointed on or after 01 January 2013.
4. In general, people are living longer than before, and so may not want to retire at the age of 65<sup>5</sup>.

---

<sup>4</sup> Note that most of those appointed pre-April 1995 are in a modified social insurance category which means that their pension costs are met in full by their employer and so they are mostly unaffected by any changes to the State Pension age.

<sup>5</sup> The Irish Congress of Trade Unions have submitted that workers recruited between 1995 and 2004 and certain non-established industrial workers recruited before 1995 who are obliged to retire at an age lower than the State Pension should be given the option of working to the increased State Pension age if they wish. Other groups (The National Women's Council of Ireland, Social Justice Ireland, Age Action Ireland, Irish Rural Link, The Irish National Organisation of the Unemployed and the Irish Senior Citizens Parliament) have also said that compulsory retirement of employees by their employer is discriminatory and unfair. See the Interdepartmental Group on Fuller Working Lives "[Summary of Stakeholder Engagement](#)".

## Table of provisions

The table below summarises the provisions of the Bill. For further explanation of each section, see the Principal Provisions section of this Bill Digest.

Once enacted the provisions of this Bill will come into operation on the day or days (for different provisions) the Minister may order.

**Table 1: Summary of the Bill's provisions**

Section	Title	Description
1	Definition	Defines the 'Principal Act' referred to in the Bill as meaning the <a href="#">Public Service Superannuation (Miscellaneous Provisions) Act 2004</a> .
2	Amendment of section 1 of the Principal Act	Defines 'Act of 2012' referred to in the Bill as meaning the <a href="#">Public Service Pensions (Single Scheme and Other Provisions) Act 2012</a> . A 'relevant public servant' is also defined. This is the group of public servants to whom the new compulsory retirement age of 70 will apply.
3	Age of retirement for relevant public servants	This provides that a relevant public servant will retire at 70 years of age or a higher age (but no higher than 75 years) if prescribed by Ministerial order at later date. There are a number of factors, listed in the Bill, which the Minister must consider if prescribing a higher mandatory retirement age.
4	Reckoning for superannuation purposes of service by relevant public servants	This allows that, subject to a 40 statutory year limit, a relevant public servant can continue to accrue pensionable years of service up to the revised maximum retirement age.
5	Application to existing retirement provisions	Any statutory instrument which requires a person to retire on age grounds will be subject to this proposed Act.
6	Amendment of Schedule 1 to Principal Act	Schedule 1 lists bodies to which the definition of 'Public Service Body' does not apply. The Bill proposes to add a number of State commercial bodies to this Schedule, as the intention is to exclude all commercial State bodies from the application of the definition of a 'Public Service Body'.
7	Amendment of Schedule 2 to Principal Act	It is proposed to insert consequential amendments to Acts relating to the age of retirement for relevant public servants.
8	Short title, collective citation and commencement	This is a standard provision defining the proposed Act's short title, collective citation and providing for commencement by Ministerial order.

## Introduction

The [\*Public Service Superannuation \(Age of Retirement\) Bill 2018\*](#) (the ‘Bill’) is entitled,

“An Act to raise the age at which certain public servants are required to retire; to confer power on the Minister for Public Expenditure and Reform to raise that age by order; for those purposes to amend the Public Service superannuation (Miscellaneous Provisions) Act 2004 and certain other enactments; and to provide for related matters.”

Reasons for the proposed changes in this Bill were outlined in a Department of Public Expenditure and Reform (DPER) press release, “[Minister Donohoe secures Cabinet approval to increase Compulsory Retirement Age for Public service Workers](#)” (05 December 2017), by the Minister for Finance and Public Expenditure and Reform (the ‘Minister’), Deputy Paschal Donohoe. The Minister is quoted as saying,

“Many pensioners feel that they have earned their pension and should not have to “sign on” as a jobseeker in order to receive a portion of it. Many would prefer to continue to work to normal State pension age, rather than engage in this process, which is likely to become more protracted as the age of eligibility for the State Pension increases in 2021 and 2028... By extending the compulsory retirement age to 70, I am addressing both of these issues, while at the same time bringing the compulsory retirement age of this group into line with that of new recruits since January 2013 who are members of the Single Pension Scheme”.

It has been reported that a number of parties including Fianna Fáil, have called for people to be allowed to work beyond 65 if they choose, especially due to anomaly where employees are forced to retire at age 65 but do not receive their pension until age 66<sup>6</sup>.

### Measures put in place until this Bill is enacted

Until this legislation comes into effect, the Minister has agreed some limited interim arrangements with sectoral public service employers<sup>7</sup>.

For example, in relation to civil servants, on 15 December 2017 Circular 21/2017 “[A Temporary Circular to allow for certain Civil servants to be retained beyond this Compulsory Retirement Age of 65 years until they reach the age of eligibility for the Contributory State Pension](#)” was issued.

---

<sup>6</sup> See news article “[Retirement age for public service workers to increase to 70](#)”, in the Journal.ie (05 Tuesday December).

<sup>7</sup> “[Minister Donohoe secures Cabinet approval to increase Compulsory Retirement Age for Public Service Workers](#)”, DPER press release, 06 December 2017.

This Circular applies to all civil servants<sup>8</sup> recruited prior to 01 April 2004 who reach the retirement age of 65 between 05 December 2017, and the commencement of the Bill.

In response to parliamentary queries the Minister, Deputy Paschal Donohoe explained<sup>9</sup>,

“...The policy across the public service is that, where a retired employee is re-hired, they are paid at the minimum point of the relevant scale, rather than at the pay point they had reached when they retired. This practice is continuing in the context of the interim arrangements. Pension abatement rules will, however, apply in the case of a public servant availing of the interim arrangements. Pension abatement means that the pension that has been awarded will be reduced so that the person concerned will not receive more in combined pension and salary payments than they would have received if they had remained working. Given that the person's "new" salary will be at the minimum point, there will be room through the payment of pension and the "new" salary rate so that the sum of the "new" salary rate and the pension in payment can address the difference between the minimum point of the scale and the pay point they had reached when they retired.

Under the interim arrangements, the additional service will not accrue public service pension benefits, as the primary legislation is necessary to enable this. The employee's pension or lump sum payment will not be affected by this move to a lower pay point, as the persons will already have retired and be in receipt of their pension entitlements...”

---

<sup>8</sup> Other than prison officers.

<sup>9</sup> “[State Pensions](#)”, Dáil Questions, Written Answer (16/01/2018).

## Principal provisions

The enactment of this Bill requires some consequential amendments to relating Acts. This is outlined in the Schedule to the Bill and is not discussed below.

### Definition

Section 1 of the Bill states that for the purpose of this proposed Act, the ‘**Principal Act**’ is the [\*Public Service Superannuation \(Miscellaneous Provisions\) Act of 2004\*](#)<sup>10</sup> (2004 Act or Act of 2004).

### Amendment of section 1 of Principal Act

Section 1(1) of the 2004 Act is the interpretation section of the 2004 Act. It defines public servant, public service body, relevant Minister, retirement benefit etc.

Section 2 of the Bill inserts two new definitions into section 1(1) of the 2004 Act, as follows.

1. The ‘**Act of 2012**’ means the [\*Public Service Pensions \(Single Scheme and Other Provisions\) Act of 2012\*](#)<sup>11</sup>.
2. A ‘**relevant public servant**’ is the group of public servants to whom the new compulsory retirement age of 70 will apply.

This includes the majority of public servants recruited before 01 April 2004 except certain categories.

- A Member of the House of the Oireachtas or a Member of the European Parliament.
- A holder of a qualifying office (e.g. a Ministerial or Secretarial office).
- Uniformed pension fast accrual groups who are required to retire early such as Gardaí, Prison Officers, Firefighters, and members of the Permanent Defence Force.
- A new entrant (i.e. generally referring to public servants who were appointed on or after 01 April 2004 to 31 December 2012, subject to exceptions).
- A Scheme member (i.e. generally referring to public servants who were appointed on or after 01 January 2013, subject to exceptions).
- Public servants who have retired at the compulsory age of 65 years, and on operation of section 3 of this Bill, have been re-employed by a public service body.

---

<sup>10</sup> Section 3(1) of the *Public Service Superannuation (Miscellaneous Provisions) Act 2004* removed the compulsory retirement age for certain public servants on or after 01 April 2004.

<sup>11</sup> Section 13 of the *Public Service Pensions (Single Scheme and Other Provisions) Act 2012* (“2012 Act or Act of 2012”) makes provision for a maximum retirement age of 70 for public servants who joined the public service on or after 01 January 2013, subject to a limited number of exceptions. The 2012 Act also provides that the Minister for Public Expenditure and Reform may prescribe a higher age by order.

## Age of retirement for relevant public servants

Section 3 of the Bill proposes to **insert a new section 3A in the 2004 Act** after [section 3 of the 2004 Act](#)<sup>12</sup>.

This provides that a relevant public servant will retire at the age of 70 years or where a higher age is prescribed by order of the Minister (for Public Expenditure and Reform) at a later date, but which is not higher than 75 years.

Before prescribing a retirement age higher than 70 years, the Minister must consider a number of factors including:

- The likely effect on recruitment, promotion and retention of staff in the public service as a whole.
- The pensionable age at the time of making the order i.e. currently eligibility for the State pension is 66 years, rising to 67 years from 2021 and 68 years from 2028.
- Any evidence by the Central Statistics Office of an increase in normal life expectancy in the State.
- The likely cost to the Exchequer that would arise.
- Any order made under [section 13\(2\) of the Act of 2012](#). Section 13(2) states that a Scheme member, with a number of exceptions e.g. the President or a Member of the Oireachtas, a public servant will retire at the latest at 70 years of age or a later age determined by Ministerial order.
- Other matters as the Minister considers appropriate.

It is also stated that certain other Acts, as listed in the Schedule to the Bill, are amended so that they are consistent with the retirement age provisions of this Bill.

## Reckoning for superannuation purposes of service by relevant public servants

Section 4 of the Bill proposes to **insert a new section 13A in the 2004 Act** after [section 13 of the 2004 Act](#)<sup>13</sup>.

This provides that subject to the 40 year limit for public service pension accruals, a relevant public servant will be able to contribute to their pension plan up to the new maximum retirement age of 70 years or where a higher maximum retirement age is prescribed by Ministerial order at a later date.

---

<sup>12</sup> Section 3 of the 2004 Act relates to the removal of compulsory retirement age for new entrants to public service.

<sup>13</sup> Section 13 of the 2004 Act similarly relates to reckoning for superannuation purposes of service after a specified age.

## Application of the retirement provisions

Section 5 of the Bill proposes to **insert a new section 14A into the 2004 Act** after [section 14 of the 2004 Act](#)<sup>14</sup>. This provides that any statutory instrument which requires or has the effect to require a person to retire or cease holding office or employment on age grounds, will be subject to this proposed Act.

## Amendment of Schedule 1 of the Principal Act

Schedule 1 of the 2004 Act lists bodies to which the definition of Public Service Body<sup>15</sup> does not apply as per table 2 below. The intention is to exclude all commercial State bodies from the application of the definition of a Public Service Body.

**Table 2: Bodies to which the definition of ‘Public Service Body’ does not apply**

1. A body which has an occupational pension scheme or arrangement that is made or may be made under the agreement between the Government of Ireland and the Government of the United Kingdom of Great Britain and Northern Ireland establishing Implementation Bodies done at Dublin on 8 March 1999	6. Bord na gCon	11. A harbour authority within the meaning of the <i>Harbours Act 1946</i> or company to which section 7 of the <i>Harbours Act 1996</i> relates	16. An Post National Lottery Company
2. Aer Lingus Group p.l.c	7. Bord na Móna	12. Horse Racing Ireland	17. Radio Teilifís Éireann
3. Aer Rianta c.p.t	8. Córas Iompair Éireann	13. Irish National Stud Company Limited	18. Railway Procurement Agency
4. Arramara Teoranta	9. Coillte Teoranta	14. Irish Aviation Authority	19. Voluntary Health Insurance Board
5. Bord Gáis Éireann	10. Electricity Supply Board	15. An Post	20. A subsidiary of any body to which this Schedule relates, including a subsidiary of any subsidiary

Section 6 of the Bill proposes to amend Schedule 1 of the 2004 Act to include two commercial State bodies that have come into existence since 2004 and include any corporate bodies that were established before the foundation of the Irish Free State. This ensures consistency with similar Schedules in other Acts such as the 2012 Act.

<sup>14</sup> Section 14 of the 2004 Act sets out that the provisions of public service pension schemes will be subject to the 2004 Act.

<sup>15</sup> A public servant is defined in the 2004 Act to, among others; include a person who is employed by a public service body. Therefore, relevant aspects of the 2004 Act apply or do not apply depending on whether a person is deemed to be a public servant. For example, except whether otherwise provided, a new entrant (a person who becomes a public servant on or after 01 April 2004 to 31 December 2012, subject to exceptions) is not obliged to retire on age grounds.

The Bill does this by inserting the following after paragraph 1,

- **1A.** A body corporate established by Act of Parliament before 6 December 1922 that, upon its establishment, was of a commercial character.

And inserting the following after paragraph 18,

- **18A.** Shannon Group p.l.c.<sup>16</sup>.
- **18B.** Teilifís na Gaeilge<sup>17</sup>.

## Amendment of Schedule 2 to Principal Act

Section 7 of the Bill proposes to insert consequential amendments to Acts relating to section 3A (age of retirement for relevant public servants) of the Bill.

This will align sectoral enactments with the change to the age of retirement provision of this Bill for relevant public servants.

## Short title, collective citation and commencement

Section 8 of the Bill provides the short title, collective citation and commencement date for the proposed Act.

The Bill, once enacted, can be cited as the *Public Service Superannuation (Age of Retirement) Act 2018*. The proposed Act will be included in the collective citation of the *Public Service Superannuation (Miscellaneous Provisions) Acts 2004 and 2018*.

The Act will come into operation on the day or days (for different provisions) the Minister may order.

---

<sup>16</sup> [Shannon Group p.l.c](#) is a semi-state commercial company established on 05 September 2014. On its website it says that it is focussed on delivering economic benefits for the West of Ireland and wider economy.

<sup>17</sup> This is the corporate body established in April 2007 to manage and ensure good governance of Irish television channel TG4. See Part VI of the [Broadcasting Act, 2001](#) and the [Broadcasting Act, 2009](#). Also see [TG4 Annual Report 2017](#).

## Policy background / context

### Sustainability of Ireland's pension system

The “[Report of the Interdepartmental Group on Fuller Working Lives](#)” (August 2016) highlighted that demographic developments (growth in numbers aged 65 and over, and the old age dependency ratio<sup>18</sup>) are a challenge for Ireland over the next decades and reform is necessary to help address this.

The cultural norm has been to regard 65 as the standard retirement age. However the average effective retirement age<sup>19</sup> in Ireland has varied over time. The average retirement age is lower than the State pension age. This may indicate that many are in a position to make their own arrangements and have alternative (perhaps limited) bridging funds to cover the period before receipt of the State pension.

The report (August 2016) also noted that there is a ‘greying’ of the public sector whereas many areas of the private sector continue to see a fall-off in the number of workers reaching older age categories.

Expenditures on State pension payments and relevant supplementary payments<sup>20</sup> were estimated to rise from over €6.5 billion in 2015 to €8.7 billion in 2026.

The “[Actuarial Review of the Social Insurance Fund 2015](#)”<sup>21</sup> (September 2017) noted that financing pressures on the fund are mainly related to the pension and other age related expenditure items. The results indicate that pension expenditure as a proportion of total social insurance expenditure would rise from roughly 69% in 2015 to 80% in 2071.

While the fund is expected to experience a small surplus to 2019, in 2020 the fund is projected to experience a small shortfall, with the shortfall increasing thereafter. Therefore, there is a concern that the deficit of expenditure over revenue is expected to grow significantly.

The report (August 2016) stated that,

---

<sup>18</sup> Age to population ratio of those not in the labour force (dependents) and those in the labour force.

<sup>19</sup> “The effective retirement age is the age at which women and men *actually* withdraw from the labour market into retirement”. Source: “Report of the Interdepartmental Group on Fuller Working Lives” (August 2016).

<sup>20</sup> Such as the household benefits package, free travel and fuel allowance (which are subject to qualifying criteria).

<sup>21</sup> The SIF is made up of the contributions of employees, employers and the State Exchequer. The SIF comprises a current account and an investment account. Insurance contributions are paid into the current account and pension payments and other Social Insurance based benefits are paid from the current account. For further explanation see the Office of the Ombudsman [here](#).

“...Projections of Ireland’s future pension expenditure indicate that cost containing measures are required including a significant lengthening of working lives...”

The phased increase in the age at which people can access the State pension (currently 66 years, rising to 67 in 2021 and 68 in 2028) has been implemented to help address these rising costs.

## Number of public service pensions and pension costs

The “[Report of the Public Service Pay Commission](#)” (May 2017) provides the following estimates of public service numbers by public service pension schemes.

**Table 3: Public service pension scheme numbers**

Pension type	Number <sup>22</sup>
Pre-2013 public service standard accrual schemes (defined benefit based on final salary)	243,000
Post-2013 single scheme (defined benefit based on career average)	50,000
Fast accrual schemes	23,000 <sup>23</sup>

Source: Report of the Public Service Pay Commission (May 2017)

The “[2018 Expenditure Report](#)” also shows that the estimated public service pension bill is expected to increase to €3.1 billion in 2018.

**Table 4: Total voted government expenditure, 2012-2018**

€billion	2012	2013	2014	2015	2016	2017	2018
Pensions	3.1	2.8	3	2.9	3	3	3.1

Source: 2018 Expenditure Report

## Current retirement ages in the public service

On foot of the “Report of the Interdepartmental Group on Fuller Working Lives” (August 2016), DPER, with public service employers, reviewed the current statutory and operational considerations creating barriers to extended participation in the public service workforce (including age entitlement to the CSP).

The “[Review of Barriers to Extended Participation in Public Service Workforce](#)” was published in November 2017.

This report outlines that the main primary legislation dealing with compulsory retirement ages in the public service is:

- The *Civil Service Regulation Act 1956*;

<sup>22</sup> Estimated number.

<sup>23</sup> At the end of 2015.

- The *Public Service Superannuation (Miscellaneous Provisions) Act 2004*; and
- The *Public Service Pensions (Single Scheme and Other Provisions) Act 2012*.

There are other legislative provisions dealing with the terms and conditions (including compulsory retirement age) of individual public servants. Different arrangements also apply in the case of certain public servants who, due to the nature of their work are required to retire early.

The report highlights that while there are some avenues for retention of certain civil servants beyond normal retirement age; this is limited and subject to strict criteria<sup>24</sup>.

The current arrangements for public service retirement ages are set out in table 5 below.

**Table 5: Retirement ages in the public service**

Civil Servants Appointed	Relevant Legislation	Pension Integrated with CSP?	Minimum Pension Age	Compulsory Retirement Age
<b>Before 01 April 2004</b>	Section 8(1) of the <a href="#">Civil Service Regulation Act 1956</a> provides for a retiring age of 65. Section 8(3) provides that every civil servant shall retire on attaining the retirement age.  For public servants (other than civil servants) retirement age is determined by employment contract or relevant pension scheme some of which are established by S.I.	No for pre-06 April 1995 civil servants (some exceptions) <sup>25</sup> .  Yes for 06 April 1995 to 31 March 2004 civil servants <sup>26</sup> .	60 (some exceptions).  60 (some exceptions).	65.  Mainly 65.
<b>On or after 01 April 2004 to 31 December 2012</b>	Section 3(1) of the <a href="#">Public Service Superannuation (Miscellaneous Provisions) Act 2004</a> removed the compulsory retirement age. Section 8 of the Act of 1956 was amended for civil servants appointed on or after 1 April 2004.	Yes.	65.	None.

<sup>24</sup> Retention beyond normal retirement age for civil servants is regulated by Department of Finance Circular 13/1975 in limited circumstances e.g. grounds of hardship or public interest.

<sup>25</sup> Note that the majority of public servants recruited prior to April 1995 have their pension costs met in full by their employer. Therefore, they are mostly unaffected by any changes to the State Pension age.

<sup>26</sup> When a public servant retires at 65 years of age they can avail of jobseekers benefit or a supplementary pension, as relevant, until they reach the age of 66 years and are eligible for the CSP. For example, a supplementary pension may be available to retirees in order to make up the shortfall in pension for the period between date of retirement and the age of eligibility for CSP where there is non-payment of Social Welfare Benefits through no fault of the retiree.

<b>On or after 01 January 2013</b>	Section 13 of the <a href="#">Public Service Pensions (Single Scheme and Other Provisions) Act 2012</a> makes provision for a maximum retirement age of 70, subject to a limited number of exceptions.	Yes.	66 rising to 67 in 2021, and 68 in 2028.	70.
------------------------------------	--	------	--	-----

Source: Circular 21/2017 - "A Temporary Circular to allow for certain Civil servants to be retained beyond this Compulsory Retirement Age of 65 years until they reach the age of eligibility for the Contributory State Pension" (15 December 2017), and DPER "Review of Barriers to Extended Participation in Public Service Workforce" (November 2017).

## Imposing a common retirement age on all civil servants

The "Review of Barriers to Extended Participation in Public Service Workforce" (November 2017) states that legal advice indicated that the State could provide for the application of a common compulsory retirement age to all of the groups listed in table 3 above. However, if a common compulsory retirement age was implemented, the 01 April 2004 – 31 December 2012 group would be negatively affected by the move as these public servants currently do not have a maximum retirement age<sup>27</sup>.

## Possible impact of amending the retirement age

The "Review of Barriers to Extended Participation in Public Service Workforce" (November 2017) also looked at the possible impact of amending the retirement age as per tables 6 and 7 below<sup>28</sup>.

**Table 6: Employee outcomes**

Category	Impact
<b>Pre-1995</b>	<ul style="list-style-type: none"> <li>Pension entitlements for this group are not linked to the CSP. An increase in the mandatory retirement age will allow those who do not have full service to accrue additional pension benefits.</li> </ul>
<b>1995-2004</b>	<ul style="list-style-type: none"> <li>An increase in the mandatory retirement age to 70 or to coincide with the CSP age would allow this group to continue to work until they can receive their occupational pension and their CSP without having to claim Jobseeker's Benefit.</li> </ul>
<b>2004-2012</b>	<ul style="list-style-type: none"> <li>A compulsory retirement age for this group would limit the ability of individuals to accrue years of pensionable service. If no action is taken, these employees will be able to draw the CSP at 66 and continue to work indefinitely.</li> </ul>
<b>January 2013 onwards</b>	<ul style="list-style-type: none"> <li>The minimum pension age for these public servants is linked to the CSP, with mandatory retirement at 70. Subject to having made the necessary contributions, employees will be able to draw the CSP while continuing to work until age 70.</li> </ul>

Source: DPER "Review of Barriers to Extended Participation in Public Service Workforce" (November 2017).

<sup>27</sup> The Bill does not provide for any changes for those recruited on or after 01 April 2004.

<sup>28</sup> An article "[All public servants can retire at 70 from next year](#)" (06 December 2017) in the Irish Independent says that the move is likely to lead to a higher public service pay bill as workers near retirement will be at the top of their pay scales but this will be offset where pension lump-sums will be paid later.

**Table 7: Management outcomes**

Category	Impact
<b>Performance management</b>	<ul style="list-style-type: none"> <li>As the workforce ages, performance management will play a key role in managing employee and employer expectations. Cultural, behavioural and leadership changes will be required.</li> </ul>
<b>Skills renewal</b>	<ul style="list-style-type: none"> <li>Extending the retirement age will enable skills retention but arrangements must be put in place to ensure expertise and corporate knowledge is transferred to younger employees.</li> <li>Extension of the compulsory retirement age will slow down the hiring of new recruits and the introduction of contemporary skill sets. Skillsets that require the recruitment of younger staff will need to be identified with recruitment policies taking account of this.</li> <li>Investment in continuous professional development will be required to support an older workforce with skills renewal.</li> </ul>
<b>HR issues</b>	<ul style="list-style-type: none"> <li>Possible increased uptake of sick leave by older workers will result in greater expenditure by employers.</li> <li>More flexible working patterns may be more in demand by an older workforce.</li> <li>Effect of longer career progression pathways on HR strategy.</li> <li>Grievance procedures will need to be age proofed.</li> </ul>
<b>Savings</b>	<ul style="list-style-type: none"> <li>Pre 1995 employee pensions are mainly non-contributory and the most expensive for the State to pay. Increasing the retirement age would therefore be cost saving.</li> <li>Increasing the compulsory retirement age in line with the age of eligibility for the CSP will standardise the payroll processing. It will also reduce the involvement of Department of Employment Affairs and Social Protection.</li> <li>If the compulsory retirement age is increased, the Exchequer will continue paying an existing salary for longer compared to the pension plus replacement salary post recruitment.</li> </ul>

Source: DPER “Review of Barriers to Extended Participation in Public Service Workforce” (November 2017).

## Is there a mandatory retirement age in the private sector?

There is no statutory retirement age for employees in the private sector but the employment *Equality Acts* and *Unfair Dismissals Acts* do not prohibit the imposition of a compulsory retirement age in a company. The majority of private sector companies set out a retirement age in employment contracts.

The Workplace Relations Commission was requested by the Minister to prepare a Code of Practice<sup>29</sup> on the issue of longer working, setting out best industrial relations practice in managing the engagement between employers and employees in the run up to retirement age.

The Workplace Relations Commission consulted with IBEC<sup>30</sup>, ICTU and Government departments before the Code was published at the end of 2017<sup>31</sup>.

<sup>29</sup> Codes of Practice are written guidelines, agreed in a consultative process, setting out guidance and best practice on industrial relations practice and compliance.

<sup>30</sup> A business and employer association for organisations in Ireland.

<sup>31</sup> See S.I. No. 600 of 2017 “[Industrial Relations Act 1990 \(Code of Practice on Longer Working\) \(Declaration\) Order 2017](#)”.

The Code sets out best practice under:

- Utilising the skills and experience of older workers.
- Objective justification.
- Standard retirement arrangements.
- Requests to work longer.

IBEC have stated that there is not much evidence that employers are moving to re-align retirement age to 66. Employers would accept that a gradual increase in retirement age is needed. There are advantages to organisations in terms of skills retention but for practical reasons, retirement ages will continue to vary in sectors depending on the nature of the work involved.

IBEC also said that State supported training is needed to support older workers to keep skills current and to master on-going technical developments<sup>32</sup>.

### **Does working longer stymie jobs for younger workers?**

As noted in the “Report of the Interdepartmental Group on Fuller Working Lives” (August 2016) considerations of longer working need to be balanced against ensuring adequate employment opportunities for young adults and preserving pathways for career advancement and progression.

The argument is made that the amount of work in an economy is fixed so therefore one more job for an older person means one less job for a younger person (‘lump of labour’ theory).

According to the report (2016), research by the European Parliament and a study conducted by the Centre for Retirement Research<sup>33</sup> in the US, as well as other international studies, have shown this theory to be untrue (though it can be argued that raising the retirement age during a recession raises youth unemployment in the short run). Member States displaying the highest youth employment rates have also been found to display the highest employment rates for older workers<sup>34</sup>.

Age Action<sup>35</sup> have stated that abolition of mandatory retirement ages is a key campaign priority for the organisation<sup>36</sup>. In its briefing paper “[Abolishing Mandatory Retirement](#)” (October 2016) it was stated that the World Health Organisation recommends the elimination of mandatory retirement ages. It quotes the WHO as saying,

<sup>32</sup> See the Interdepartmental Group on Fuller Working Lives “[Summary of Stakeholder Engagement](#)”.

<sup>33</sup> The Centre for Retirement Research at Boston College researches issues affecting people’s retirement income.

<sup>34</sup> It was reported in a news article by RTE “[Public service compulsory retirement age set to rise to 70](#)” (06 December 2017) that this move was expected to have minimal impact of promotional prospects as the State is recruiting more workers.

<sup>35</sup> A non-governmental organisation concerned with ageing and older people.

<sup>36</sup> Age Action press release “[Welcome for increase in public sector retirement age](#)” (06 December 2017).

“Policies enforcing mandatory retirement ages do not help create jobs for youth, as was initially envisaged, but they reduce older workers’ ability to contribute and reduce an organization’s opportunities to benefit from the capabilities of older workers”<sup>37</sup>.

## International context

### Social protection systems - national pensions framework

An EU Commission Report “[The 2015 Pension Adequacy Report: current and future income adequacy in old age in the EU](#)” (October 2015) found that Member States have adopted many pension reforms to control the increase in spending on public pensions. The following is a selection of the report findings.

Member States have put more emphasis on:

- Postponing retirement (by restricting access to early retirement and by raising the pensionable age); and
- Creating incentives to work longer by aligning pension levels to life expectancy.

This is improving the sustainability of pension schemes as staying in the labour force means:

- Greater contributions to and less benefit payments from schemes; and
- Contributing to the adequacy of individual’s retirement incomes as later retirements usually lead to higher pension benefits.

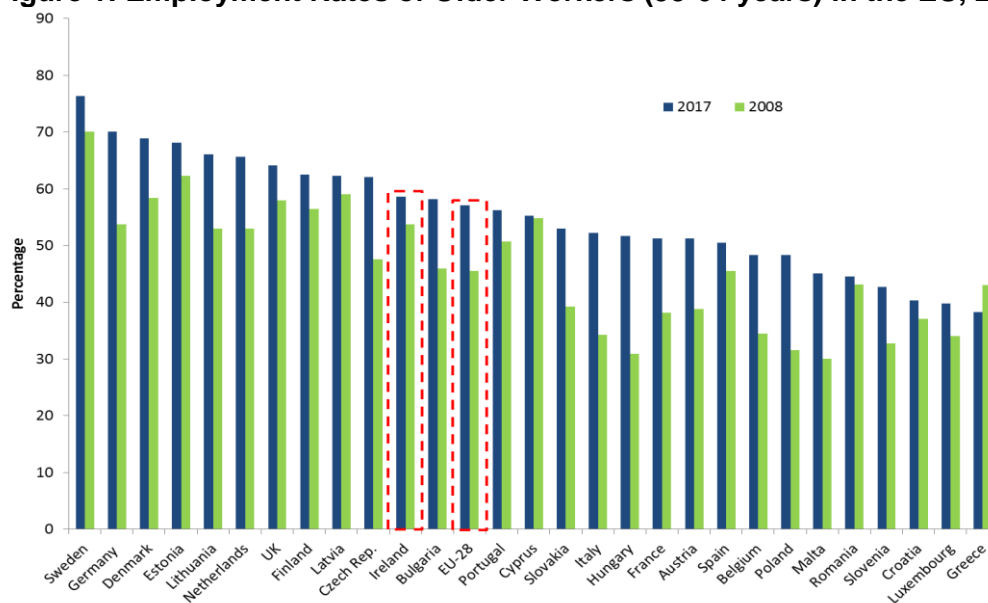
Under legislation across EU countries, 65 will be the most common age at which people in EU Member States will be able to claim their full pension, but 67 or more could become the new norm by 2040.

Employment rates of workers aged 55-64 in the EU-28 averaged 57 per cent in 2017. However, this varies across countries. As per figure 1 below, in Ireland this employment rate (at 59% in 2017) has remained above the EU average.

---

<sup>37</sup> It also says that enabling older workers to continue working reduces the cost to the State of payments to older workers. He/she would be contributing through income tax, the universal social charge and PRSI contributions. Mandatory retirement reduces the income of older people and so reduces their spending power. The less they have to spend, the less they can contribute to stimulating the domestic economy.

**Figure 1: Employment Rates of Older Workers (55-64 years) in the EU, 2008 - 2017**



Source: Eurostat

Over five and a half million people aged 65 and over were in employment in the EU in 2017. From 2008 to 2017, the employment rates of people aged 65 to 69 increased from 10 per cent to 12.7 per cent in the EU-28.

The report (October 2015) found that circa one-fifth of those aged 65 years and over who worked in the EU in 2013 (over four million people) indicated that they do so primarily because they need the income. But for many, the motivation comes from a combination other factors, including the desire to maintain contact with colleagues and clients, and opportunities to learn and contribute to society.

The EU Commission report (2015) also noted that in most EU Member States (except Ireland, Luxembourg and the Netherlands), public pensions can be deferred beyond the standard statutory retirement age for a limited or unlimited period.

Additional accruals may be earned over these years resulting in a higher pension when the retiree starts to draw it. In others, however, additional accruals are moderate and deferral times limited.

15 Member States allow people above the pensionable age to combine pension receipts and work income without any limits.

In all Member States the average age at which people first take up a pension was below the legislated State pensionable ages for both men and women.

Table 8 reports on the pension reform elements aiming to obtain savings and extra tax revenues by extending working lives, which were adopted in EU countries between the period 2008 and 2014.

**Table 8: Pension reform elements aiming to extend working lives, 2008-2014**

Member State	Year	Access to early retirement (incl. disability restricted)	Age for early retirement raised	Pensionable age increased	Women pensionable age brought up to men's	Length of contribution period increased	Automatic indexation to life expectancy	Limit to combine work and pension eased
Belgium	2012/14	√	√					√
Bulgaria								
Czech Rep.	2011			√	√	√		
Denmark	2011	√	√	√			√	√
Germany	2014			√				
Estonia	2010			√	√			
Ireland	2012-14			√		√		
Greece	2010/12	√	√	√	√	√	√	
Spain	2013	√	√	√		√		√
France	2010-11	√		√		√		
Croatia	2013		√	√	√			√
Italy	2011	√	√	√	√	√	√	
Cyprus	2012	√		√		√	√	
Latvia	2011			√		√		
Lithuania	2011			√	√			
Luxembourg	2012	√						
Hungary	2010/12	√		√				
Malta	2008-13	√		√	√	√		
Netherlands	2012	√		√			√	
Austria	2013	√	√		√			
Poland	2008-10	√		√	√	√		
Portugal	2012-14	√		√				
Romania	2011			√				
Slovenia	2012	√		√	√	√		
Slovakia	2011-12			√	√		√	
Finland	2010-14	√	√					√
Sweden								
UK	2011-14			√	√			

Source: "The 2015 Pension Adequacy Report: current and future income adequacy in old age in the EU" (October 2015)

Table 9 below shows the effect of reforms (those legislated by the end of 2014) in terms of pensionable age in EU countries.

**Table 9: Statutory retirement ages and (early retirement ages)<sup>38</sup>, 2013 - 2060**

Member state	Men				Women			
	2013	2020	2040	2060	2013	2020	2040	2060
<b>Above 68 years by 2060</b>								
Denmark*	65(60)	66(63)	70(67)	72.5(69.5)	65(60)	66(63)	70(67)	72.5(69.5)
Greece*	67(62)	67(62)	69.9(64.9)	71.9(66.9)	67(62)	67(62)	69.9(64.9)	71.9(66.9)
Netherlands*	65.1(65.1)	66.3(66.3)	69.3(69.3)	71.5(71.5)	65.1(65.1)	66.3(66.3)	69.3(69.3)	71.5(71.5)
Italy*	66.3	66.8	68.4(65.4)	70(67)	62.3	66.8	68.4(65.4)	70(67)
Czech Rep.*	62.7(59.7)	63.7(60)	66.5(61.5)	69.3(64.3)	59.7(56.7)	61.7(58.7)	66.5(61.5)	69.3(64.3)
Cyprus*	65(63.5)	65(65)	67(67)	69(69)	65(63.5)	65(65)	67(67)	69(69)
Portugal*	65(55)	66.4(55)	67.7(55)	68.8(55)	65(55)	66.4(55)	67.7(55)	68.8(55)
<b>At 68 years by 2060</b>								
Ireland	65(65)	66(66)	68(68)	68(68)	65(65)	66(66)	68(68)	68(68)
UK	65(65)	66(66)	67(67)	68(68)	61(61)	66(66)	66.7(66.7)	68(68)
Slovakia*	62(60)	62.8(60.8)	65.4(63.4)	67.8(65.8)	58.3(56.3)	62.8(60.8)	65.4(63.4)	67.8(65.8)
<b>At 67 years by 2060</b>								
Croatia	65(60)	65(60)	67(62)	67(62)	60.8(55.8)	62.5(57.5)	67(62)	67(62)
France	65.8(60.8)	67(62)	67(62)	67(62)	65.8(60.8)	67(62)	67(62)	67(62)
Germany	65.3(63)	65.8(63)	67(63)	67(63)	65.3(63)	65.8(63)	67(63)	67(63)
Poland	65.3(65.3)	67(67)	67(67)	67(67)	60.3(60.3)	62(62)	67(67)	67(67)
Spain	65(61)	65.8(61.8)**	67(63)	67(63)	65(61)	65.8(61.8)**	67(63)	67(63)
<b>At 65 / 63 years by 2060</b>								
Austria	65(62)	65(62)	65(62)	65(62)	60(58.8)	60(60)	65(62)	65(62)
Belgium	65(60.5)	65(62)	65(62)	65(62)	65(60.5)	65(62)	65(62)	65(62)
Bulgaria	63.8(63.8)	65(65)	65(65)	65(65)	60.8(60.8)	62.8(62.8)	65(63)	63(63)
Estonia	63(60)	63.8(60.8)	65(62)	65(62)	62(59)	63.8(60.8)	65(62)	65(62)
Finland	65(62)	65(63)	65(63)	65(63)	65(62)	65(63)	65(63)	65(63)
Hungary***	62(62)	64.5(64.5)	65(65)	65(65)	62(62)	64.5(64.5)	65(65)	65(65)
Latvia	62(60)	63.8(61.8)	65(63)	65(63)	62(60)	63.8(61.8)	65(63)	65(63)
Lithuania	62.8(57.8)	64(59)	65(60)	65(60)	60.7(55.7)	63(58)	65(60)	65(60)
Luxembourg	65(57)	65(57)	65(57)	65(57)	65(57)	65(57)	65(57)	65(57)
Malta	62(61)	63(61)	65(61)	65(61)	62(61)	63(61)	65(61)	65(61)
Romania	64.7(59.7)	65(60)	65(60)	65(60)	59.7(54.7)	61.4(56.4)	63(58)	63(58)
Slovenia	65(58.3)	65(60)	65(60)	65(60)	61.5(68)	65(60)	65(60)	65(60)
Sweden	65(61)	65(61)	65(61)	65(61)	65(61)	65(61)	65(61)	65(61)

Source: "The 2015 Pension Adequacy Report: current and future income adequacy in old age in the EU" (October 2015)

These reforms may offer the possibility of overcoming a trade off between ensuring retirees have adequate pensions on retirement, and ensuring financial sustainability of a country's pension system; by lowering overall costs and providing higher pension benefits as people retire later in their careers.

However, these changes also expose pension adequacy to developments that are more dependent on labour market opportunities for longer and less interrupted working careers.

<sup>38</sup> \*Countries where statutory retirement age is legislated to increase in line with increase in life expectancy.

\*\*In Spain, early pensionable age in 2020 is for involuntary unemployment. \*\*\*In Hungary, a special programme for women introduced in 2011 'programme for women of 40 years' made it possible for some women to choose a pension below this age.

Supply side factors that may make it difficult for older workers to continue working until the pensionable age include aging and health issues.

Demand side factors include the lack of flexibility in working arrangements, possible negative perceptions of older workers and age discrimination affecting processes of hiring, firing and promotion, among others.

A further important obstacle on the demand side is the difference between working longer through retention versus rehiring. While the retention rates of those aged 60 or over differ between Member States, the hiring rate of workers aged 55-64 is low in all countries.

Flexibility in working arrangements (e.g. flexible working time) is proving a particularly useful instrument for enabling and encouraging labour force participation to higher ages<sup>39</sup>.

The OECD's report "[Pensions at a Glance 2017](#)" found that surveys confirm that workers would like greater flexibility in deciding when to retire but combining work and pensions is still uncommon. This may be due to changing expectations and the fixed costs associated with employment.

The "[OECD Reviews of Pensions Systems - Ireland](#)" (2014) suggested that the State pension scheme could be modernised to encourage working longer in line with the international trend.

Its main recommendations included:

- The long-term retirement age, which at 68 is relatively high in international comparison, could be linked to life expectancy after 2028.
- To provide incentives for workers to remain in the labour market longer and on the other hand provide more flexibility in deciding when to retire, increments and decrements of the State pension could be introduced for late and early retirement.
- More flexibility could also be provided in allowing retirees to combine work income and pension receipt; this could also ensure more adequate retirement income.

The report found that in Ireland, men leave the labour market, on average, at around 63. The average effective exit age for women is similarly around 63 years. Effective retirement ages in Ireland are close to statutory retirement ages and there are no significant gender differences.

In 1970, Ireland was one of the OECD countries with the highest effective retirement age for both men and women, at 73.1 and 74.6 years, respectively. Ireland was among the countries with the

---

<sup>39</sup> "[The 2015 Pension Adequacy Report: current and future income adequacy in old age in the EU](#)", EU Commission, (October 2015).

shortest expected duration of retirement until the mid-1980s for both men and women, largely due to the higher retirement age.

Now the expected duration of retirement in Ireland is still below the OECD-34 average for both men and women, but the gap has narrowed.

One way of working beyond the normal retirement age is to become self-employed. Ireland, with 59.7%, has one of the highest rates of self-employment among people aged 65 and over.

However, the report says that at some point, increasing pension ages further is likely to reach a limit where it is unreasonable to expect most people to be able to continue. In addition, increases in pension ages alone may be insufficient to ensure that people work longer if there are other barriers to older workers finding and retaining jobs.

The report also says that the immediate concern for Irish policy-makers should be to increase the effective retirement age by encouraging longer working, and to address the situation of those workers who, for health reasons or related to the specific physical requirements of their occupations, may not be able to continue working up to age 68.

### Public servants pension schemes

At present, around half of OECD countries have special pension schemes in place for public servants. However, in recent times, there has been a trend towards the harmonisation of pension policies for private and public sector workers.

**Table 10: Public sector workers' pensions: institutional arrangements in OECD countries**

Fully integrated <sup>40</sup>	Institutionally separate with similar benefits <sup>41</sup>	Fully integrated with top-up arrangements <sup>42</sup>	Partially integrated with top-up scheme	Entirely separate institutions and benefits <sup>43</sup>
Chile Czech Rep. Estonia Hungary Mexico Poland Slovak Rep.	Denmark Finland Iceland Israel Netherlands	Australia Canada Ireland Italy Japan New Zealand Norway Slovenia Spain Sweden Switzerland US	UK	Belgium France Germany Greece Korea Luxembourg Portugal Turkey

Source: "OECD Reviews of Pensions Systems – Ireland" (2014)

<sup>40</sup> Public-sector workers have exactly the same pension arrangements as their private-sector counterparts.

<sup>41</sup> There are separate schemes for the public and private sector but benefit levels, indexation policies and pension eligibility ages are very similar.

<sup>42</sup> Public-sector workers are covered by the same arrangements as their private-sector counterparts. However, there are top-up arrangements to provide additional benefits to the national scheme.

<sup>43</sup> There are entirely separate retirement income arrangements for the public and private sectors.

DPER's report "Review of Barriers to Extended Participation in Public Service Workforce" (November 2017) outlined approaches to setting compulsory retirement ages in the public sector internationally. The following information is taken from that report.

**Table 11: International assessment of retirement ages in the public sector**

Territory	Description
<b>Australia</b>	<ul style="list-style-type: none"> <li>Qualifying ages for the government's age pension is 65; however the effective retirement age is approximately 55.</li> <li>From December 1999, when the new Public Service Act 1999 commenced operation, compulsory retirement on the ground of age was abolished for Commonwealth public servants employed under that Act.</li> <li>Compulsory retirement was abolished for groups that weren't captured by the Public Service Act 1999 by the Abolition of Compulsory Age Retirement (Statutory Officeholders) Act 2001. The Act did not abolish all compulsory retirement ages in Commonwealth legislation e.g. defence force personnel, judiciary etc.</li> <li>Benefits are typically paid on retirement (usually on or after age 55) and must be paid by age 75.</li> <li>In terms of minimum retirement age, Section 30 (2) of the Public Service Act (1999) refers "The <i>minimum retiring age</i> is 55 years, or such higher or lower age as is prescribed by the regulations."</li> </ul>
<b>Canada</b>	<ul style="list-style-type: none"> <li>In 2012, amendments to the Canadian Human Rights Act and the Canada Labour Code were brought into force to prohibit federally regulated employers from setting a compulsory retirement age.</li> <li>Members participating in the Public Sector pension plan can retire and take their pension at age 60 (35 years' service) or at age 55 with at least 30 years of service, and their pension benefits will be based on their years of service and their final average salary.</li> </ul>
<b>France</b>	<ul style="list-style-type: none"> <li>The age limit for the three civil services is fixed at 65, but other legal conditions have been set up to allow retirement from the age of 60. There are different age limits for the various categories of the civil service e.g. 60 is the general retirement age for teachers and nurses, 55 for police officers, and 65 for judges.</li> <li>There are also many exceptions relative to individual conditions. In practice, the retirement age may be moved forward under certain conditions; civil servants may retire earlier under certain specific conditions (education of children, disability) or later (deferrals for family reasons or in the interest of the service).</li> </ul>
<b>UK</b>	<ul style="list-style-type: none"> <li>In April 2011, the default retirement age was abolished by the Employment Equality (Repeal of Retirement Age Provisions) Regulations 2011. There is currently no maximum compulsory age for retirement in any sector.</li> </ul>

Source: DPER "Review of Barriers to Extended Participation in Public Service Workforce" (November 2017)

DPER also provided a brief comparison of private sector practices across a selection of territories as set out in table 12 below.

**Table 12: International assessment of retirement ages in the private sector**

Territory	Description
Canada	<ul style="list-style-type: none"> <li>The use of compulsory retirement is lawful but similar to the UK, employers find it difficult to justify and as such do not adopt it as a practice.</li> </ul>
France	<ul style="list-style-type: none"> <li>It is possible to retire employees at 65 (from November 2016 gradually increasing to 67) but only in strict accordance with set regulations. Moreover, if the employee does not wish to retire they may legally remain until age 70.</li> </ul>
Spain	<ul style="list-style-type: none"> <li>Compulsory retirement is illegal.</li> </ul>
US	<ul style="list-style-type: none"> <li>Compulsory retirement is largely illegal except in some States for specific senior posts.</li> </ul>
UK	<ul style="list-style-type: none"> <li>The default retirement age was abolished in 2011 and compulsory retirement equates to unlawful age discrimination except where the application of the objective justification principle can be applied. Consequently, the majority of employers have dropped compulsory retirement as a practice altogether.</li> </ul>

Source: DPER "Review of Barriers to Extended Participation in Public Service Workforce"

## Performance indicators

Table 13 below identifies potential performance indicators (for illustrative purposes only) that may assist members to measure and monitor the progress of the *Public Service Superannuation (Age of Retirement) Bill 2018*, if and when enacted.

**Table 13: Performance information and scrutiny (PiS) relating to the Bill**

<b>Public Service Superannuation (Age of Retirement) Bill 2018<sup>44</sup></b>	
Objective	<ul style="list-style-type: none"> <li>To provide for a higher mandatory retirement age for public servants appointed before 01 April 2004 to:               <ul style="list-style-type: none"> <li>Allow the timing of their occupational retirement to meet an age they can avail of the Contributory State Pension without interim recourse to jobseekers benefit or a supplementary pension.</li> <li>Encourage longer working for fiscal sustainability of Ireland's pension system.</li> <li>Bring their retirement age in line with other public servants (appointed on or after 01 January 2013).</li> <li>To allow these public servants to work longer if they wish to do so.</li> </ul> </li> </ul>
Benchmark	<ul style="list-style-type: none"> <li>Current mandatory retirement age for public servants recruited before 01 April 2004.</li> <li>The number of public sector staff recruited before 01 April 2004.</li> <li>Public sector pay and pension costs of public sector workers who were employed before the introduction of this legislation.</li> <li>Replacement costs (e.g. recruitment) of staff.</li> <li>Public sector staff numbers.</li> </ul>
Resources	<ul style="list-style-type: none"> <li>Cost of pay, pensions and the cost and time spent on the administration of the scheme for public servants recruited before 01 April 2004.</li> </ul>
Activity	<ul style="list-style-type: none"> <li>Direction and implementation of the revised rules.</li> </ul>
Short-term outcome	<ul style="list-style-type: none"> <li>Change in mandatory retirement age for public servants appointed before 01 April 2004.</li> <li>Increase in the proportion of this cohort of public servants retiring at an age later than 65 years.</li> <li>Higher public service pay costs.</li> <li>Lower public service pension costs.</li> <li>Knowledge and skills retention.</li> <li>Reduction in staff replacement costs.</li> </ul>
Long-term outcome	<ul style="list-style-type: none"> <li>Upward trend in the proportion of public servants retiring at an age later than 65 years.</li> <li>Improved fiscal sustainability of Ireland's pensions system (income tax, the cost of pay versus pension and staff recruitment costs, cost of age proofing procedures and processes etc.).</li> <li>Potential cultural changes required to take account of an older workforce (e.g. age proofing procedures and processes - possible increased sick leave, flexible working patterns).</li> <li>Increased investment in continuous professional development (CPD).</li> <li>Impact on promotional prospects, retention and hiring of new staff in the public service.</li> </ul>

<sup>44</sup> The Bill states that the measures proposed in the Bill are not expected to give rise to any additional costs for the Exchequer.



## Contact:

Houses of the Oireachtas  
Leinster House  
Kildare Street  
Dublin 2  
D02 XR20

[www.oireachtas.ie](http://www.oireachtas.ie)  
Tel: +353 (0)1 6183000 or 076 1001700  
Twitter: @OireachtasNews

Library & Research Service  
<http://library>  
Tel: +353 (0)1 6184701  
Email: [library.and.research@oireachtas.ie](mailto:library.and.research@oireachtas.ie)

Connect with us

