

Statements for Joint Oireachtas Committee Meeting on Pensions 25/10/20

Statement A

RTE Retired Staff Association: Mairead de Builéir

Firstly, I want to express our sincere gratitude to this Oireachtas Committee for taking the time and interest to meet with us today. We are a group of retired staff associations from a number of semi-state organisations. We are people who devoted our entire working lives providing infrastructural services for the State. We represent a great number of people who provided these services for the benefit of this country.

However, though we are a large group of retirees, Semi- State Pensioners do not have any recognised mechanism or organisation to deal with concerns and grievances with their former employers. A retired semi-state pensioner is set adrift once they retire from their employment. The Pensions Authority does not deal with complaints from Pensioner organisations, nor does the Pensions Ombudsman, Industrial Relations, Equality Tribunal or the Trustees from our pension funds. Legal Remedies are cost prohibitive for Pensioners.

As the situation is currently, Semi-State pensioners have no avenue for representation or access to arbitration. Hence, we now believe that this must now be corrected - to seek a voice for our members at the negotiating table and the facility for arbitration.

Key Facts:

It is not commonly understood that Semi-State defined -benefit pensioners do not qualify for old-age pensions or, certainly in the case of RTE, any of the associated Dental, Optical or Aural benefits. We were not allowed to pay a full PRSI stamp. There is a myth out there that RTE pensioners have gold-plated pensions. The reality is that one fifth of our pensioners are on an income of €12,000 yearly.

We have not received any pension increase since 2005. In the same period, contributory old-age recipients have had their pensions increased from €179 to €248, an increase of 38.5%. They also received a double payment in the Christmas period of 2017, and another double payment due this coming Christmas 2018. The government have provided for a 3% increase in public service pensions as of 1st. January 2019. In this same period our pensions have decreased by 2.5% arising from the government levy. A levy imposed on us for the rest of our lives.

Earlier this year RTE's Pension Scheme Actuary had provided for a 2.25% increase following actuarial valuation, solvency and providing for the minimum funding standards. Despite these hurdles being met we have not received this increase. Our association have made a number of representations on behalf of our members to RTE.

Clarity is required as to who is ultimately responsible for public sector pension schemes - the companies or the State. There are variations in each of these schemes in how they are governed and in how much oversight is involved by the Government Departments - in our case, the Department of Finance and the Department of Communications.

We need absolute guarantees that our concerns will be addressed in the forth coming amendments to the Bill. Looking forward to the future our members must have the resources to feed, cloth, stay warm and to be able to meet their health needs as they progress through their older years.

Statement B

Bord na Móna Retired Staff Association: Colm O Gogain

The General Scheme of the Social Welfare and Pensions Bill 2017 published 9th May, 2017
in

Head 12 Minimum Notice for Ceasing Contributions

and

Head 13 Determination of schedule of contributions

Provided for some but not sufficient protection for Pensioners from Employer Sponsors of Defined Benefit Pension Schemes who intend to cease contributions to the schemes.

Head 13 (2) stated that

(2) The amount determined by the Board in subsection (1) shall be deemed to be a debt, due from the employer concerned to the trustees of the scheme, and may be so recovered by the trustees in any court of competent jurisdiction.

The Social Welfare, Pensions and Civil Registration Bill, No.94 of 2017 as initiated published on 6th July, 2017

had none of the above, instead it had only two Amendments to Pensions Act 1990 in Part 3 concerning timing.

In Semi State Defined Benefit Pension Schemes:

- (i) Pension Scheme membership was compulsory and a condition of employment.
- (ii) Scheme Trustees are appointed by the Company Board who also approve member nominated Trustees where such nominations are applicable.
- (iii) Company Board approvals are required for Trustee decisions e.g. pension increases, appointment of investment managers etc.
- (iv) Shareholder/ Company Board has significant influence and control of DB Schemes and this must be aligned with its responsibility and accountability to the Schemes.

Under Clause (5) "Provisions of Head" in the Draft Head as published in May 2017 and the reference to Funding proposals, the Draft Bill proposes that the Company/Sponsoring Employer "continue paying the contribution rate as per the terms of the funding proposal during the 12 month period".

This, in line with Company responsibility and accountability to the Scheme, must also reflect the requirement to make good the sponsoring employer's remaining balance of the Funding Proposal and that this becomes a debt on the sponsoring employer.

The ranking order of this debt should be reflective of when this debt was incurred i.e. the date of the agreed Funding proposal.

In schemes where both Sponsoring Employer and Scheme members both contribute to fund deficit resolution via a Funding Proposal, the Scheme member share is fully committed and provided for as scheme liability is reduced via the implementation of pension payment reductions whereas the Sponsoring

Employer contribution is made on a phased basis of up to 10 years as may be set out in the terms of the Funding Proposal.

In summary: The Sponsoring Employer sets out the rules and controls of a DB Scheme via the Trust Deed. We ask the Committee to ensure that this power is aligned with the Sponsoring Employer's responsibility / accountability to the Scheme.

A 12 month notice period of cessation of Funding Proposal contributions is not reflective of the above.

STATEMENT C

ESB Retired Staff Association (ESBRSA): Matt Kelly

Minimum Funding Standard (MFS) and Pension Freeze

Many Semi State Pension Funds have used a triple lock before a pension increase will be considered. Then, in some cases, an increase is subject to Employer approval.

These locks are:

- Scheme Solvency
- Minimum Funding Standard
- Actuarial Opinion and Assumptions

This has resulted in Semi State company pensions having a freeze on pensions for a ten year period (a very significant portion of a pensioner's remaining lifetime), while being denied any compensation for cumulative Consumer Price Index increases over the period and indeed a Consumer *Pensioner* Price Index which would be even greater.

Scheme Solvency has been impacted by the Pension Levy which has resulted in Semi State pensioners burdened with a levy on their pensions for **LIFE** and should the pensioner pre-decease a spouse the levy would also apply to the spouse's reduced pension.

Minimum Funding Standard as applied in Ireland needs greater flexibility in risk reserve calculations and on quoted costs of Annuities which can overstate the costs of Annuity Purchase

The ability of the state to apply Levies by means Stamp Duties or similar charges to pension funds (the private property of the Scheme Members) is legal but morally indefensible. It would not encourage those auto-enrolled in the future in proposed State/Employer/ Employee schemes to remain in them if the funds are liable to be levied in times of financial stress.

Provision in actuarial assumptions for annual percentage increases in pensions which are known not to be paid create even further liability on pension funds which push the funds further into apparent deficit.

Semi State workers employed before 1995 differ from other employees in that a condition of employment was obligatory membership of the company Pension Scheme and exclusion from qualification for a State Contributory Pension. It is implicit that the first tier benefits available to State Contributory Pensions are included in Semi State employee and pensioner benefits. The pension freeze has ignored the fact of an approximate 9% increase in State Contributory Pensions which took place during the Pension Freeze period.

The Pension Promise that is implicit in Semi State Pension Schemes has not been honoured during the last ten years and we ask that you work to give legal effect to it and to vindicate the legitimate expectations of pensioners.

All of the above factors have impacted to the detriment of Semi State Pensioners and need to be addressed in amendments to the Bill.

The omissions of the protections mentioned in The General Scheme are of great concern to Pensioners as is the fact that Semi State companies and Employer Organisations have lobbied to have certain provisions in the General Scheme removed from the Bill.

In summary, proposed amendments the Minister said were intended to be introduced at Committee stage allow an Employer to walk away after a 12 month notification period with a possible funding obligation by the Employer determined by the Pensions Authority These are insufficient to provide adequate protection for Pensioners

We urge the Committee to make efforts to have these protections included in the Bill.

