



## **Irish Senior Citizens Parliament**

### **Pre Meeting submission.**

### **The discuss the impact of Means Testing of the State Pension and other Social Welfare Schemes.**

#### **Introduction:**

My name is Niamh Kavanagh and I am the development officer of the Irish Senior Citizens Parliament (ISCP) (I will be joined by our CEO Pat Mellon shortly who is attending another JC next door).

The Irish Senior Citizens Parliament offers a strong, unified voice representing the needs and rights of older people at local, national and European levels. Our aim is to influence policy and decisions that affect the lives of older people. We seek to enable and encourage older people to self-advocate and to build capacity and confidence to speak for themselves on all issues. Our vision is an Ireland where older people are valued as equal citizens, can enjoy the full protection of their human rights and are full and active participants in society.

The ISCP welcomes and thank the Oireachtas Committee for the opportunity to engage and outline our views on the Impact of Means Testing on the State Pension and other Social Welfare Schemes.

We believe in using the lived experience and knowledge of our members to inform our discussions. We met with a cohort of our member base to listen to their views on this key issue and the following content is the result of this discussion.

The ISCP has at the core of its work the issue of equality and rights for older people. We work to ensure the implementation of policy commitments pertinent to ageing and older people. A fundamental element of this relates to ensuring our members and older people generally have security of income in their older years thus ensuring a quality of life and equality of opportunity. The purpose of a social protection system is to act as a safety net for those in need of income support to reduce the risk of poverty and social exclusion. They are mostly intended to provide income support and in doing this, they prevent poverty and social exclusion. Central to this system for older people is the pension.

State pensions are a significant financial resource for older people in Ireland, constituting approximately two-thirds of total income for those aged 65 and above. Pensions are the largest outlay of the social protection system accounting for almost 40% of total social welfare expenditure (in 2019)

Compared to EU-27 member states and OECD countries, Ireland spends less money on pensions (a function of Ireland's demographic structure) and relies more heavily on means-tested social assistance, rather than social insurance.  
(Commission on Taxation and welfare)

However, retirement from employment continues to be correlated with a decrease in income, resulting in dependence on the state pension for many individuals within Irish society. The growth in wage incomes has outpaced that of state pensions, thereby exacerbating the disparity between the incomes of retirees and employed individuals. The commitment to link the state pension to 34% of the average wage has not been realised adding further insecurity to pension provision and the gap between 'rich and poor'. This is further exacerbated by people's ability to afford a second tier of pension. The Irish economy is influenced by policies that tend to favor those who are already doing well. For example, things like pension tax breaks mainly benefit the top 20% of earners.

Because of all the tax changes and welfare programs in Budget 2024, the difference between rich and poor people will shrink by €10 per week (€542 per year) in 2024. Overall, the rich-poor gap will be €960 per week (€50,115 per year) in 2024. This decrease is mostly because of the temporary measures to help with living costs in Budget 2024. It's worth mentioning that the emergency energy crisis measures from 2022 to 2024 also helped reduce this gap for the first time in ten Budgets back in 2022. But unfortunately, those temporary measures won't be repeated in 2024, so the gap is expected to widen again. (Stats: The Irish Longitudinal Study on Ageing Chap 9)

Spotlight on Income in Older Age — The State of Ageing' 2023 (Age Action) found that that "poverty, deprivation, and income inadequacy are facts of life for many who are reliant on the State pension" which, is the "second-lowest level of income replacement in the EU". Our members echoed this fully as part of our preparation for this meeting.

*"I am afraid to heat the house everyday as my oil might run out, I keep it for when I babysit my grandkids" (3 days a week)*

*"I shop by the offers on 'sell by' dates; if it is out of date today then it is cheaper"*

The current system is not structured to encourage people to access all they might be entitled to. The anomalies within the system discourage engagement with it. We have found that many people are fearful of losing income if they apply for supports like fuel allowance or living alone allowance. *"I had heard stories of people losing income because they were means tested, there were so many rules for different supports & no one central department to ask for information. I just gave up"*

*The fact that non-contributory pensions are already means tested leaves us fearful that discussions like these may mean that thought is been given to means testing contributory pensions. What we don't need is more ways of taxing our retirees rather we need a system that recognises the needs of those who have reached retirement and need to feel safe, comfortable and valued. Rather than means testing the basic needs of those who have given more than their fair share, a closer look at the pension contributions tax breaks very high earners can avail of may well be a more constructive and equal approach.*

There is need for an overhaul of the system to allow for a more effective support to ensure older people and those on other state transfers would have a better standard of living. ISCP would support a review based on Social Justice Ireland's call for a universal pension .... *a Universal Pension would solve many of the problems inherent in the system as it would provide a guaranteed income during old age for all older residents on an individual basis, without regard to anomalies in their social insurance history. It would also provide a secure and certain framework around which individuals can plan for their retirement and, over time, it would distribute income, creating a more egalitarian society.*

We believe strongly in the rights of older people to continue to contribute to society in all areas, including after their working life. In the last few years, we have worked with many retired worker/staff associations with a similar experiences and concerns relating directly to their income and the real concerns they have in their ability to afford to 'engage in society'

*I gave up my outings with my retirement group as I could not afford to go. I also stopped my art class as the cost of the contribution to the hall rental was more then I could afford. (Breda)*

ISCP believe strongly in the right of older people to be full participants in society . We believe this needs further debate and discussion and a more nuanced approach than the current system.

We again thank you for your time and look forward to meeting you all.