

**Questionnaire**  
**Social Protection and Social Security**  
**Ireland's response**

**1. What is the definition of the right to social security and social protection (including social protection floors) for older persons in the national legislation in your country? Or how should such a right be defined, considering existing national, regional and international legal framework?**

Employees aged 16 or older and under pension age (currently 66) who earn over €38 in a contribution week are insurably employed and are compulsorily insured under the social insurance system, which provides them with access to a variety of long and short-term benefits.

The range of benefits available to an individual is dependent on their circumstances, and the 'Class' of social insurance which they have paid i.e. the nature of their work. There are also qualifying conditions in order to be considered eligible for certain benefits.

Self-employed individuals aged 16 or over and aged under pension age who earn over €5,000 in a contribution year are compulsorily insured under the social insurance system. They pay a lower rate of contribution and are entitled to fewer benefits but they may gain entitlement to State Pension (Contributory) as a result of these contributions.

Those who do not have access to benefits under social insurance may access equivalent payments in means-tested schemes.

**2. What are the key normative elements of the right to social protection and social security for older persons? Please provide references to existing standards on such elements as below, as well as any additional elements:**

**a) Availability of contributory and non- contributory schemes for older persons**

The State Pension (Contributory) is paid to people from the age of 66 who have enough Irish social insurance contributions i.e. 520 contributions. It is not means-tested. The individual in receipt of this payment can have other income and still get a State Pension (Contributory). This pension is taxable but an individual is unlikely to pay tax if it is their only source of income. Those who qualify for a lower rate of State Pension (Contributory) may have their income supplemented by the means tested State Pension (Non-Contributory).

The State Pension (Non-Contributory), is paid to people aged over 66 (the current Irish State pension age – increasing to 67 in 2021 and 68 in 2028) which is means tested. If an individual does not qualify for a State Contributory Pension or only qualifies for a reduced contributory pension based on their insurance record, they may be eligible for this payment.

It is optional to pay Voluntary Contributions:

- A person under the age of 66 who ceases to be covered by compulsory PRSI (pay social insurance), may opt to become a Voluntary Contributor, provided certain conditions are satisfied.

- Employees/self-employed persons who are no longer subject to compulsory PRSI, may pay contributions directly to the Department of Employment Affairs and Social Protection on a voluntary basis, in order to protect their future State Pension Contributory, Widow(er)'s Contributory Pension and Guardian's Contributory Payment entitlements.

In addition, those who are detached from the work force under certain contingencies e.g. unemployment, incapacity for work or availing of statutory leave, may qualify for credited contributions to maintain their attachment to social insurance

**b) Adequacy of benefits to guarantee older person's access to an adequate standard of living and adequate access to health care**

Ireland has a three pillar model of retirement income provision consisting of State pensions (1st pillar), supplementary occupational pensions (2nd pillar) and personal pensions (3rd pillar). Broadly speaking it can be said that the objective of the 1st pillar is to provide an adequate basic level of income and guard against poverty in retirement while the objective of the 2nd and 3rd pillars is to supplement the 1st pillar and enable people to maintain, to a reasonable degree, a standard of living which is comparable to the one they enjoyed whilst working, for the duration of their retirement years.

Currently the State pension is largely fulfilling its core objective of guarding against poverty in retirement, with Central Statistics Office (CSO) figures showing that people aged 66 or over being far less likely to live in consistent poverty than the country as a whole (1.3% for over 66s compared to a national figure of 7.8%). A number of reforms were included in the Roadmap for Pensions Reform published by the Department of Employment Affairs and Social Protection (DEASP) in 2018. The Roadmap has 6 main strands with the stated aim to ensure the Irish pension system is adequate, sustainable and equitable. Among those strands are large scale reforms to the State Pension and supplementary pensions along with bringing in more robust governance for existing pension schemes.

**c) Accessibility, including older person's coverage by social security systems, eligibility criteria, and affordability of contributions**

Private sector employees enter insurance once their earnings reach €38 per week, however they do not pay any contribution themselves until earnings exceed €352 per week, where they pay 4% reduced by a sliding scale until earnings reach €424 per week and the full 4% charge is implemented.

Self-employed contributors are insurable once earnings reach €5,000 per year at a rate of 4% with a minimum annual payment of €500.

The Actuarial Review of the Social Insurance fund, 2015 found that the fund offers excellent value for money for lower paid employees and the self-employed. For example, the consultants estimated that the typical cost of State Pension (Contributory) on its own is of the order of 10% to 15%, depending on other factors including rate of average earnings and date of commencing paying PRSI.

**d) Equitable access by older persons to the enjoyment of the right to social security and social protection, paying special attention to groups in vulnerable situation**

As shown above, all employees and the self-employed gain entitlement to social insurance entitlements and protection at quite low levels of earnings/income.

**e) Participation of older persons in the design and administration of the social security system**

Consultation is an important part of policy development. A public consultation on the reform of the State Pension was held on 28 May 2018. A wide variety of stakeholder groups were invited including those representing older people. A number of workshops were also held on the day to elicit views and feedback. The consultation was open for more than three months and the DEASP received almost 300 responses from individuals and organisations.

**3. What are the measures that should be undertaken by the State to respect, protect and fulfill the right of social security and social protection for older persons, regarding the normative elements as provided above?**

Ireland operates a unified social insurance system whereby all insured contributors contribute to the Social Insurance Fund, from where benefits are payable.

The fund operates on a pay-as-you-go basis. Benefits are, in the first instance paid from the fund but in instances where the fund has been in deficit the State has acted as residual financier of benefits.

The fund was established in the early 1950s and annual Exchequer contributions were the norm for over 40 years. However, no Exchequer contribution was required over the period 1997 to 2007 inclusive as income exceeded expenditure. In 2008, the current operating balance of the fund moved into deficit and the deficit accelerated rapidly in 2009 and 2010. This resulted in the requirement for an Exchequer subvention from 2010 to 2015 as the accumulated surplus was exhausted. The fund moved back into surplus in 2016.

**4. What special measures and specific considerations should be considered in developing the normative content of the right of older persons to social protection and social security?**

The special measures and considerations to be taken into account are:

**i) Access to social insurance.**

As stated above employees gain access to social insurance once weekly earnings reach €38 per week and the self-employed gain access once their annual income exceeds €5,000. During periods of detachment from the workforce entitlement to benefit can be maintained through voluntary contributions or “Credited” contributions under certain circumstances.

**ii) Adequacy of cover.**

As defined under question 2(b), the State pension is largely fulfilling its core objective of guarding against poverty in retirement, with CSO figures showing that people aged 66 or over being far less likely to live in consistent poverty than the country as a whole (1.3% for over 66s compared to a national figure of 7.8%).

**5. How should the responsibilities of non-State parties such as private sector be defined in the context of the right of older persons to social protection and social security?**

The Social Insurance Fund is mainly financed by employees, employers and the self-employed. Latest published figures, for 2018, show that employers made up approximately 69% of all contributions paid into the Fund.

**6. What are the best practices and main challenges faced by your country in the adoption and implementation of the normative framework on social security and social protection for older persons?**

The main challenge facing social insurance into the future is affordability of benefits in the light of an ageing population and a declining pensioner support ratio.

The Actuarial Review of the Social Insurance Fund as at December 2015, published in 2017 found that in the medium to long-term, pension-related expenditure was projected to continue to be the predominant component of Fund expenditure rising from 70% in 2016 to circa 80% in 2071. The population over State Pension Age (SPA) was projected to increase from 12% of the total population in 2015 to 17% in 2035 to 23% in 2055.

The pensioner support ratio was projected to decline from 4.9 workers for every individual over age 66 to 2.9 workers in 2035 and to 2.0 workers by 2055. This position will be alleviated somewhat by the increase in the State Pension Age to 67 and 68 in 2021 and 2028 such that the support ratio improves from 2.9 workers over age 66 to 3.4 for every individual over age 68 in 2035 and from to 2.0 workers over age 66 in 2055 to 2.3 workers over age 68.

Given the ongoing improvements in the labour market the short term position is more positive than outlined in the Review however the fundamental points remain – an ageing population and extended life expectancy mean that the draw on the Social Insurance Fund in future years will be significantly higher than payments into it. This raises the questions as to whether the State, as residual financier, will be required to make up these deficits via transfers from general tax receipts or whether measures should be taken to increase contribution income and/or reduce benefits.