



People Before Profit



OUR PLEDGE TO OLDER PEOPLE

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One of the marks of a civilised society is how it respects the elderly. Post-Celtic Tiger Ireland is a miserable failure in that regard.

Two dominant narratives have shaped the lives the elderly.

The first is the mythology of a 'pension time bomb'. This implies that society has a problem because there are too many older people living longer. The reality, however, is that the productivity of the current generation of workers is vastly higher than previous generations. It can therefore support an older population – provided society is not shaped by an obsessive profit motive which dismisses 'unproductive' sections of the population..

The second myth is that the elderly have been protected in the post crash years. The reality is very different.

- Over €2 billion has been taken from private pensions through a levy that was supposed to fund a jobs programme.
- Home help packages have been slashed to the bone.
- The fuel allowance has been cut from 32 weeks to 26 weeks and the telephone allowance has been abolished
- The elderly have suffered the most from taxes and water charges because these take no account of ability to pay.

People Before Profit pledges to fight for:

1. **A restoration of the retirement age to 65.** Those who wish to stay at work for longer than this should be allowed to do so on a purely voluntary basis. Laws should be changed to grant people a legal right to stay at work while also preventing employer pressure on people to force them to stay.
2. **Bring back the Transition Year Pension.** The state pension now starts at 66 and those who retire are forced to go through the humiliation of applying for a means tested Jobs Seekers Allowance.
3. **Increase state pensions** so that they eventually reach a target of 40% of the average wage over a ten year time frame.
4. **Abolish prescription charges on medicines.** Older people use more medicine and this charge hits them more.
5. **Restore the universal social right to a medical card after 70.** Those who work all their lives deserve social rights. Means testing is also costly and inefficient. There should be a universal right to free medical care for the over 70s. The money to pay for it will be recouped through higher taxes on wealthier people.
6. **Re-instate the telephone allowance and restore the fuel allowance to 32 weeks.** There are higher levels of excess winter mortality in Ireland and Northern Ireland than in the rest of Europe. *In Ireland around 70% of excess winter mortality from cardiovascular disease and respiratory disease arises in the*



poorest socio-economic groups. We should fully restore the fuel allowance and allow people use of a land line telephone to reduce isolation.

7. **Restore the Bereavement grant of €850.**
8. **Increase the number of home help hours and packages.** A spending of €11 million should be used for weekend home help hours and €7 million for an extra 550 home help packages.
9. **Introduce a Constitutional Amendment to copper fasten older people's right to free travel.** The Troika suggested the removal of the free travel scheme and a future right wing government might try the same. Let's have a constitutional amendment to protect the elderly.
10. **Abolish the levy on public sector pensions and give a commitment that no future levy will be put on private pension funds.**
11. **Develop a network of primary care centres to place an increased focus on preventative medicine.**

The pension crisis - we can leave it to the market

The pension system is in crisis. The state pension which amounts to an annual payment of €12,131 a year leads to poverty. Secondary occupational schemes are inadequately funded and are open to the turbulence of the markets.

A reliance on private sector pension provision has caused the following problems

- a) Defined Benefit schemes are closing due to an employer's offensive. In 1996, there were 2,296 defined benefit schemes but today most of these have closed and hardly any are open to new entrants. Workers have been forced onto Defined Contribution schemes where they must take the risks associated with stock market turbulence.

- b) The private pension industry is poorly regulated and there are high charges. Charges can reach 17% on some pensions.
- c) Employers have been able to take pension contribution holidays leaving pensions grossly underfunded.
- d) Pension funds are invested in turbulent markets and ever riskier investments are being made because of the low interest rates.
- e) Yield on private sector pension investment has been spectacularly low. Against official expectations of annual fund growth of between 3.5% and 7% of Irish managed pension funds, nominal returns have been only 1.2% per annum over a ten year period ending November 2010.

Against a for-profit pension model and inadequate state pensions, People Before Profit proposes a new model.

- **A universal pension scheme** to replace the current State Contributory and Non-Contributory Pension schemes. This will provide everyone of pension age with a weekly pension of €233.30 rising gradually over time; This pension should be financed by adjusting our current system - principally by making tax breaks for pension contributions available to everyone at the standard rate.
- **Mandatory Pension contributions from employers.** Employers should be required by law to make a minimum contribution to a pension for their staff.
- **Create a Public Pension Investment scheme.** Irish occupational pensions schemes manage about €80 billion in assets. These are managed by fund managers who earn bonus based on return of investment and so are increasingly tempted to take on riskier assets.

If a considerable proportion of the €80 billion was invested in public enterprises in Ireland, it would create an opportunity for job creation and for guaranteed rates of returns to pensions.

Investment in the development of our forestry and natural resources would also guarantee steadier returns to pensioners.

Investment in the social housing stock would generate an income stream in the form of rent which would provide a secure basis for a 4% annual return to the pension fund.

In order to encourage a voluntary shift to a Public Investment Scheme model, People Before Profit propose

- A re-structuring of tax relief on pension contributions to favour use of the PIS.
- A constitutional referendum to prevent the state making further raids on the National Pension Reserve Fund – as they did to bail out banks – and on the new PIS model.