



Active Retirement Ireland

Pre-Budget 2023 Submission

Department of Social Protection

Objective: Ensure older people in Ireland are respected and valued for their lifelong contribution to the Irish social and economic landscape by enabling them to live with dignity, security, independence and respect after retirement.

Summary of proposals:

- Increase the weekly State Pension by €15 and commit to work towards the government's goal for a state pension of 34% of the average weekly earnings
- Depoliticise the State Pension by "triple locking" payment rates to guarantee future income
- Increase the Living Alone Allowance from €22 to €25 per week
- Maintain the current rate of €33 per week for the Fuel Allowance and reintroduce the 32-week payment period
- Review the eligibility for the Fuel Allowance (increase means test threshold for the Fuel Allowance to maximum rate of State Pension (Contributory) including any increases for age, living alone and dependants, plus €150.)
- Review the Telephone Allowance to transform it to the Digital Connection Allowance to support older people to participate in online activities such as telemedicine, banking and digital communications
- In transforming the Telephone Allowance to the Digital Connection Allowance, increase the allowance by €2.50 per week (to €5 per week) to offer meaningful contribution to both the cost of communications and/or a home alert system as well as the cost of broadband
- Increase the monthly Household Benefit Package allowance towards gas/electricity by €5 per month to reflect the recent increases in utilities
- Increase means test threshold for the Household Benefits Package to maximum rate of State Pension (Contributory) including any increases for age, living alone and dependants, plus €150.
- Maintain the Free Travel Scheme and the Christmas bonus
- Set the framework for implementation of National Positive Ageing Strategy or any other tool the government will set up to ensure people in Ireland are empowered and supported to age well.

A 'living pension'

An increasing number of older people living on the pension in Ireland are falling into poverty as inflation and the cost of living continues to skyrocket. In May 2022, the rate of inflation was 7.8%, the highest in 38 years. On average, the cost of food is 4.5% higher than it was a year ago, with basics such as milk and butter increasing by as much as 10%. Electricity, gas and home heating oil is also being priced out of reach of pensioners, at 41%, 61% and 102% higher in the past 12 months respectively. For older people living alone, the situation is even more dire.

Some 668,667 older people in Ireland were reported to be in receipt of either the Contributory or Non-Contributory State Pension in 2020, with 118,700 also receiving the Living Alone Allowance.¹

The State Pension currently sits at just under 30% of the median wage which, despite the €5 per week increase to the pension in the 2022 budget, is even lower now than in 2021, when the State Pension equated to 32% of the median wage in Ireland.

The Roadmap for Pension Reform committed to benchmarking the Contributory State Pension at 34% of average weekly earnings. Without meaningful increase to the pension and without triple locking the pension so that it rises in line with inflation and wage growth this commitment will continue to go unmet and the gap between pensions and median wages will continue to widen each year.

In June 2022 the government announced plans to replace the minimum wage for working age people in Ireland with a national 'living wage' set at 60% of the median wage to ensure an acceptable minimum standard of living.

The situation for older people in Ireland is urgent and the government must act in Budget 2023 to protect pensioners from the extreme poverty so many are facing and ensure they too can rely on an acceptable minimum standard of living, a 'living pension', so older people can live with dignity, security and independence.

Proposals:

- Increase the weekly State Pension by €15 and commit to work towards the government's goal for a state pension of 34% of the average weekly earnings
- Depoliticise and secure the State Pension by 'triple locking' payment rates to guarantee future income
- Increase the Living Alone Allowance from €22 to €25 per week

¹ Statistical Information on Social Welfare Services Annual Report 2020

Fuel and home energy support

Older people in Ireland are disproportionately impacted by rising fuel costs, particularly in rural areas. Many live in older houses with lower energy ratings and lack the means to avail of retrofitting schemes. Heating is often by traditional means, such as solid fuels and home heating oil. The price of home heating oil alone has increased by 102% over the past 12 months, leading to extensive reports of pensioners having to choose between 'heating or eating'. Similarly, many older people in rural Ireland depend on private car use for getting places in their daily lives and do not have access to public transport networks.

Increases to fuel costs without increase to the pension rates impacts heavily on older people's quality of life. Without urgent attention to this matter in Budget 2023, many pensioners in Ireland face being cold, hungry and isolated in the later years of their lives.

Not all older people in receipt of a state pension receive the means-tested Fuel Allowance and Household Benefits Package, so do not benefit from these vital additional supports. Advice from the Department of Social Protection Social Welfare Services is that thresholds within the means testing of each of these allowances have remained at the same level since their inception and have not increased in line with cost of living.

In addition to raising the means threshold for these benefits, the allowance rates paid should also be increased in consideration of the ever-increasing cost of fuel and energy in Ireland to ensure support available remains meaningful.

Proposals:

- Maintain the current rate of €33 per week for the Fuel Allowance and reintroduce the 32-week payment period
- Review the eligibility for the Fuel Allowance (increase means test threshold for the Fuel Allowance to maximum rate of State Pension (Contributory) including any increases for age, living alone and dependants, plus €150.)
- Increase the monthly Household Benefit Package allowance towards gas/electricity by €5 per month to reflect the recent increases in utilities
- Increase means test threshold for the Household Benefits Package to maximum rate of State Pension (Contributory) including any increases for age, living alone and dependants, plus €150.

Digital inclusion

Tilda² reported that of those aged 50+ and living alone in Ireland, as many as 30% are without home access to the internet. This figure represents a large cohort of the population who are potentially more vulnerable to digital exclusion and social isolation as more and more services, opportunities and communication move online.

The report found also that home internet access decreases with age — 34% of 70-79-year-olds and 62% of those aged 80 and older do not have home internet access. Many essential businesses and services, including government services, are moving to a predominantly online customer interface to cut costs and increase efficiencies. In order to ensure older people are supported to make this move and that they are not left behind in an increasingly digital economy, the inclusion of a broadband allowance through increasing and broadening the scope of the current Telephone Allowance to a Digital Connection Allowance would signify a major move by the government toward bridging the digital divide.

Proposals:

- Review the Telephone Allowance to transform it to the Digital Connection Allowance to support older people to participate in online activities such as telemedicine, banking and digital communications
- In transforming the Telephone Allowance to the Digital Connection Allowance, increase the allowance by €2.50 per week (to €5 per week) to offer meaningful contribution to the cost of communications and/or a home alert system as per the original purpose of the allowance, as well as to the cost of broadband for access to an increasing number of essential services moving online.

Supporting independence

Additional supports and payments form a crucial part of the overall package of social transfers for older people in Ireland. These must be maintained to support older people to remain independent.

Proposals:

- Maintain the Free Travel Scheme and the Christmas bonus

An age-friendly future

The National Positive Ageing Strategy has been in existence for eight years, but many facets of the strategy are yet to be enacted. In order to build a better Ireland for people of all ages, the Department must set a framework for implementation of the National Positive Ageing Strategy and work closely with other departments to ensure an age-friendly Ireland for current and future generations of older people in Ireland.

² Internet access and use among adults aged 50 and over in Ireland: Results from Wave 5 of The Irish Longitudinal Study on Ageing 2020, The Irish Longitudinal Study on Ageing, TCD

Proposals:

- Set the framework for implementation of National Positive Ageing Strategy or any other tool the government will set up to ensure people in Ireland are empowered and supported to age well.