



Active Retirement Ireland

Pre-Budget 2024 Submission

Department of Social Protection

Objective: To ensure older people in Ireland are adequately supported to enable them to age well and live with dignity, security, independence and respect.

Summary of proposals:

- Benchmark the contributory State Pension at 34% of average weekly earnings as committed to by government in the *Roadmap for Pensions Reform 2018-2023*.
- Increase the weekly State Pension by a minimum of €20 per week in Q4 2023 and commit to incremental increases in Q1, Q2, and Q3 of 2024 to bring the State Pension to 34% of average weekly earnings by October 2025.
- Depoliticise the State Pension by ‘triple locking’ payment rates to guarantee future pension adequacy in line with inflation and wage growth.
- Increase the Living Alone Allowance from €22 to €25 per week.
- Maintain the current rate of €33 per week for the Fuel Allowance.
- Reintroduce the 32-week payment period for the Fuel Allowance to provide further relief to older people servicing excessive winter fuel bill balances carried over into warmer months.
- Review the Telephone Support 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 Support 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 and the cost of broadband, recognising the increased cost of these over the years since the allowance was instituted.
- Increase the monthly Household Benefit Package allowance towards gas/electricity by €5 per month (to €40 per month) to reflect the recent increases in utilities.
- Maintain the Free Travel Scheme and the Christmas bonus.
- Institute and implement a comprehensive, whole-of-government positive ageing framework in Ireland that looks beyond the care and medical needs of older people to protect all aspects of ageing and allow older people to ensure people in Ireland are empowered and supported to age well.
- Establish an independent Commissioner for Ageing and Older People in Ireland, similar to that which is in place in Northern Ireland and Wales, to ensure the rights and interests of older people are considered and promoted at all levels.

A basic level of pension adequacy

The government's *Roadmap for Pensions Reform 2018-2023* proposed a state contributory pension set at 34% of average earnings in order to provide 'a basic level of pension adequacy'. It was further proposed that this rate be linked to inflation and wage growth to ensure the value of the state pension be maintained.

Despite amount-per-week increases to the pension in the previous two budgets, the pension has failed to keep pace with inflation or reach the government's proposed level of basic pension adequacy. In 2021 the pension sat at just 32% of the median wage. This dropped to just under 30% in 2022, with the current weekly rate of the State Pension falling further still, equating to just 28% of average earnings. Without meaningful increase to the pension and without triple locking the pension so that it rises in line with inflation and wage growth, the government's commitment to pension adequacy will continue to go unmet and the gap between pensions and median wages will continue to widen each year.

Increasing numbers of older people are falling into poverty as the cost of living continues to hit people living on the State Pension hard. Some 563,765 older people in Ireland were reported to be in receipt of either the contributory or non-contributory State Pension in 2021.¹ In April 2023 consumer prices rose at an annual rate of 7.2%, with the CSO reporting an increase of 13% in the cost of food alone in the 12 months from April 2022 — basics such as butter and eggs increased by more than 18% and the price of milk went up by 24%. Electricity and gas have also continued to be priced out of reach of pensioners, each at more than 50% higher. Many people living on the pension in Ireland are struggling to afford a basic standard of living. For older people living alone, the situation is even more dire.

Necessary and welcome additional lump-sum payments to pensioners as part of the cost of living measures in Budget 2023 have served to mitigate some of the immediate financial strains of the cost of living crisis. Notwithstanding, these supports are unsustainable and do not provide the long-term income security people living on a pension need to be able to plan for their future and enjoy independence and quality of life.

Pension rates below a basic level of pension adequacy affect older people's ability to engage socially. In an open letter from the Chief Medical Officer in March, great emphasis was placed on the impact of loneliness and isolation on physical and mental health, and the need for older people to build and maintain strong social connections. In a 2023 survey of Active Retirement Ireland members, 58% of respondents said the state pension is not enough to allow them to participate in life as much as they would like, and 45% said that the pension increase in Budget 2023 has not allowed them to better able to afford outings or non-essential 'treats' for themselves and others.

In addition, more than 30% of Ireland's population lives in rural areas², and a great many more in regional areas that are not well serviced by public transport networks. Many older people, particularly in rural and regional Ireland, depend on private car use for getting places in their daily lives, including visiting friends and family and attending social activities, and networks. The current pension rate allows little margin for social outings or vehicle on road costs such as fuel,

¹ Statistical Information on Social Welfare Services Annual Report 2021

² *Urban and Rural Life in Ireland*, 2019, Central Statistics Office

NCT, tax and insurance and is a key contributor to loneliness and social disconnection in older people.

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 2024 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:

- Benchmark the contributory State Pension at 34% of average weekly earnings as committed to by government in the *Roadmap for Pensions Reform 2018-2023*.
- Increase the weekly State Pension by a minimum of €20 per week in Q4 2023 and commit to incremental increases in Q1, Q2, and Q3 of 2024 to bring the State Pension to 34% of average weekly earnings by October 2025.
- Depoliticise the State Pension by 'triple locking' payment rates to guarantee future pension adequacy in line with inflation and wage growth.
- Increase the Living Alone Allowance from €22 to €25 per week.

Fuel and home energy support

Older people in Ireland are disproportionately impacted by high fuel and energy 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. While the price of home heating oil has stabilised, energy costs remain high — in the year to April 2023 electricity prices rose more than 51% and gas prices increased by 56% — and many pensioners in Ireland face being isolated and having to choose between being cold or hungry in the later years of their lives.

The Fuel Allowance and Household Benefits Package offers some support, however 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.

Further, the Fuel Allowance is not paid for 24 weeks of the year, from early April to late September. Long winters, high heating oil costs and skyrocketing electricity and gas prices see many people living on the state pension carry over significant energy bills balances well into the warmer months. The cessation of the Fuel Allowance payment in early April each year is premature and does not provide older people in receipt of the allowance sufficient support to get ahead of outstanding balances or experience any energy bill relief when energy demands are lower. Instead, for more than five months of the year, older people living on a state pension that is already below a basic level of pension adequacy and who have been assessed as needing

additional financial support, face a reduction in their weekly income and increased financial stress.

Sustainable, meaningful energy support for older people needs to be a top priority of the government. The vast majority of pensioners are excluded from current retrofitting schemes that would enable them to have warmer homes and lower energy bills and reduce their reliance on social welfare payments. The government must make greater investment in state-led home retrofitting schemes for older people living on the pension.

Proposals:

- Maintain the current rate of €33 per week for the Fuel Allowance.
- Reintroduce the 32-week payment period for the Fuel Allowance to provide further relief to older people servicing excessive winter fuel bill balances carried over into warmer months.
- Increase the monthly Household Benefit Package allowance towards gas/electricity by €5 per month (to €40 per month) to reflect the recent increases in utilities.

Digital inclusion

In 2020, Tilda³ 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.

Increasingly, essential businesses and services — including public, government services — are moving to a ‘digital-first’ model prioritising an 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 Support 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.

³ 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

- In transforming the Telephone Support 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 and the cost of broadband, recognising the increased cost of these over the years since the allowance was instituted.

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 government's 2013 *National Positive Ageing Strategy* sought to ensure the equality, independence, participation, care, self-fulfilment and dignity of older people in Ireland but has seen little movement in the past number of years. With indications that the 2013 Strategy is no longer fit for purpose, a government Commission on Care has been proposed as a suitable replacement.

It is the position of Active Retirement Ireland that the Commission on Care, while essential, is not on its own appropriate to advance positive ageing and the rights of older people in Ireland. In the absence of a National Positive Ageing Strategy, Active Retirement Ireland is calling on the government to put in place a more comprehensive structure that takes a whole of government approach to ageing in place. This structure must view ageing beyond a care and medical model and protect all aspects of ageing, allowing older people to age with respect and independence for as long as possible

It is further the position of Active Retirement Ireland, along with our partners in the Alliance of Age Sector NGOs, that an independent Commissioner for Ageing and Older People be established, similar to that which is in place in Northern Ireland and Wales, to promote and protect the rights and interests of older people across government policy areas.

Proposals:

- Institute and implement a comprehensive, whole-of-government positive ageing framework in Ireland that looks beyond the care and medical needs of older people to protect all aspects of ageing and allow older people to ensure people in Ireland are empowered and supported to age well.
- Establish an independent Commissioner for Ageing and Older People in Ireland, similar to that which is in place in Northern Ireland and Wales, to ensure the rights and interests of older people are considered and promoted at all levels.