



Active Retirement Ireland

Pre-Budget 2025 Submission

Department of Social Protection

Active Retirement Ireland makes this pre-budget submission on behalf of our more than 21,000 affiliated Active Retirement Ireland members around the country. This submission is based on concerns and feedback raised by our members through various channels throughout the year.

**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 2024 and commit to incremental increases in Q1, Q2, and Q3 of 2025 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 (increase of four payment weeks on current 28 weeks) 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, in recognition of changing technologies and 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 changing technologies and 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 increased utility costs.
- Maintain the Free Travel Scheme and the Christmas bonus.
- Bring free hearing tests for older people under the Treatment Benefit Scheme, in line with preventive optical and dental benefits.

- 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.
- Take ageism and the harm caused by ageist beliefs, attitudes and actions seriously and implement a well-resourced, meaningful programme of action to counteract it
- 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.

### **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'<sup>1</sup>. 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 three 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 and 28% in 2023.

Average weekly earnings in Ireland in Q1 2024 were €969.12.<sup>2</sup> The current rate of the full contributory state pension is €277.30 per week. The non-contributory pension is €266 per week for people aged 66–79, and €276 per week for people aged 80+.

The 2024 increase of €12 per week that came in to effect in January this year gives a current pension rate of 28.6% of average earnings for the full contributory state pension. The rate of the non-contributory pension is even less: 27.4% for those aged 66–79 and 28.4% for those aged 80 and above.

Not only have pension increases in recent years not been enough to bring the pension to the government's own assessed standard of 'basic pension adequacy', in terms of real value they have not been increases at all. In 2024 the real value of the €12 'increase' was essentially €0, serving only to barely keep the pension rate afloat — rising just 0.6 of a percentage point on 2023 against average earnings, but still well under 34%. In 2022 and 2023, the real value of the pension 'increase' was in negative figures, falling 2% each year.

Without meaningful increase to the pension and without triple locking the pension so that it automatically rises in line with inflation and wage growth, the government's commitment to

---

<sup>1</sup> *Roadmap for Pensions Reform 2018-2023*, pg. 5

<sup>2</sup> *Earnings and Labour Costs Q4 2023 (Final) Q1 2024 (Preliminary Estimates)*, May 2024, Central Statistics Office

pension adequacy will continue to go unmet and the gap between pensions and median wages will continue to widen each year.

Following the Budget 2024 announcement in October 2023, a consultation carried out by Active Retirement Ireland among members in receipt of the state pension found that just one in 10 of those surveyed (11%) felt the €12 per week increase would give them more freedom to enjoy a better quality of life.

More than a third (35%) said the increase would not alleviate any pressure in meeting basic living costs, and, when asked what the additional €12 a week would cover, more than two thirds (69%) of respondents said it would go towards paying for basic essentials such as heating, electricity and phone bills (41%) or groceries (28%).

Necessary and welcome additional lump-sum payments to people living on the state pension as part of the cost of living measures in Budget 2024 served to mitigate some of the immediate financial strains of the cost of living crisis. Notwithstanding, these supports were and are temporary measures and do not provide the long-term income security older people 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 2023, great emphasis was placed on the link between social isolation and poor physical and mental health outcomes, and the need for older people to build and maintain strong social connections. A state pension rate that by the government's own admission is less than adequate is in direct conflict with the CMOs advice that older people 'return to the things they love' by ensuring older people do not have the means to do so.

In addition, more than 30% of Ireland's population lives in rural areas<sup>3</sup>, 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, NCT, tax and insurance and is a key contributor to loneliness and social disconnection in older people.

For people in the workforce, the government has committed to a national 'living wage' of 60% of average earnings from 2026. This living wage recognises a basic need for income adequacy and security. Active Retirement Ireland has long called for a 'living pension' and is calling on the government to recognise that a secure, adequate income is just as essential for older people.

The situation for older people in Ireland is urgent and the government must act in Budget 2025 to protect pensioners and ensure they too can rely on an acceptable minimum standard of living, a living pension, so they can live with dignity, security and independence.

---

<sup>3</sup> *Urban and Rural Life in Ireland*, 2019, Central Statistics Office

Active Retirement Ireland asks the Department of Social Protection to:

- 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 2024 and commit to incremental increases in Q1, Q2, and Q3 of 2025 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 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. The inevitable impact of a state pension that is well below basic pension adequacy, as it is in Ireland, is that older people living on a pension are always a cold snap away from having to choose between heating and eating, as their weekly income is not enough to absorb the cost of any increase in energy usage.

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.

The cessation of the Fuel Allowance payment in early April each year is too early and does not provide older people in receipt of the allowance sufficient support to get ahead of outstanding balances or enjoy any relief from energy bills when energy demands are lower. Instead — for more than five months of the year — older people living on the below-adequate state pension and who have been assessed as qualifying for 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 extend the support provided by the Fuel Allowance for those who need it, and make greater investment in state-led home retrofitting schemes for all older people living on the pension.

Active Retirement Ireland asks the Department of Social Protection to:

- Maintain the current rate of €33 per week for the Fuel Allowance.

- Reintroduce the 32-week payment period (increase of four payment weeks on current 28 weeks) 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 increased utility costs.

## Digital inclusion

Last year, a CSO Internet Coverage and Usage in Ireland report found that 42% of people aged 75+ and 13% of people aged 60–74 years have never used the internet. While not broken into age groups, the report also shows that 22% of households with no dependent children did not have access to the internet. Of this group, 56% cited lack of digital skills as being the reason for this, with 17% giving cost of equipment and 11% costs of access as the reason.<sup>4</sup>

In 2020, TILDA<sup>5</sup> reported that 30% of people aged 50+ and living alone in Ireland did not have access to the internet at home. This figure represents a large cohort of people who are at particular risk of social isolation due to digital exclusion as more and more services, opportunities and communication move online. The TILDA report found also that home internet access decreases with age — 34% of people aged 70–79 and 62% of those aged 80+ do not have home internet access.

Increasingly, essential businesses and services — including public services provided by the state — are moving to a ‘digital-first’ model prioritising an online customer interface to cut costs and increase efficiencies. To ensure older people are better supported and not left behind in our increasingly digital economy, the inclusion of an allowance for digital technologies through broadening the scope of the current €2.50 weekly Telephone Allowance to a €5 Digital Connection Allowance would signify a major move by the government toward bridging the digital divide.

Active Retirement Ireland asks the Department of Social Protection to:

- Review the Telephone Support Allowance to transform it to the Digital Connection Allowance, in recognition of changing technologies and 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

---

<sup>4</sup> *Internet Coverage and Usage in Ireland, 2023*, Central Statistics Office

<sup>5</sup> *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

and the cost of broadband, recognising changing technologies and 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.

Active Retirement Ireland asks the Department of Social Protection to:

- Maintain the Free Travel Scheme and the Christmas bonus

### **Broaden the Treatment Benefit Scheme**

At present, the Treatment Benefit Scheme administered by the Department of Social Protection makes provision for preventative health measures such as free eyesight testing every two years and contribution toward required vision correction wear, and free annual oral examinations with contribution to certain preventative dental care.

The scheme also makes provision for contribution to the cost of hearing aids, however routine hearing tests are not covered under the scheme.

According to the Irish Society of Hearing Aid Audiologists<sup>6</sup>, significant, permanent acquired hearing loss affects 50% of people in Ireland aged 70+. This hearing loss is mainly age-related or due to noise exposure over the life course. A 2023 TILDA study<sup>7</sup> found that older people who self-report experiencing poor hearing were associated with higher depressive symptoms and loneliness and lower quality of life, which was improved by hearing aid use.

Before a person can be recommended hearing aids for hearing loss, this hearing loss must first be determined through testing. Routine hearing tests are not currently included for any age group under the Treatment Benefit Scheme and people who wish to access routine hearing testing must cover the cost themselves. It is the position of Active Retirement Ireland that this acts as a barrier to identifying and treating hearing loss in older people living on a pension.

Active Retirement Ireland asks the Department of Social Protection to:

- Bring free hearing tests for older people under the Treatment Benefit Scheme, in line with preventive optical and dental benefits.

---

<sup>6</sup>*About Hearing Loss*, The Irish Society of Hearing Aid Audiologists, 2024, <https://www.ishaa.ie/hearing/>

<sup>7</sup> *Impact of Hearing Loss and Hearing Aid Use on Psychosocial Health and Well-Being and Healthcare Cover in the Older Population in Ireland*, 2023, The Irish Longitudinal Study on Ageing, TCD

## **A whole-of-government approach to protecting the rights of older people — Alliance of Age Sector NGOs**

In January 2023 the Alliance of Age Sector NGOs, of which Active Retirement Ireland is a member, released a report setting out a number of recommendations for action to create an Ireland for all ages. Chief among these is the need for an independent Commissioner for Ageing and Older People to promote and protect the rights and interests of older people across government departments and at all policy levels.

In the 2023 Members' Consultation carried out by Active Retirement Ireland, 94% of respondents said they would like to see the establishment of an independent Commissioner for Older People in Ireland.

A Red C poll commissioned by Sage Advocacy in September 2023 found that 81% of respondents wanted to see the introduction of a Commissioner for Older People.

A further recommendation by Active Retirement Ireland and the Alliance of Age Sector NGOs is that the government acknowledge the pervasive culture of ageism in Ireland and the harm it causes and implement a whole-of-government strategy to counteract it.

Ageist attitudes, beliefs, behaviours and policies are commonplace in Irish society and in all settings. Ageism may be intentional, structural or even unintended, such as benevolent ageism, but all ageism is harmful.

The World Health Organization lists some of the harmful effects of ageism as:

- shorter lifespan
- diminished mental and physical health
- isolation
- cognitive decline
- reduced quality of life.

Active Retirement Ireland and the Alliance of Age Sector NGOs ask the Department of Social Protection to:

- Support the establishment of 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.
- Take ageism and the harm caused by ageist beliefs, attitudes and actions seriously and support the implementation of a well-resourced, meaningful programme of action to counteract it.
- Support the development and implementation of 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.