

National Women's Council of Ireland

Presentation to Women and Pensions Seminar

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Introduction

When thinking about women and pensions, we have to bear in mind that acquiring a pension has different implications depending on whether you are a younger or older woman, and whether you are in a high earning or low paid job. Women are not an homogenous group. The current picture in Ireland of pensions for women in their older years is a bleak one. Report after Report consistently show the low numbers of women with pension coverage and the high numbers of older women at risk of poverty in Ireland. From an NWC perspective, the Irish pensions system is increasing the gap between rich and poor in Ireland and deepening the structural inequalities between women and men. Every aspect of the current pension system militates against women having an income that provides a decent standard of living in their old age. It is critical that in our attempts to encourage women to think about pensions and having a decent income in older years that we do not blame women, what we need to do in 'Pensions Week' is to uncover and discuss and debate the real reasons as to why women in Ireland have low pension coverage and a high risk of poverty.

Women's Inequality and Pensions

The majority of those over 65yrs, especially women because they live longer, are solely reliant on the state pension through the social welfare system for their income. (And 36.2% of women over 65yrs are at risk of poverty) The Irish social welfare system, based as it is on a male breadwinner model, discriminates against women. And defines many older women as 'qualified adults', deriving their pension rights through their husband's contribution record and receiving a reduced payment on their behalf. The system thus reinforces women's dependency on men as the primary earners.

The fact that men and women in Irish society do not equally share care work in families is a core structural inequality at the heart of Irish society, which permeates each area of social policy, including pensions policy. Women almost exclusively carry the social responsibility for unpaid care work in families. This means that it is significantly harder for women to build up adequate contributions in both private and public systems. In the state system it means that many women do not have entitlement to social insurance payments in their own right and it ultimately results in older women being dependent on the lower rate non- contributory pensions or as qualified adults on their husbands contributory pension. It is very positive that the Pensions Board in its Review highlighted the adverse impact on pension coverage for women if there is continued reliance on women to provide informal care.

Inequality between women and men, and the discrimination against women in the Social Welfare system has led to the current situation where:

- Older women, who were forced to leave employment to spend their lives caring for their families due to the marriage bar, are now facing a situation of no entitlement to pension in their own right, or significantly reduced pensions.
- The Homemakers Scheme which the Government introduced in 1994 was a piecemeal measure which will not assist women coming to pension age now and for younger women will 'disregard' their years in care work which is demeaning for women and will certainly not attract men to take up the provision.
- Women who have worked on family farms and in family businesses also do not have social insurance coverage, which means that they are totally reliant on their husbands in older age.
- Women who have worked in part-time, casual and seasonal employment also have broken social insurance records and at higher risk of poverty. The Pensions Board have highlighted the low levels of coverage for lower paid and part-time workers, who are predominately women.
- Loss of independence and dignity, feelings of being a burden and embarrassment at surviving on an inadequate state pension is many older women's experience.

Current pensions system

The support of the state to a private pensions system through systems of relief's clearly benefits those on higher incomes. Low paid workers, part-time, and atypical workers, cannot participate effectively, if at all, in private pension schemes. For those who can contribute to private pension schemes the state provides more support for higher earners. Recent reports tell us that 'Almost two thirds of the tax relief for employees goes to the highest paid employees in the top quintile and only 1 per cent goes to the lowest paid employees in the bottom quintile'; and that 'The greatest beneficiaries are those who have the least needs by any measure used in social policy analysis' (TASC 2005).

It is indeed a startling fact that the state spends almost as much on tax relief's for private pensions as it spends directly on the contributory and non-contributory public pension schemes put together and on current trends it will soon be spending more on the private than public schemes.

Private Pension Schemes

It is important in this week to question the widely held assumption that private pensions are the solution to pension provision. The private pension system has shown to be ineffective for providing the majority with adequate pension provision. Only a minority of employees and of the self-employed are covered by private pension schemes. Membership is particularly low for

those for women with dependant children. Only 6.1% of women in employment have a personal pension. As the statistics show, despite significant support by the state, private pension coverage has not increased substantially over the past 20years and there is no evidence of long-term growth. Yet it is in this area that the government is spending substantial resources in order to persuade people that this is the way forward.

From an NWCI perspective, we believe that women will continue to rely heavily on state source of pension supports and provision and so therefore it is through reforming the state system that we can provide for incomes into old age.

It is imperative that the Governments Green Paper on Pensions proposes a pension system that will

- Provide an income which affords a decent standard of living in older age Provide and independent income to women in older age
- Deliver a Flexible system which facilitates
 - periods outside of paid work
- different types of working (full time, part-time, seasonal etc) Incorporate care work as work

Finally, a reformed pension system must also facilitate the achievement of a greater balance between work and family life and finally be fair and redistributive across different income groups