



**Opening Statement to the Joint Oireachtas Committee on
Social Protection on the State Pension**

29 June 2017

National Women's Council of Ireland

016790100

www.nwci.ie

A Chathaoirleach and members of the committee,

The National Women's Council of Ireland welcomes the invitation to speak to you today and to present, broadly, our position and recommendations on the matter of the State Pension.

NWCI is Ireland's leading women's representative organisation. We seek full equality for women and draw our mandate from a membership of over 180 groups and organisations across a diversity of backgrounds, sectors and locations.

In our presentation today, we will outline the medium- to long-term measures that should be undertaken to guarantee a fair and sustainable pension system that works for women and, finally, recommendations for the upcoming Budget 2018.

Gender-sensitive pension reform is a priority for NWCI and our members. We published a comprehensive report in 2008 presenting a model of pensions that would work for women and have advocated for that model since.

Women predominately rely on State Pensions to provide an income in their older years. Yet for a number of reasons, both historical and current, women continue to have less access to State Pensions than men. Currently 84% of those receiving a full State contributory pension are men; women continue to rely on reduced means tested pension payments or remain as dependents on their husband's pension. The fact that only 16% of women receive the full Contributory State Pension reflects both the legacy of the marriage bar and a system poorly designed to support individual entitlement or recognise the care work which women carry out. Time spent caring must be recognised and credited, both for people currently in the workforce and those who are now of retirement age who have spent a large portion of their lives caring.

As a member of the Steering Committee for the National Strategy for Women and Men 2017-2020, we welcomed the commitment by the Department of Social Protection therein that "future pension policy reforms will be gender proofed to assess their impact on women as well as men", including the Total Contributions Approach.

In order to guarantee pension equality for women, however, we must address existing injustices in the pension system as well as ensuring they do not occur in the future. NWCI is increasingly contacted by women who are concerned about this issue, many of them already deeply affected by the ongoing inequalities in our pension system. Yet it is remarkable that in reports and discussions on pensions, gender issues receive relatively little attention.

Recent changes disproportionately impacting on women

This is particularly concerning considering that budgetary decisions over the period of recession have resulted in an increase of the gender pension gap in Ireland, which rose from 35% in 2010 to 37% in 2012.¹ The Non-Contributory Pension, on which the majority of women rely, has been steadily eroded. In 2012, changes made to the eligibility criteria for the State Contributory Pension effectively made it more difficult for those without a full-time, long-term working history to qualify for the maximum weekly payment. NWCI and others clearly signalled the potential disproportionate impact on women of these changes in advance of their introduction. We are aware that Age Action has recently presented to the Committee in detail on the impact of these particular changes, including figures provided to them by the Department of Social Protection indicating that, of the 36,000 people affected by these changes by June 2016, more than 62% were women. 2012 also saw the minimum number of contributions required doubled from 260 to 520 which had a direct impact on older women's standard of living.

Legacy issues in the pension system

One of the key issues of concern for women is having access to pension entitlements in the first instance; many women remain reliant on their spouse for access to pension entitlements. The Q4 2015 Quarterly National Household Survey found that "almost one in ten (9%) female workers expected their spouse/partner's occupational or personal pension to be their main source of retirement income,

¹ European Institute for Gender Equality.

compared with 2% of males.” Under the current system, women are hampered from building up sufficient contributions across both the private and public pension systems as a result of the pay gap, precarious and low-paid work, carrying out unpaid caring, and being excluded from the labour market for long periods over the course of their lives as a result of the prohibitive cost of childcare. 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.²

The Homemakers' Scheme makes it easier for people who stop working for a period to take care of children or adults to qualify for pensions, the majority of whom are women. However, it has not been of equal benefit to all women as only those who took career breaks after 1994 are covered by this scheme. We recommend that the Homemaker's Scheme be applied retrospectively by the State immediately, in order to ensure equitable access to the state pension and benefit older women.

The National Pensions Framework made a commitment to replace the Homemakers' Disregard with credits for new pensioners, but there is yet to be official confirmation of when this will happen. This should be a key priority for Budget 2018, with the credit made applicable for up to ten years and applied retrospectively to 1973. This practical recognition of the social and economic contribution of care should also serve as a Re-Entry Credit, ensuring that those looking to re-enter the workforce after a period spent caring can access training, educational or employment supports. This is not only a practical and long overdue budgetary decision, but a means of rebuilding trust among women in the pensions system.

Comprehensive cover pension cover

Women are not likely to be in an equal position to men with regard to their pension entitlement for the foreseeable future as they continue to carry out the majority of care and are more likely to be in part-time and low paid work. A private pensions system is therefore not the sustainable answer for the vast majority of women to

² Placing a spotlight, through these testimonials, on the impact of a patriarchal pension system, is critical in order to ensure that the inequalities which women experience are acknowledged and addressed in the current reform of Pension policy in Ireland. http://www.nwci.ie/download/pdf/pension_sample4.pdf Forgotten Women Personal stories of women experiencing discrimination of the State pension system (2007).

secure a decent income in their older years nor is a state system that doesn't fully recognise care work. Pension reform must ensure as far as possible that everyone can equally establish an entitlement to an adequate pension. The time has come to move to a universal pension system which gives both women and men equal access to a comprehensive pension guarantee. This pension must be at a payment rate to provide a decent standard of living for all. Budget 2018 should initiate the introduction of universal pension and to phase it in over an agreed number of budgets.

Finally, NWCI warmly welcomes the commitment made in the Programme for Partnership Government to gender and equality proof the budget. By taking immediate steps in Budget 2018 to address indirect gender discrimination in current pension policy as named above, government will act in part fulfilment of this commitment.