

Sinn Féin's policy on pensions in response to IAPF Q&A.

## **A) Pension Policy**

### **What is your policy on pensions?**

In a nutshell, the role of the state pension is proofing against poverty and protecting the spending power of a growing portion of the population and hence domestic demand cannot be overstated.

Sinn Féin's primary focus in relation to pension's policy is to bolster the state pension which is the pension upon which the vast majority of people rely for the overwhelming majority of their income in retirement. We don't believe that private pensions should be at the cost of the social fund.

### **Do you support the appointment of a Pensions Minister?**

Sinn Féin believes that all aspects of pension should come under a high-powered Departmental sub-committee with the Ministers for Finance and Social Protection taking responsibility for it. In the aftermath of an election, we could look again, at ensuring a Junior Minister for Pensions and the Elderly, is appointed.

## **B) State Pension**

### **How can it be made sustainable and affordable to provide a basic pension?**

There is an acceptance that the state cannot rely on private pensions to solve the crisis. The risks are too great. Even in 2011 after lessons should have been learnt Irish pensions funds continued to have the greatest exposure to equities in the OECD. There is also a gender and socio-economic dimension to private pension coverage rates which leaves women, the low-paid and part-time workers disproportionately uncovered. The state pension can be reformed in ways that are designed to progressively extend coverage across all groups. The specific proposals below have been costed and are affordable from a combination of the fiscal space and SF's fair tax reforms.

- Produce and commence the implementation of a road-map to address the long-term deficit in the Social Insurance Fund and place it on a sustainable footing with a view to ensuring the delivery of more generous and accessible income supports during periods of unemployment, caring, illness/disability and retirement. This will include our proposal to increase employers PRSI for those employers who can afford to make a greater contribution – specifically to 15.75% on the portion of pay in excess of €100,000.
- Pension equality for women will be front and centre in the development by Sinn Féin in government of the road map for a sustainable Social Insurance Fund and associated pension reform.

- Review social welfare payments to assess rates for effectiveness/ adequacy of addressing poverty; set new rates and index-link.

**Would you increase PRSI contributions, reduce benefits or extend age criteria?/ How would you simplify the qualification requirements.?**

We will reverse the cuts to pension rates and bands by restoring them to their pre-September 2012 position.

We will also reverse the recent increase in the contributions requirement for state pension eligibility from 260 to 520 contributions.

It is only fair that employers with staff earning over €100,000 who can afford to pay additional PRSI do so. We would increase employers PRSI on 15.75% income over €100,000. This category of workers represents just 5% of the workforce so will impact on a small number of businesses in Ireland

**How do you propose people bridge the gap to the start of State Pension?**

The current government raised the pension age to 66 forcing many older people whose employment contracts concluded at 65 years of age onto the dole. Sinn Féin would reinstate the State Pension Transition (for 65 year olds now and the over 66s in 2021), for those who have an employment contract only till 65 or 66.

## **C) Public Sector Pensions**

**How is this unfunded pay as you go model to be made sustainable and affordable?**

Over the course of the Great recession serving and retired public servants pay and pensions in payment have been significantly reduced, for many by up to 14%. Emergency measures still in place include the pension levy. Pensions schemes for new entrants have also reconfigured as a result of the Single Public Service Pension Scheme. Government is in effect the largest employer in the state and it has duty to its employees. As is the case with the state pension the public pension system works on the basis of intergenerational transfers, and we as a party have no objection to this. In both instances it is a fundamental expression of the economic and social contract of a functioning democracy. Sinn Féin has long argued against the excessive pay and gold-plated pensions arrangements enjoyed by a small minority of senior management and politicians, and in government we will commission an independent review of public sector pay and pensions to tackle such issues of pay and pension inequity.

## **D) Occupational Pensions**

**What policy initiatives would your party propose to sustain occupational schemes?/ How would you simplify the taxation and regulatory systems?**

Tax reliefs on private pensions disproportionately benefit the wealthiest and have failed to increase pension coverage, in government Sinn Féin would standardise pension tax relief over 4 years beginning with 35% in year 1.

This means reducing the rate at which pension tax relief can be claimed to 35% with the intention of standardising it (20%). Recent reports have shown that 80% of pension tax reliefs are concentrated in the hands of the top 20% of earners.

The standardising of employee pension tax relief raises €330 million.

Reduce the standard fund threshold in order to prioritise and bolster the state pension – the source of income on which the majority of older people depend in retirement.

Produce legislation introducing a revised Priority Order for the distribution of funds in Defined Benefit pension schemes that are in deficit ensuring fairer protection for pensioners, active and deferred members alike.

Reduce the earnings cap for pension contributions currently €115,000 to €60,000. We would reduce the cap at which high earning workers can claim tax relief on pension contributions. Sinn Féin are conscious of the vast wealth accumulated in Irish pension funds and propose a reduction of the threshold for total pension fund accumulation on which an individual is entitled to contributory tax relief, from €2 million to €1.7 million.

Over the longer term and when the economy is in a better position we need to start moving our starkly low rates closer to the EU average. This should be done in the context of comprehensive tax reform and in such a way that the total tax take (i.e. income, PRSI and indirect) from any household is based the principles of ability-to-pay and redistribution.

### **How would you encourage individuals to provide for their own pension futures to reduce dependency on state provision?**

Sinn Féin would move towards making the basic state pension universal, and which is sufficient to ensure the elderly in our society won't live in poverty. We would ensure that the state provides comprehensible and comprehensive information to people regarding their projected pension income. They could then make their own decision if they wanted to invest in a separate private or occupational pension, in the knowledge that they are all paying PRSI and would therefore qualify for a state pension.

### **Do you support mandatory Auto Enrolment?**

The National Pensions Framework promises to introduce auto-enrolment pensions with contributions collected by the PSRI system and then to be gifted as a wholly undeserved and reckless reward to the private pensions industry. In Sinn Féin's view longer term reform of the Irish pension system should involve making the basic state pension universal and to provide an income sufficient for all in old age.

