Introduction

Migrant Rights Centre Ireland (MRCI) welcomes the opportunity to make a submission to the Pensions Commission. MRCI is a national organisation working to promote the rights of migrant workers and their families at risk of exploitation, social exclusion and discrimination. Since 2001, MRCI has been working with migrant workers in unregulated and precarious employment - low pay, poor working conditions, with precarious immigration status, and have brought into public view exploitation, discrimination and poor enforcement.

Migration

The Irish Census 2016 shows that 17.3 percent of the population in Ireland was born abroad[1]. People from a migrant background are integral to the Irish labour market. CSO 2016 figures show that 14.9 per cent of the workforce is non-Irish nationals with almost half are employed in Food Services, Manufacturing Industries and Human Health and Social Work. Nearly half (46.9 per cent) are classified as non-manual, manual skilled, semi-skilled or unskilled workers, compared with 39.2 per cent of Irish nationals. Despite the pandemic there had been a steady increase in work permits issued over the past 3 year. 16,419 were issued in 2020, 14,163 in 2019 and 11,305 in 2018.[2] There was a small decrease in net migration 3.6 per cent in the year to April 2020[3].

Consideration must be given to people who have spent a long time distanced from the labour market – people seeking asylum and undocumented migrants, migrant workers who may have delayed or inadequate pensions or residency rights to qualify for a contributory pension and impact on portability which may case issues in later life.

[1] Population and Diversity (2017) https://www.cso.ie/en/media/csoie/releasespublications/documents/population/2017/Chapter_5_Diversity.pdf

[2] Census Profile 7 Migration and Diversity (2017) https://www.cso.ie/en/csolatestnews/pressreleases/2017pressreleases/pressstatementcensus2016resultsprofile7-migrationanddiversity/#:~:text=Economic%20Status,for%

[3] https://www.cso.ie/en/releasesandpublications/er/pme/populationandmigrationestimatesapril2020/

Pension Sustainability

Pathways to Pension Sustainability
This requires a focus on policy harmonisation and synergy across a numbers of areas with better impact assessment for sustainable growth. Two main pathways to pension sustainability are through (a) promoting sustainable growth and a focus (b) social insurance contributions.

(a) Promoting Sustainable Growth

Growth has long been a driver of revenue and income for the State. Long-term sustainable growth at a marginal level, will have positive impact on pension sustainability. As Ireland moves to a greener economy investment in Just Transition approaches will be paramount, along with infrastructural investment and investment in health, education, life-long learning and childcare.

Employment Rates: This will have a positive impact on sustainability - higher tax and PRSI revenue intake. Moving to quality employment, ending low pay and precarious work, and increasing wages through collective bargaining, all which will promote higher employment and higher revenue to pay for pensions.

Labour Market Participation Rates: Family friendly policies, including provision for remote working, and affordable childcare will increase participation rates. Age-friendly workplaces will help increase employment rates for 55-65 year olds.

Migration: Ireland has long relied on migrant workers to fill skill shortages and gaps in the labour market. Labour migration policies have fallen short in protecting migrant workers and will require an overall of Ireland labour migration legislation and frameworks to facilitate better rights for workers and be linked to decent wages and work. This but has the potential to be hugely beneficial.

(b) Social Insurance Contributions

This is an area that needs urgent attention. Ireland has the lowest level of employers' PRSI contributions in the EU (half the EU average). Small and incremental increases phased in over a number of years will have a positive impact on pension sustainability, alongside other investments necessary for sustainable growth.

Portability of Pensions

Under European Union law, EU citizen workers can transfer their pension contributions from Ireland to their countries of origin in order to receive their pension there, or alternatively EU workers can also apply for the Irish Contributory State Pension once their reach their pension age, and have paid enough (at least 520) PRSI contributions. The pension's amount will depend on many factors e.g. working lifetime period in Ireland, average of PRSI contributions earned.

Ireland has also the Bilateral Social Security Agreements with seven non-EEA countries. In addition bilateral agreements are in operation with the UK (concerning the Isle of Man and the Channel Islands), Austria and Switzerland (see table below).

Bilateral Social Security Agreements/Understandings with Third Countries[4]

Country:	Date of Commencement:	Statutory Instrument:
Australia	1 April 1992	S.I. No. 84 of 1992
Australia (Revised)	1 January 2006	S.I. No. 799 of 2005
Austria	1 December 1989	S.I. No. 307 of 1989
Canada	1 January 1992	S.I. No. 317 of 1991
Japan	1 December 2010	S.I. No. 527 of 2010
New Zealand	1 March 1994	S.I. No. 57 of 1994
Quebec [5]	1 October 1994	S.I. No. 120 of 1995
Republic of Korea	1 January 2009	S.I.No.552 of 2008
The Swiss Confederation	1 July 1999	S.I. No. 206 of 1999
The United Kingdom	1 October 2007	S.I. No. 701 of 2007
The United States Of America	1 September 1993	S.I. No. 243 of 1993

The main aim of bilateral agreements is to protect the pension rights of persons who have paid social insurance contributions in Ireland and have reckonable periods in the other country. Reckonable periods in the other country may be periods of insurance or of residence depending on the social security system in that country. These agreements cover State Pension (Contributory), Invalidity Pension, Widow's/ Widower's/ Surviving Civil Partner's (Contributory) Pension and Guardian's Payment (Contributory) and are extended to dependants and survivors.

Recipients of Irish and/or social security pensions from any of the countries with which Ireland has a bilateral agreement may qualify for extra social security benefits such as Free Travel, Fuel Allowance and Household Benefits subject to usual qualifying conditions. It is important to note that there are no provisions in any of the Bilateral Agreements in relation to non-contributory pensions.

Exportability of State pension to other countries

Independently of any bilateral agreements the contributory State pension may generally be exported outside of Ireland. It can be accessed anywhere with a payment made via an Electronic Fund Transfer (EFT) to an Irish account or account outside the State. Payment is made in the currency of the country in which the account is held. In general terms, the non-contributory State pension requires that the Habitual Residence Condition is satisfied, with a maximum of 12 weeks

[4] Source: www.gov.ie/en/publication/dc7910-guidelines-on-application-of-bilateral-agreements/

[5] A separate agreement to that which applies in the rest of Canada is in force with Quebec because their social security legislation is different. Throughout this Guideline 'country' should be read as meaning 'province' in the case of Quebec.

eligible for payment outside Ireland. There is still no provision to have portable pensions for people from outside of the EU or countries where there are no Bilateral Social Security Agreements with Ireland. There is a need to extend bi-lateral agreements to countries of origin where migrants who live in Ireland come from.

Consideration must be given to people who enter the country later in life as some do. Migrant workers who enter Ireland over the age of 56 under the current system are not able to meet the criteria to be eligible for the Contributory State Pension as they simply will not be able to pay 520 PRSI contributions before reaching their retirement age of 66 years old. Workers are also unable to buy voluntary contributions due to criteria of having 520 contributions before reaching the age of 66 years of age.

Current Solutions

Total Contributions Approach
MRCI's supports the implementation of the Total Contribution Approach (TCA). Further, we support retaining the current option available to pensioners of having their pension calculated on the basis of the TCA or the Yearly Average system over the medium term. The ability to draw a full pension after 35-40 years of contributions should be supplemented by maintaining the ability to draw Homecaring credits for up to 20 years to cover those opting out of the formal workforce to care for children, family members with a disability or elderly relatives. This approach also needs to make provision to be able buy voluntary contributions to add pension years to address the particular needs of migrants, in order to be eligible for the Contributory State Pension.

Income Adequacy
The Government has committed to linking state pension rates to 34 percent of the average wage. However this has not been introduced and recommend this is done as a matter of urgency. It is also critical that pensions are linked to wage growth, rather than the consumer price index. If linked to the latter, pension payments would rise slower and the gap between those retired and those in work would widen.

Financial Hardship
The newly announced Benefit Payment for 65 year olds fails to bridge the income gap, falling short of the full pension rate. Pensioners aged 65 years should receive a payment which is at the rate of the full state pension, restored to what was in place prior to 2014. MRCI opposes an increase in the standard state pension age to 67 and 68.

A New Pension Model

A new State pension model
A new state pension model needs to be based on Pension Age Flexibility and Fairness and includes the following elements.

(1) *Right to Remain*: provide a statutory right to remain in work at least up to the state pension age and potentially for years afterwards. The increase in the state pension age has deepened the

hardship felt by workers who are forced to retire from their employment at an age before which the state pension becomes payable.

Many workers wish to remain in their employment until their state pension becomes payable due to their continued ability to do their job and the fact that they will see a significant drop in their income if forced to retire. It ignores the fact that those forced to retire at age 65 are now being discriminated against by receiving a lesser benefit than those who can remain in their employment until age 66.

In order to address this issue there needs to be a legislative change. The Employment Equality Acts 1998 to 2015 (Implementing Directive 2000/78/EC) states that an employer cannot discriminate against a worker on the grounds of age. The Act allows (but does not require) employers to set a mandatory retirement age for workers, provided it can be justified on objective grounds.

(2) *Early Access to State Pension*: Ireland is in a minority of countries without statutory provisions on early retirement entitlements. Early retirement is available in a variety of circumstances across Europe. Ireland should examine options to facilitate early retirement (e.g. accessing the state pension at 63/64 years) on the following grounds:

a) Those employed in arduous occupations;
b) Based on a full contribution record (e.g. 35-40 contributions); and
c) General access on an actuarially-neutral basis (i.e. the total pension payments over the expected life-time of the pensioner remains the same)

(3) *Deferred pensions*: Some countries provide an incentive for people to stay longer at work by offering a premium payment to those who decide not to access their entitlement immediately upon reaching the standard state pension age. An examination of the benefits of such an arrangement and its potential form (for example: percentage weekly payment, lump-sum, or other/combination) in Ireland should be undertaken. The details of any such schemes would be worked out by an inter-departmental committee, in consultation with trade unions, employers and other stakeholders

(4) *Pension Portability + Buying Additional Years:* The Commission needs to consider a system that allows workers to carry over contributions from their countries of origin to be able to receive credited contributions from Revenue for this, or to lower the number of required PRSI contributions and/or to be able buy voluntary contributions and make up additional pension years to address the particular needs of migrants, and to be eligible for the Contributory State Pension.

Ends

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