Pensions Commission's Recommendations: Summary

Rialtas na hÉireann
Government of Ireland

State Pension Age

- By a significant majority (10 out of 11 members), the Commission recommends a gradual incremental increase in the State Pension age. Starting in 2028 the state pension age should increase by 3 months each year, to reach 67 in 2031 with further increases of 3 months every second year, to reach 68 in 2039.

Funding the State Pensions

- A separate 'State Pension' account should be created in the Social Insurance Fund.
- Regular annual Exchequer contributions equivalent to 10 per cent of pension expenditure should be made to the 'State Pension' account of the Social Insurance Fund, recognising the tripartite basis of funding.
- Increase PRSI contributions rate for the self-employed – Class S PRSI for all self-employed income to be gradually increased from 4 per cent now to 10 per cent by 2030 and then to 12.5 per cent by 2050.
- Gradual increase in PRSI contributions rates for both employers and employees starting after 2030 to increase by 1.35 percentage points by 2040 with a further 0.1 percentage point increase by 2050.
- People over State Pension age should pay PRSI on a solidarity basis (Class K) on all income currently subject to PRSI for people aged under 66. This to include occupational pension income.

Retirement Age

- Align retirement ages in employment contracts with the State Pension age, by introducing legislation that allows but does not compel an employee to stay in employment until State Pension age.
- Guidance should be developed and issued on measures to facilitate those who wish to continue working past retirement age.

Transparency

- PRSI statements should be sent to people periodically, showing their contribution record indicating their potential-pension entitlement.
- Any proposals that are progressed by Government should be subject to further gender, equality and poverty proofing.

Flexible access to State Pensions

- Consideration should be given to allow people with a long contribution history – 45 years of contributions – to access the State Pension Contributory at age 65.
- A person should be able to defer access to the State Pension up to age 70, and receive a cost neutral actuarial increase in their State Pension payment.
- A person should be allowed to continue to pay social insurance contributions past State Pension age at their existing PRSI contribution rate to improve their social insurance record for State Pension purposes.

Total Contributions Approach

- A full move to a Total Contributions Approach (TCA) using the model of the existing interim TCA should be phased over a 10-year period. This includes 10 years of credited contributions and 20 years of HomeCaring periods, but with a cap of 20 years combined credited and HomeCaring periods.

Long-term Carers

- People performing unpaid caring duties for more than 20 years should be given access to the State Pension by having retrospective contributions paid for them by the Exchequer when approaching pension age for any gaps in their contribution history arising from caring.
- Consideration should be given to the creation of a statutory 'Family Carer Register'.

Payment Rates

- The Government should implement the 'smoothed earnings' pension benchmarking approach set out in the Roadmap for Social Inclusion.
- The Commission recommends use of the Living Alone Allowance to provide targeted support to single pensioner households who are at greater risk of poverty.

This is a summary of the recommendations. For the full report and recommendations please see: www.gov.ie/PensionsCommissionReport