

The National Federation of Pensioner Associations



2026 Pre-Budget Submission

Introduction

The National Federation of Pensioner Associations (NFPA) was founded in 1976. It has twenty pensioners' associations affiliated to it representing 29,000 pensioners drawn from the public service, semi-state bodies and the private sector. The Federation is unique in that all of its pensioner members are in receipt of occupational pensions.

It is an independent voluntary body with a National Executive and Officers who serve in an honorary capacity. It is funded by subscriptions from its affiliated associations.

Policy is derived from proposals which are voted on and accepted at an Annual Delegate Conference. The Federation's core policy position is the need for pensioners to be formally involved in key decisions that affect them. To this end the Federation demands that they should be involved in any consultation process involving pensioners.

Issues Put Forward for Consideration by the Government in Budget 2026

The NFPA would like to address the following points in this submission:

1. Industrial Relations (Provisions in Respect of Pension Entitlements of Retired Workers) Bill 2024
2. Benchmarking of the State Pension
3. Restoration of the Household Benefits Package
4. USC Payable on Occupational Pensions
5. Dental and Optical Benefits
6. The Erosion of Pension Benefits of Ex-Civil Servants Transferred to Semi-State Companies
7. Need for a Commissioner for Ageing and Older People

1. Industrial Relations (Provisions in Respect of Pension Entitlements of Retired Workers) Bill 2024

Pensioners have contributed to the Irish economy over their working lives not only through work but also through their contribution to voluntary and charitable organisations, thereby, saving the state significantly in monetary terms.

If pensioners have a grievance concerning their pension, they cannot address it if they are retired more than six months. The FSPO only deals with individual cases within its narrow remit. Through this Bill they are simply seeking an avenue to address this inequality. Every worker has a right to refer a grievance to an agreed third party for consideration and/or resolution. Pensioners are seeking the same right in relation to their pensions which are a property right. They are not seeking to interfere with the industrial relations procedures of the state. Their interest is exclusively in protecting the rights of pensioners. NFPA believes that pensioners are being discriminated against by not having a forum to present their collective grievances.

The NFPA calls on the government, and the Parties forming the government, to facilitate the full consideration and to support the Bill in its passage through the Oireachtas so that pensioners have a forum through which to air grievances.

2. Benchmarking the State Pension

The Parties in government committed during the 2024 general election campaign to benchmark the state pension at 34% of the average wage. First proposed in 1998, this pledge was developed in *The Roadmap for Pensions Reform 2018-2023* and *The Roadmap for Social Inclusion 2020-2025*, and a technical analysis of the benchmark was conducted as part of the *Report of the Commission on Pensions*. Since 2018, government tried to re-define the benchmark on two occasions. Such moving of goalposts is not prudent policy.

Retired and older people deserve secure adequate retirement incomes. Pensioners in receipt of the state pension do not know if they will receive an increase on an ongoing basis. Increases are at the discretion of the government. Pensioners need and are entitled to certainty in relation to their income from pensions to which they contributed throughout their working lives.

Pensioners need to be able to plan for their future, especially during rising costs in living, especially food and energy costs. For example, fuel costs increased by 62.7% in urban areas and 54% for rural areas during the period March 2020 - March 2024. Minimum Essential Standard of Living costs increased by 1.8% in last year with cumulative increase of 18.8% since 2020. The Survey of Income and Living Conditions 2022 showed that one in five people aged 65 or older (19%) was at risk of poverty, up from one in ten (9.8%) in 2020. One in three (33.6%) older people living alone was at risk of poverty, up from one in five (20.5%) in 2020.

Benchmarking at 34% cannot be done in one year, but it is fiscally feasible to phase it in over a number of years, if there is the political will to do so. This should be seen as an investment in people's living standards, reducing poverty (more than 1 in 8 people aged 65 and over suffer multiple deprivation experiences) and increasing the quality of life of older people.

The NFPA calls on the government to keep its pension promise commencing with Budget 2026 with the aim of achieving the 34% benchmark within three years.

3. Restoration of the Household Benefits Package

This benefits package was reduced during the financial crisis of 2008. The telephone is the main instrument of communication for pensioners. Contact with family, friends and neighbours via the telephone is enormous benefit in preventing social isolation not just in rural areas but also in urban areas.

The NFPA calls for the package to be fully restored and provided for all pensioners as a measure for promoting social inclusion and good mental health amongst the elder community.

4. USC Payable on Occupational Pensions

There is an anomaly between occupational pensions and the state pension in terms of the Universal Social Charge. The USC is payable on income over €13,000 a year but it is not payable on the state pension income which is just over €15,000 annually for an individual with an additional almost €10,000 for a dependent. That is an unfair and discriminatory anomaly.

Those whose pensioners whose income is made up of the state pension and a supplementary occupational pension are exempt from paying USC on the state pension component. In contrast, those whose pension comprises only an occupational pension get no exemption and pay the full USC.

The NFPA calls for this anomalous discrimination to be removed.

5. Dental and Optical Benefits

Dental and optical care are essential for overall health, especially in elder years. Pensioners who were employed by certain semi-state bodies, e.g. An Post, Eircom, the Irish Aviation Authority, Coillte, etc., paid Class D PRSI which does not entitle them to the state pension or its accompanying benefits package. It is discriminatory and not inclusive for retirees but the companies achieved very significant savings in their contribution to the Social Insurance Fund.

An option in removing this discrimination could include, say, two Class D contributions would be equivalent to one Class A contribution. Class K PRSI that was applied in 2011 to Members of the Oireachtas and the judiciary is similar to Class D in that it confers none of the extra benefits. When 9 Oireachtas Members signalled their intent to take a case to the High Court last year, the Minister indicated that she would be open to a Private Members' Bill to amend the Act if there was all-party agreement.

The NFPA calls for this discrimination in dental and optical care to be removed for Class D PRSI contributors.

6. Erosion of Pension Benefits of Ex-Civil Servants Transferred to Semi-State Companies

When thousands of civil servants were transferred to semi-state companies – Eircom, An Post, Coillte, and the Irish Aviation Authority – during the period 1984-1993, they were guaranteed in the founding legislation of these companies that they would receive pensions on “not less favourable conditions” than those they were entitled to before the vesting day of each company. They accepted the state’s commitment in good faith.

Minister for Finance, Brian Cowen TD, stated in a letter on 30 November 2005, having obtained “*requisite legal advice*” presumably from the Attorney General: “*The status of persons who transferred from the Department to one of the companies [Eircom and An Post] altered from that of civil servant to employee of the company upon transfer... It is precisely because of this change in status that the Oireachtas decided to ensure that such persons would not be subject to less beneficial conditions than if they remained civil servants. This position is strongly supported by provisions in the 1983 Act...*”

Minister for Communications, Noel Dempsey TD, replying to PQ No 268 on 8 February 2005 set out the position on pay / pension parity in relation to increases in pensions: “... *the existing terms of the An Post Superannuation Scheme provide for ‘pay parity’, that is, that pensions are increased in line with the pay of serving staff. This is in accordance with public service defined benefit pension increase policy generally, ‘pay parity’ being an integral and well- established practice which is widely applied in public service defined benefit pension schemes*”.

In the information booklet launching its pension scheme in 1984, Bord Telecom Eireann (later Eircom / Eir) stated that “*pensioners are granted periodic increases in pensions in line with pay increases to their relevant grade*”. This policy was re-confirmed by the company to the IMPACT trade union in June 1997 stating it was “*authorised to adjust pensions from time to time in line with general pay movement of serving staff in the company*”. That authorisation was from the Department of Communications under the terms of the Postal & Telecommunications Services Act, 1983.

However, following the financial crash in 2008, these guarantees were re-interpreted by above companies, with the backing of their parent departments and the Department of Public Expenditure, PDP Delivery & Reform. This re-interpretation disregarded the statutory protection, ministerial commitments, and collective agreements, resulting in pension increases either being capped at max 2%, or 3% or denied entirely. Pay/pension parity - a fundamental principle since 1972 in the public service - was re-defined, devalued or abandoned altogether and some of the above companies reduced their contribution to their pension fund, e.g. An Post reduction was from 14.4% to 8%.

That has resulted in the pensions of these former civil servants being devalued, depriving them of cost-of-living increases and parity with their counterparts in the companies as had been the policy and practice. Many now receive pensions lower than the state pension while also facing additional financial burdens and paying USC on their pension income (refer to No. 3 above). Their standard of living has been diminished significantly.

This hardship and injustice imposed by the state was acknowledged in the Dáil on 25 February 2025 when An Taoiseach stated: “*There is a very real issue with regard to the entitlements of retired postal workers. I will be talking to the Minister for Public*

Expenditure in relation to that and to wider issues in terms of agreements of this type that happened in the past and people feeling that their entitlements have not stayed at par or have reduced in real terms.” But nothing has changed in the on-going dispute between these pensioners and their former public sector employers and the state.

The NFPA calls on the government to appoint a retired High Court Judge to carry out an independent review and report on the interpretation and implementation of the statutory guarantees on the future pensions of this cohort of ex-civil servants as set out in the various legislation.

7. Need for a Commissioner for Ageing and Older People

In 2011, there were 535,716 people aged 65+ in Ireland, making up 11.4% of the total population. By 2031, this is project to increase to more than one million. By 2041, the population aged 65+ is projected at almost 1.4 million, or 22.4% of the population. Furthermore, the number of people aged 80 and over is projected to increase from 130,598 to 457,962 between 2011 and 2041. This is an increase of 250%.

Many policy and strategy documents relating to the rights and needs of older people have been introduced over the years. When it was published in 2013, the National Positive Ageing Strategy aimed to create a “shift in mindset in how we, collectively and individually, conceptualise ageing”. At the time it described itself as “*the blueprint for this planning for what we can and must do - individually and collectively - to make Ireland a good country in which to grow older in the years ahead*”.

However, in the absence of a statutory driver for this key Strategy, an implementation plan was never published or actioned, and the Strategy was downgraded over time to a series of ‘guiding principles’, rather than aims to be achieved. What is needed is a champion with statutory powers and a cross-Departmental brief who takes responsibility for focussed progress on tackling ageism and national policy on older people.

A Commissioner for Ageing and Older People would provide an independent voice with the ability and capacity to engage with all Government departments. They would support a coordinated approach towards the implementation of strategies and actions relevant to the needs and rights of older people taking a role independent of any one department.

The Commissioners for Older People in both Northern Ireland and Wales have established track records of achievements for older people as well as enhancing the capacity and capabilities of public services to respond to the challenges and seize the opportunities presented by population ageing.

The NFPA strongly supports the advocacy of The Alliance of Age Sector NGOs seeking the appointment of a Commissioner for Ageing and Older People.

Conclusion

These are the principal issues we wish to propose to government for consideration in Budget 2026. We look forward to expanding on these at the Pre-Budget Forum.

Stephen Lyons
Chairman

18 June 2025