Submission to the Department of Employment Affairs and Social Protection

Consultation on the Total Contributions Approach for State Pensions

Crosscare Migrant Project

August 2018

Crosscare Migrant Project is the only Irish based non-government organisation with the specific remit of working with both intending and returning Irish emigrants, as well as immigrants in Ireland. We are funded by the Department of Foreign Affairs and Trade's Emigrant Support Programme and, as a part of social support actions by the Catholic Archdiocese of Dublin, have been working with Irish emigrants since the 1950s. We welcome the opportunity to contribute to the consultation on the revisions to the contributory state pension.

The Government's proposed Total Contributions Approach has raised some concerns in regard to equity for Irish emigrants living and working abroad and their right to the full contributory state pension. In our work with Irish emigrants living and working abroad, many are choosing to return to live in Ireland and many more of our diaspora wish to reserve the freedom to return in the future. Irish emigrants who will remain settled permanently abroad will have accrued qualifying contributions for an Irish contributory state pension under the current averaging system and may be affected. Many emigrants have already been working for years abroad including young adults who emigrated during the recession and may not have had the opportunity to initiate their PRSI contributions in Ireland and may be excluded from the TCA where they cannot accrue the minimum quota or combine contributions from abroad.

The Irish Diaspora are spread far and wide across the world and Ireland has several bilateral agreements in place that recognise working contributions of their citizens abroad in order to qualify for a State pension, for example, bi-lateral agreements with Britain, Australia and the United States. There are many countries, however, with whom Ireland has not set up a bi-lateral agreement and Irish citizens are vulnerable to reduced rights and entitlements in their destination countries and on return to Ireland under the Total Contributions Approach. There are multiple implications for Irish emigrants and possibly more that may not become clear for many years.

Indeed, there is a broader concern for migrants in Ireland who are similarly affected where they have contributions from other countries that are not part of bi-lateral agreements on state pensions. The Government must be cognisant of Ireland's diaspora and prevent inequity of access to adequate and full contributory state pensions.

The government's review of the new pension framework must include provisions for:

People applying for a contributory State pension who worked abroad in countries that do not have a bi-lateral agreement with Ireland on pro-rata contributory pensions and will not have 40 years contributions in Ireland, including citizens returning to Ireland and those permanently settled abroad. For example:

Paula started work in Ireland at the age of 22 for 10 years, then worked in Thailand for 20 years and returned to Ireland and worked for another 15 years. She would have a total of 25 years contributions based in Ireland and would not qualify for the full contributory pension. Equally, she may not qualify for a contributory pension in Thailand. Under the yearly averaging rate she would have qualified for the full contributory pension.

People applying for a contributory pension who have gaps in their employment in countries with bi-lateral agreements where credits for unemployment periods are not applied. For example:

Fiona worked for 10 years in Ireland and 20 years abroad. She was unemployed for 1 year, she was out on maternity for 6 months, and she spent 2 years home-caring. Credits for these absences from employment may not be accredited to contributions abroad and will therefore not be included in her Irish contributory pension assessment under TCA when she returns to Ireland and could exclude her from the full contributory pension.

Bi-lateral agreement insecurity – these agreements may be subject to change at any stage in the future, therefore the framework must consider the possibility of insecurity to these agreements and make responsive provisions.

For example, the bilateral agreement with the UK could be put at risk from possible changes as a result of Brexit. Or, the bilateral agreement with the U.S. may be affected under new immigration and foreign relations reform.

All people working outside of Ireland for over 10 years will automatically be ineligible for the full contributory pension where they have been in countries outside of bi-lateral agreements (based on retirement age 68, less first 18 years of life, leaving 50 years working life).

For example, the majority of graduates who left during the recession during the past ten years and will have spent over ten years working abroad.

All residents of Ireland who worked and made contributions in both Ireland and abroad and currently have an entitlement to a full contributory pension that will be put at risk under the Total Contributions Approach.

In all scenarios, outcomes of the Total Contributions Approach must be addressed in the revision for 2020 in terms of impact on Irish diaspora to ensure they do not incur a disadvantage on their return. Equally an impact assessment must be made to determine potential impact on migrants working in Ireland who will be entitled to a full contributory state pension under the current averaging system and to ensure their rights and entitlements are not affected as valuable contributors to the Irish economy.