

The Alliance of Retired Public Servants

NEWSLETTER | JANUARY 2015

INTRODUCTION

- The Alliance is issuing this Newsletter with a view to keeping constituent pension organisations and their members, individual public service pensioners, up to date on current pension related developments.
- The Alliance is also suggesting how individual pensioners might help in relation to the Alliance campaign for the ending of emergency powers used to reduce public service pensions, and for the ending of discrimination against public service pensioners in the application of the Universal Social Charge.

BACKGROUND

The Alliance is comprised of pension organisations representing about 75,000 retired public servants - including former civil servants, local authority and health employees, teachers, nurses, doctors, gardai, defence force personnel and others.

The Alliance came together informally in 2013 against the background of public service pensioners having no voice in relation to the introduction by government of emergency legislation reducing pensions and, following a meeting at the time with the Minister for Public Expenditure and Reform, the Alliance was established on a formal basis in 2014.

PENSION DEDUCTIONS

The effect of the Financial Emergency Measures in the Public Interest legislation (Acts of 2011 and 2013) is that emergency powers are used to reduce all public service pensions over €12,000 per annum by between 8% and 28%.

Many public servants are on pension levels equivalent to those which applied at the turn of the century and, at the rate things are going, many will be dead before the pensions they worked all their lives for are restored.

The level of pension reduction is penal at this stage given the extent of the economic recovery and the fact that it is in addition to the general austerity measures which particularly impact on pensioners - the ongoing medical cost inflation, lower income thresholds for medical card eligibility, cuts to medical insurance tax relief, increased exposure with age to medical expenditure, major other cuts to disposable income including waste disposal charges, local property tax, water charges, electricity, fuel and telephone benefits under the household benefits package.

UNIVERSAL SOCIAL CHARGE

The position in relation to the Universal Social Charge is that public service pensioners pay this charge on all their pension income if their pension exceeds €12,012, whereas pensioners on coordinated pensions (state plus occupational pension - the private sector norm) pay no Universal Social Charge on the state element of their pensions.

This, for example, means that a private sector pensioner in receipt of a state pension for dependent spouse and self, both over 66, on a coordinated pension income of €34,684 pays no Universal Social Charge whereas an equivalent public service pensioner on the same pension is subject to the Universal Social Charge on all income and therefore pays €1,572. This is fundamentally discriminatory and unfair.

PERCEPTIONS V REALITY

Public service pensioners are private citizens who spent their working lives in the service of the state; their contract, which is completed on their side, was with a sovereign government (which doesn't default!) and pension arrangements were a critical element of their employment; they contributed to their pensions at rates deemed appropriate by successive governments.

Contrary to popular belief, public service pensioners are not privileged "fat cats" - the average civil service pension is in the order of €20,000 per annum and considerably less than 1% of civil servants receive pensions over €100,000 per annum; overwhelmingly, public

service pensioners do not receive the state pension and their spouses (usually wives) who worked in the home have no entitlement to the state pension deriving from their retired spouses public service employment.

ALIENATION

The present reality, not surprisingly, is that very many public service pensioners have become alienated from government.

Given popular misconceptions about public service pensions, they are perceived as an easy target and they are now afraid that, in improved economic circumstances, the emergency powers will continue to be used into the future leading, in effect, to a situation in which public servants (retired and serving) will, de facto, be funding more populist financial relief measures leading up to and beyond the general election.

EMERGENCY POWERS

The amount of money deducted under emergency powers from public service pensioners in 2014 is estimated officially to be €125 million. The €125 million sounds and is a lot to an individual but in terms of the running of the state it is by no means essential. It is only 0.2% (zero point two percent) of the total state expenditure of €54 billion in 2014.

The government decided that it was not necessary to take a further €2 billion in taxes/cuts in the 2015 budget. The exchequer returns at the end of August 2014 showed that tax receipts exceeded estimates by €1 billion and, in the full year, the government took an extra €3.5 billion in taxes compared to 2013, which was an increase of 9.2%. The official expectation is that the deficit for 2015 will be 2.7%, i.e. below the 3% deficit target.

In the circumstances, and the longer it goes on, it becomes increasingly difficult to convincingly argue that the contribution from retired public servants is so essential to economic recovery that the continued use of emergency powers against pensioners is either necessary or justified in the common good.

Emergency powers have been used to restrict the property rights of public service pensioners in a situation where, by contrast, over €1 billion was put into the pension funds of the state owned Allied Irish Banks on the basis of recognising the legal obligations to bank

pensioners. Are the property rights of public service pensioners, who have spent their working lives in the service of the state, not deserving of equal recognition?

THE ALLIANCE PROGRAMME

The Minister for Public Expenditure and Reform, in May 2013, indicated to the Alliance his intention as a matter of priority to move towards reducing the burden of the public service pension reduction, with the initial focus on people on low pensions, as soon as economic circumstances permit. At a meeting with the Alliance in July, 2014, the Minister indicated that talks would be held with the public service unions in 2015 about the orderly winding down of the emergency legislation in relation to public service pay and with the Alliance in relation to public service pensions.

We urgently need specifics as to what the government has in mind and we have looked for another meeting with the Minister for Public Enterprise and Reform.

The Alliance has also recently written to the leaders of political parties in government and opposition and to all T.D.s and senators advising them of the concerns of retired public servants and seeking their assistance and that of their parties in ending, at the earliest opportunity, the use of emergency powers to reduce public service pensions and ending the discriminatory application of the Universal Social Charge to public service pensioners.

The Alliance will continue to pursue these approaches at political level and will advise public service pension organisations, for the information of their members, of the responses received.

The Alliance is also arranging regional meetings of public service pension organisations and is asking each organisation to contact local politicians and to circulate this Newsletter for information to members. The Alliance is briefing the national media and is asking constituent organisations to maintain contact with the local media.

WHAT CAN YOU DO TO HELP?

This Newsletter is intended to bring you up to date on pension related matters and there is a great deal you can do to help.

Each pensioner matters, and you may wish to ensure that all your local T.D.s and senators are contacted and made aware of the effects of the use of emergency powers to reduce your pension and of the discriminatory application of the Universal Social Charge on you and your dependents and the need to address these matters. You may also wish to advise your friends and contacts generally on the reality of public service pension life on a reduced income.

Just remember, the old days are gone. With the pressures on pensions generally these days, public service pensioners will have to be prepared to make their voices heard now if they want to be treated fairly in the future. It's time to stand up and be counted.

It is also time for government to put arrangements in place to end the use of emergency powers to reduce public service pensions and to end the discrimination in relation to the application of the Universal Social Charge to public service pensioners.

Go and talk to your local T.D.s and senators and make your voice heard locally. If you don't take your own situation seriously, no one else will.

ALLIANCE OFFICERS

The current officers of the Alliance are Brian Burke, Chairman (IMPACT), Gerard Blake (Garda Siochána Retired Members' Association), Mike Moriarty (ASTI Retired Secondary Teachers' Association) and Christy Conville (TUI Retired Members' Association).

ALLIANCE OF RETIRED PUBLIC SERVANTS

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