AgeAction
Age Equality

Spotlight on Income in Older Age

The State of Ageing in Ireland 2023

Spotlight on Income in Older Age—The State of Ageing in Ireland 2023

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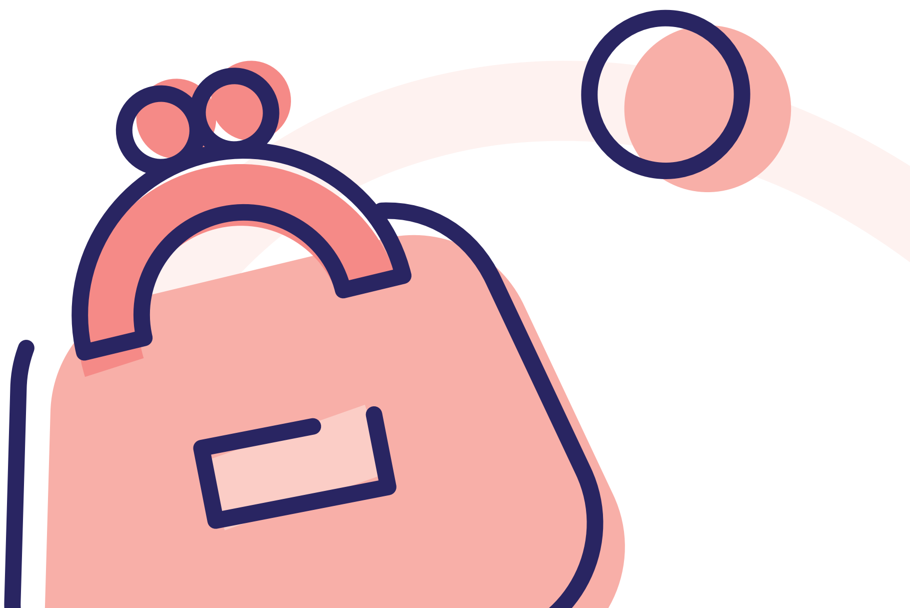


Method

This is the second publication in Age Action's State of Ageing series, following *Reframing Ageing: The State of Ageing in Ireland 2022*[1].

Age Action values the lived experience of older people to inform our work. We invited the participation of older people in this report through focus groups and a survey about income and living costs of older stakeholders in hardcopy as well as online (n=137). The age of respondents to the survey ranged from 63 to 95. We heard from people who lived alone, or with their partner, carer, children or grandchildren. Most respondents were homeowners, but some rented and others lived in houses owned by family members. Most respondents lived in urban areas and some rurally. Women were over-represented but over a third of respondents were men. The desk research was also informed by Age Action's lived experience surveys from earlier in 2023 (n=89), 2022 (n=244) and 2021 (n=271).

Focus groups and one-to-one conversations on the topic of income and living costs were held in mid-2023 with a total of 30 participants, which provided nuance and depth of understanding to inform the report. Participants were a mix of ages from late fifties to late eighties.

Quotes throughout the report are the words of participants in the focus groups or survey responses, unless otherwise indicated.

Alongside the qualitative research, desk-based research was conducted using data sourced from the Central Statistics Office (CSO), Revenue and other public sources.

Introduction

Ireland should aim to ensure that everyone has an adequate income in older age, so that we have independence, choice and control over our lives, and so we can meet our basic needs without insecurity or fear about unexpected expenses or healthcare costs at the end of our lives. People have a right to decent living standards, including access to services such as transport, home care and healthcare.

Ireland has ratified the International Covenant on Economic, Social and Cultural Rights, which recognises, for example, "the right of everyone to an adequate standard of living" and "the right of everyone to the enjoyment of the highest attainable standard of physical and mental health".[2] Ireland has also ratified the Convention on the Rights of Persons with Disabilities, which "provides the tools to understand the many forms of discrimination experienced by older persons with disabilities, and ensure they enjoy all their rights".[3] Ireland is a signatory to UN Resolutions that recognise the rights of older people to resources and practical supports,[4] and Ireland has been involved for over twenty years in the UN Madrid International Plan of Action on Ageing (MIPAA) and its accompanying Political Declaration.[5]

The commitments involved include "the achievement of secure ageing, which involves reaffirming the goal of eradicating poverty in old age" and "commitment to gender equality among older persons."[6]

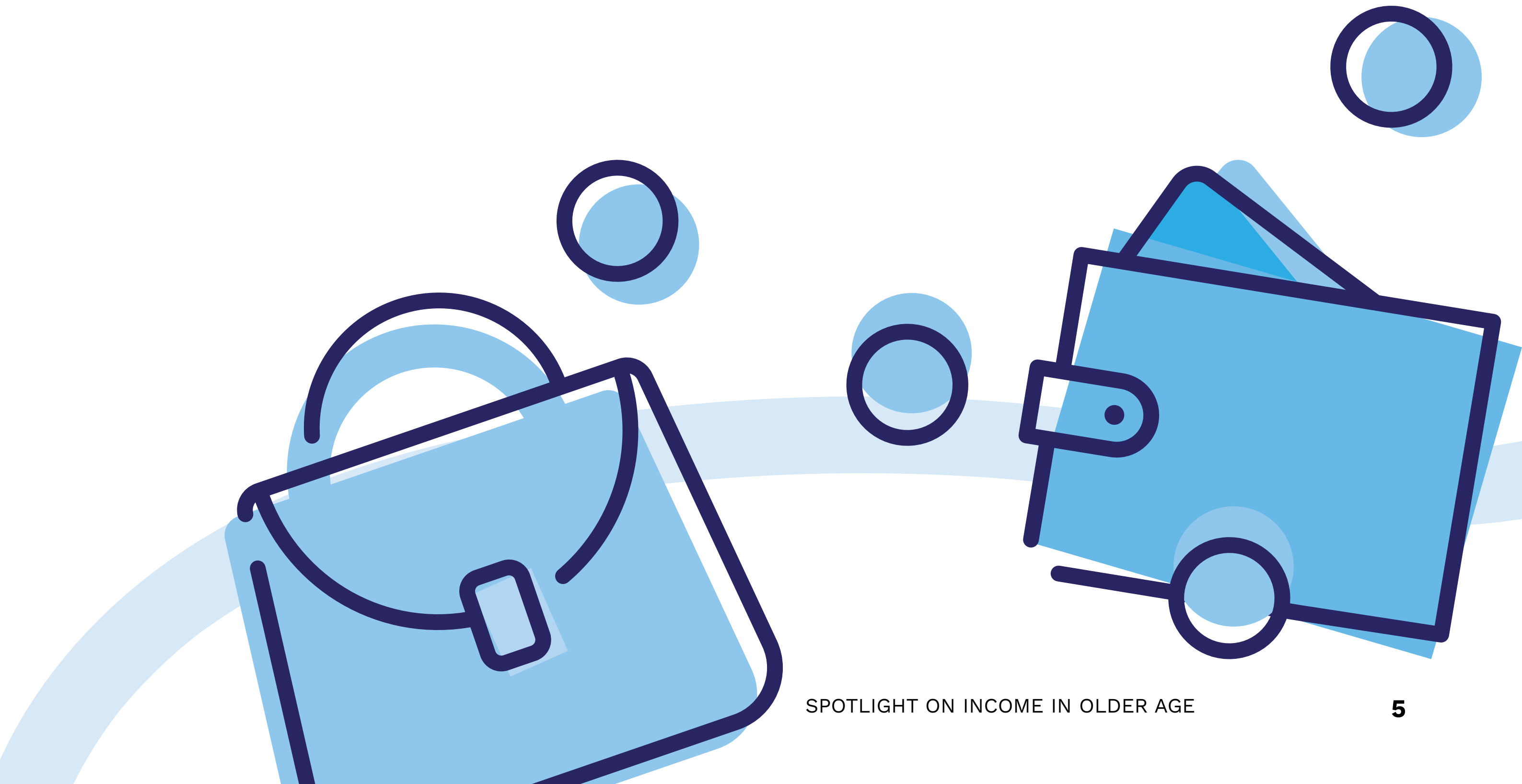
Ireland provides valuable supports to its older population, from the state pension system and supplementary payments through to public transport, housing, healthcare and long-term care. At the same time, the development of Ireland's system of social protection and public services took a different path from most of western Europe and is less developed and less comprehensive.

This report shows that poverty, deprivation and income inadequacy are facts of life for many of us in older age. The structure of the Irish economy—past and present—is shaped by public policies that confer greater advantage on those who are already successful, such as pension tax breaks that mostly benefit the top 20% of earners, or over-reliance on health insurance that many people cannot afford. The World Health Organisation states that cumulative advantage or disadvantage results in unequal experiences of older age. In Ireland, older persons in the bottom 20% of the income distribution have a shorter life expectancy by five years and are more than twice as likely to suffer from a health-related limitation in older age. Women's retirement incomes are significantly lower than men's.

In the current context of high inflation, poverty and deprivation among older persons has increased rapidly, which demonstrates that the Irish state does not have adequate safeguards in place to fully protect older people when adverse circumstances arise. Bureaucratic processes prevent some from accessing their full entitlements. The social protection system also fails to follow the evidence about the additional and once-off costs people face in older age. While many positive, protective steps were taken during the COVID-19 pandemic, some of these steps were ageist and paternalistic, rather than empowering. The government and public agencies need to demonstrate that they value the participation and input of everyone in society, including older persons, by providing them with greater opportunities to shape the policies and services that affect them most. While Ireland's ageing demographics have been identified as an important concern by policymakers, the state still needs to improve its strategic approach to meeting the present and future needs of older people.

Key Conclusions

- **Most older persons are deeply reliant on the state pension and social protection generally, to a greater extent than the rest of western Europe because of lower levels of occupational and private pension coverage.**
- **While social protection keeps many out of poverty, deprivation is common among older people, who are often unable to make ends meet.**
- **It is common in older age to face new expenses, such as in the areas of health, transport and housing. Often these are large one-off sums that older people cannot cover with their modest weekly incomes, which causes significant distress and anxiety.**
- **Gender inequality persists into older age, and compounds with ageism to present new difficulties and barriers for older women.**
- **Cumulative advantage and disadvantage throughout the life course deepens and entrenches inequality in older age, widening the gap between the worst off and the best off and making it more difficult for people to improve their situations. Unless the state intervenes, these inequalities are projected to become more extreme.**



Overview

The report is comprised of five sections, each of which describes a dynamic of older persons' incomes.

Part One, the Income of Older Households, introduces the situation of older people, examining their income from work, occupational and private pensions, as well as how the transition from work to retirement impacts income. From this part we learn that:

- Only three-quarters of workers have any occupational or private pension savings when they reach their 60s (see page 14).
- One in six workers aged 50 or older are in low pay, which may make it hard for them to save for retirement (see page 11).
- One in nine people aged 65+ remain in employment (see page 11).

Part Two, State Pension Incomes, goes into further detail on the state pension as a primary source of income for most older persons in Ireland. From this part we learn that:

- Social protection eligibility rules lead to unfair anomalies, especially for women (see page 21).
- Seven in ten people aged 66+ derive more than half their income from social protection, including three in ten people aged 66+ who derive more than 90% of their income from social protection (see page 18).
- Older persons often lose out on pension income and other welfare entitlements if they move in with family or if family moves in with them, because of administrative rules relating to household composition (see page 21).

Part Three, Cumulative Advantage and Disadvantage Over the Life Course, examines the various forces at play that leave some people better off and some people worse off in older age. From this part we learn that:

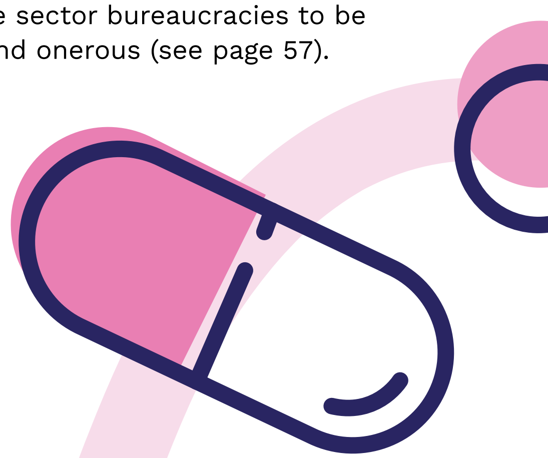
- Most employees on lower incomes do not make pension savings (see page 26).
- Most of the benefit of pension tax breaks go to the top 20% of income earners (see page 27).
- Women's pension incomes are on average 35% lower than men's (see page 28).
- Ageist attitudes are prevalent in Ireland, according to polling commissioned by Age Action, and prevent older workers from improving their incomes (see page 30).

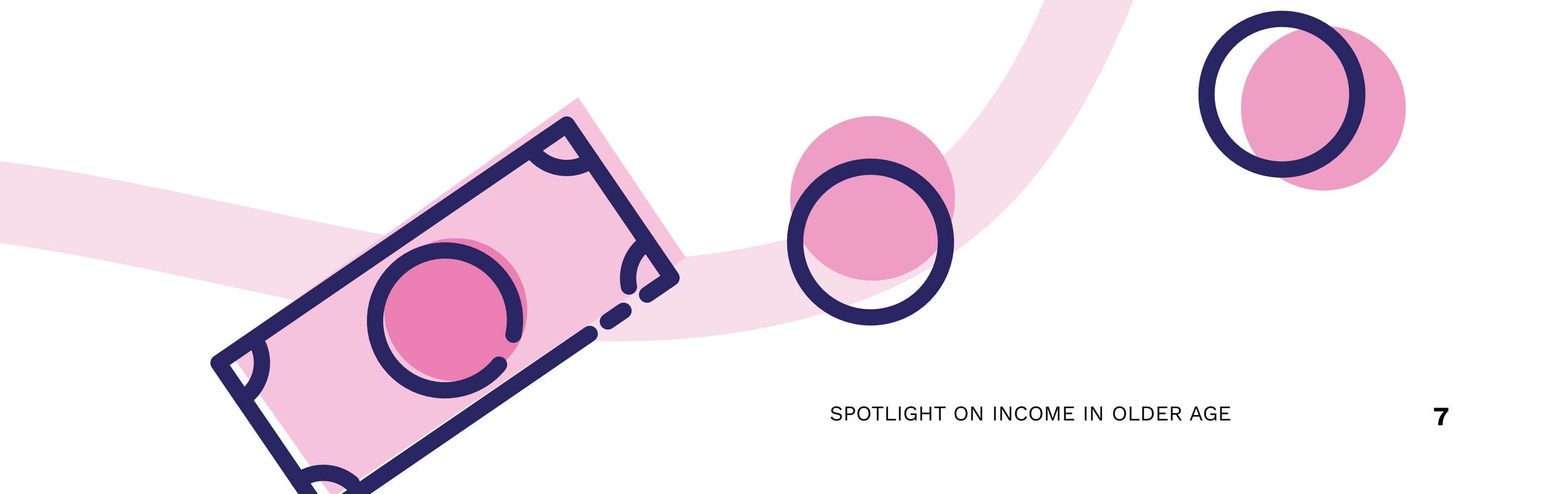
Part Four, Income Inadequacy and Going Without, describes the situation of the many older persons facing financial difficulties. From this part we learn that:

- One in five older persons is at risk of poverty, including one in three living alone (see page 39).
- One in eight older persons experiences involuntary deprivation (see page 37).
- Many older persons sacrifice basics—including medicines, heating and socialising—to cope with the cost of living (see page 38).
- As a percentage of GNI*, Irish public spending on old age social protection was among the three lowest countries in the EU in 2021 (see page 44).
- Ireland's pension system has the second lowest level of income replacement in the EU (see page 43).

Part Five, Coping with Additional or Unexpected Costs, outlines the expenses unique to or over-represented in older age, making the case for a cost of ageing study. From this part we learn that:

- Cumulative advantages in life—leading to homeownership and retirement savings—leads to not only higher income in older age, but the ultimate consequence is that people in the poorest income groups acquire illness and disability from a younger age, and die younger (see page 56).
- Older persons often attract additional expenses that other age cohorts avoid, including in the areas of housing, health, energy, and transport (see page 47).
- The state pension system is inadequate to help older persons cope with the range of once-off costs they are likely to face in older age (see page 48).
- Non-cash supports like free travel and Medical Cards are precious to older persons (see page 56).
- Most older persons find navigating public and private sector bureaucracies to be complex and onerous (see page 57).





Recommendations

- Ireland needs a **comprehensive national strategy on ageing**, which should in turn require every government department and agency to formally plan its approach to the demographic transition that Ireland is undergoing. The strategy should focus on what is needed to enable us all to age in place in our communities, to foster healthy ageing as well as to identify what is necessary to ensure no one is left behind in older age.

- A **comprehensive cost of ageing study** should be conducted by government, to provide the necessary evidence and analysis to allow for Ireland's social protection system to be sufficient to meet the basic needs of all older persons. Such a study should examine housing and healthcare, including all the one-off costs that a person is likely to face in older age when they can no longer generate an income through economic activity.

- As part of the response to bureaucratic barriers and digital exclusion, the government must **establish a Commissioner for Ageing and Older Persons**, to take a focused and holistic approach to policy, research, and services relating to older persons. We know that older people in Ireland support this and that many older people feel their needs and concerns are currently being ignored.

- The **state pension should be benchmarked against 34% of earnings, through legislation,** as a starting point towards ensuring income adequacy for all.

- **Mandatory retirement at any age should be abolished** in both the private and public sectors. Beyond legislation, more practical supports and flexibility by employers is needed to support older workers to have longer working lives.

- The government must **commit to equality audits** of its policies and services to identify and remove the disadvantages these systems create for older women, older persons with disabilities, and older persons engaged in care work.

PART 1

The Income of Older Households

The one million people aged 60 and older have diverse incomes. Many people in their early 60s still have income from employment, while most of the 726,000+ people aged 66 or older[7] receive a state pension, or a partial pension in the case of many women. Most occupational pensions and private pension incomes also become available from age 65 or 66.

Changing income profiles are associated with different decades of older age, and every older individual or couple faces different costs depending on their circumstances. We cannot assume that all older persons have similar income situations.

The annual Survey on Income and Living Conditions (SILC) shows the distribution of gross household disposable income among households headed by an older person, as illustrated in Figure 1. The median gross household income for people in their 60s is €45,450, meaning that half of households have a higher income and half have a lower income. For households in their 70s, the median is €31,605.[8]

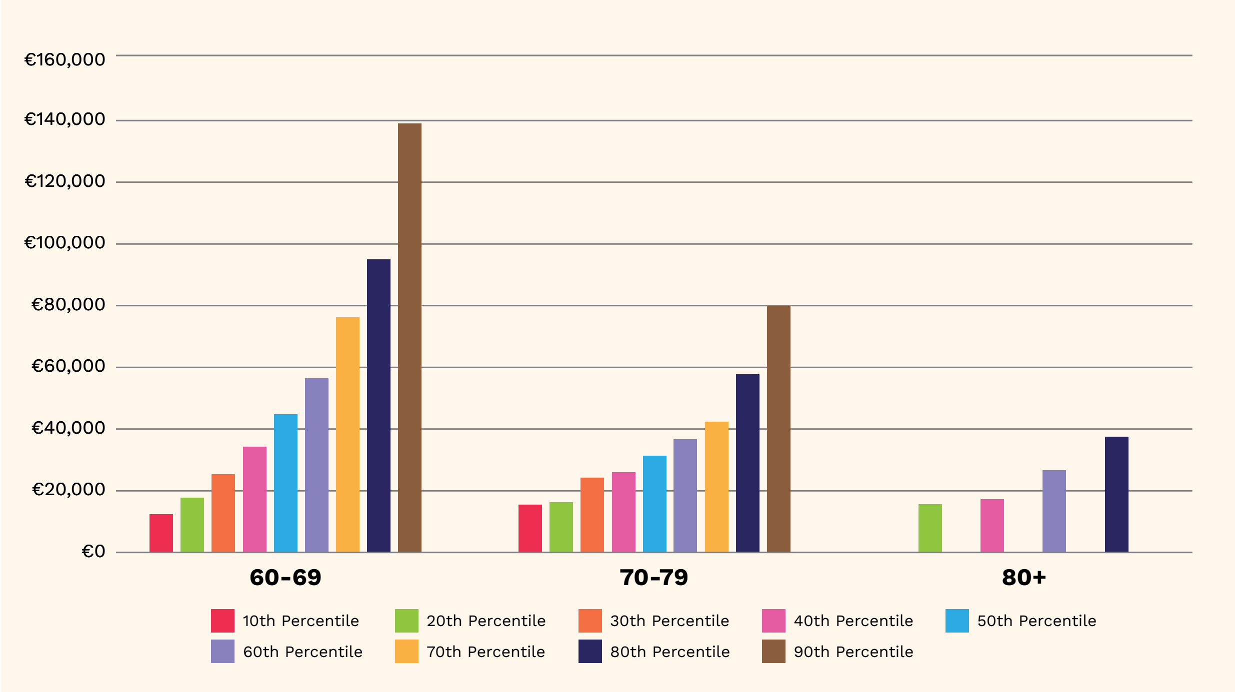


Figure 1. Gross Household Income by Decile for Ages 60-69 and 70-79 and by Quintile for Ages 80+ (SILC 2022)[9]

The data shows that incomes decline over time, especially once a person leaves employment. There is a clear contrast between incomes among people in their 60s, many of whom remain economically active, versus those in their 70s where most of them rely on pensions. The decline in income between people in their 70s and those in their 80s is likely explained by the loss of income when a spouse passes away.

Older persons living alone—who are disproportionately women—are more likely to be in the lower end of the income distribution whereas couples are more likely to be in the upper end. People relying entirely or mostly on social protection are likely to be in the bottom and middle of the income distribution, whereas those with additional incomes are likely to be in the upper end of the distribution.

"Two in old age – one has died, the cost was between two, now one income has to cover heating the same house, property tax, bins, house insurance, maintenance."

1.1 Income from Work

Some respondents to Age Action's surveys were still in work or had remained in work past the state pension age. Often this was because of an intrinsic desire to remain in employment, but sometimes it was necessary to supplement an otherwise inadequate income. Others reported a desire to return or remain in work but found it was impossible.

The number of older workers in the labour market has tripled in the last 25 years, while the proportion of all workers aged 55 or older has doubled. There were nearly five times as many older women at work in 2022 compared to 1998.[10] More of these workers may be part-time, given that a larger proportion of workers aged 45-64 are part time compared to younger workers, and nearly half of workers aged 65+ are part-time.[11]

Table 1. Older Workers (55+) in the Labour Force

Year	Workers aged 55+	Workers aged 55+ as a percentage of all workers	Men at work aged 55+	Women at work aged 55+
1998 (Q1)	168,200	9.9%	123,000	45,200
2023 (Q1)	520,100	19.1%	297,100	223,100

A report for the Low Pay Commission found that one in six workers aged 50 or older are in low pay, typically in administrative or health/caring roles. Low paid older workers also tended to work part-time.[12] Across the economy, nearly one in five (18%) of workers are in low pay.[13]

> ***"What it's costing just to stay alive today, never mind anything else."***

Census 2022 found that more than two-thirds (68.7%) of people aged 55-64 were in the labour force, and additionally one in nine people aged 65 or older (11.2%) was in the labour force. This means 87,000 people aged 65+ were still at work, more than two-thirds of whom were men.[14] Men in paid work after age 70 outnumber women by at least three to one, and after age 70, those at work are more likely to be self-employed than employees.[15]

The incomes of those who remain in work after age 66 are likely to vary significantly, from relatively low incomes for farmers on small family farms to more significant incomes for business owners and white-collar professionals. Some older persons want the income disregard for the non-contributory pension to be increased, as they are not able to work as much as they want to because it would mean losing their pension.

1.2 Transitioning to Retirement

This section looks at the income from work of older adults from before as well as after traditional 'retirement age'. Many people in their 60s transition from an income based on employment to a pension.

> ***"You have to dig into your savings, your pension's not going to keep you. Whatever savings you have is going to be gone."***

Figure 2 illustrates the transition from work to retirement income by showing the contrast in the income distribution of people in their early 60s versus those in their late 60s. Age 65 is purposefully excluded to avoid skewing the data, as this is the year where many people experience mandatory retirement from work even though the state pension is not granted until age 66. The twentieth percentile is higher for someone in their late 60s, which suggests that for those on the lowest incomes, the state pension income is higher than what they received in their early 60s. Income levels in all other income groups fall in their late 60s, reflecting the transition most people make from work to retirement.

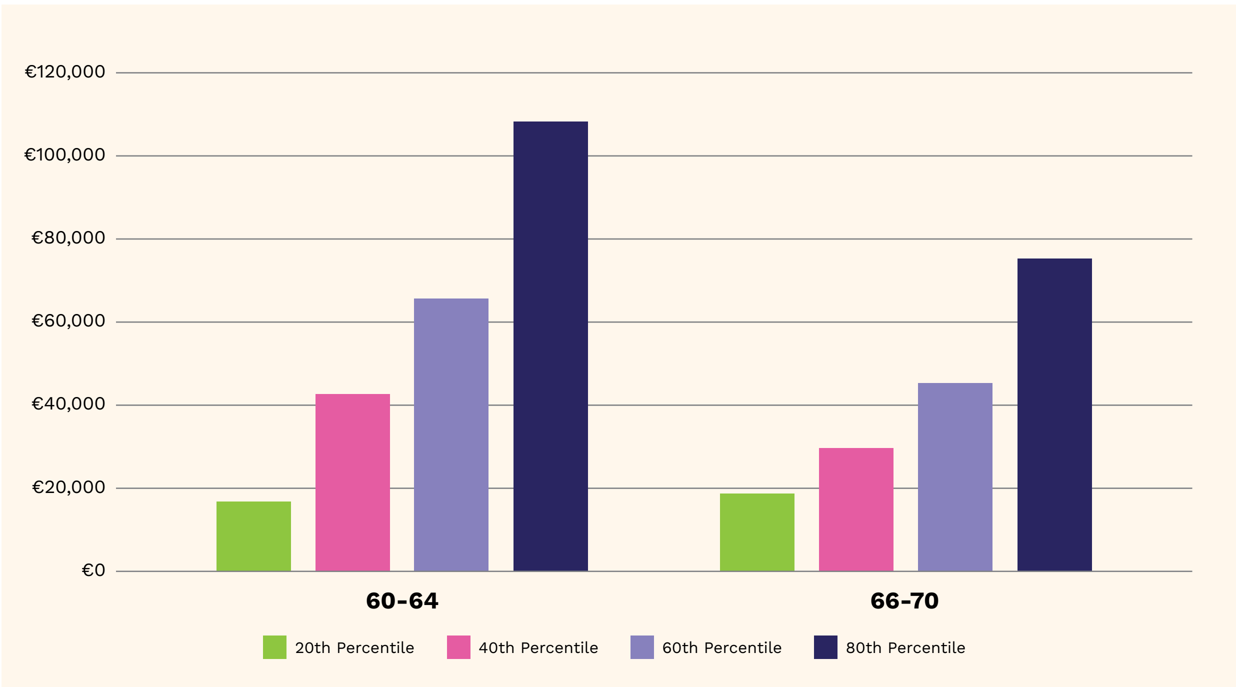


Figure 2. Gross Household Income by Quintile for Ages 60-64 and 66-69 (SILC 2022)

Figure 3, based on Census 2016 data for each year of age, illustrates the transition from work to retirement, as well as other occupational roles of older adults. For each single year of age, a person is categorised as either in paid work, unemployment, unable to work, retired, or with caring duties.

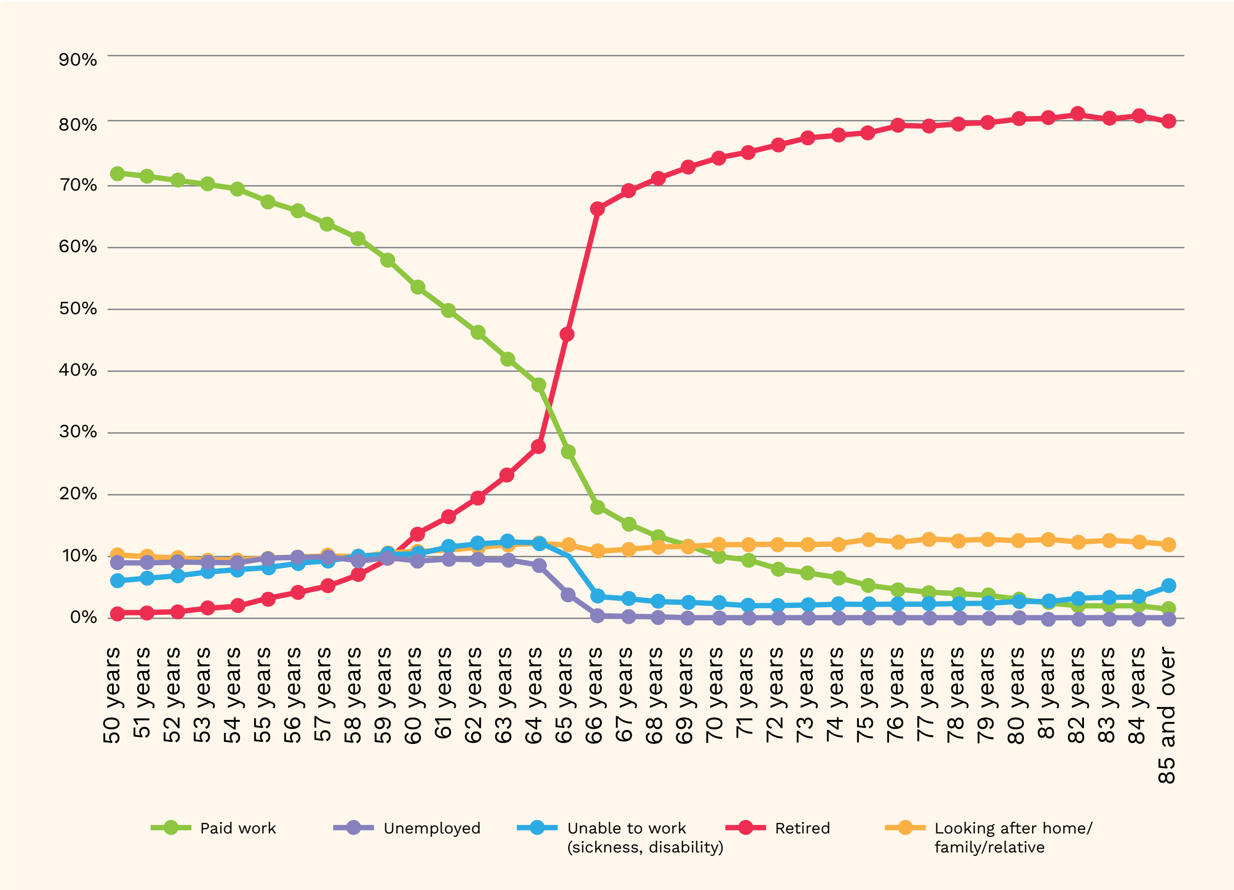


Figure 3. Older Persons' Principal Economic Status Aged 50-85+ (Census 2016)[16]

The broad trends in the chart are similar for women and men, except for work in the home which is reported by between a fifth and a quarter of women (rising with age) compared to fewer than 2% of men (declining with age).

After age 50, the percentage of older adults in employment decreases, mirroring an increase in retirement. There is also a doubling of those unable to work due to illness or disability, rising from 6.2% at age 50 to 12.5% at age 64.

Age discrimination is now the most commonly reported form of discrimination against workers.[17] Ageism in the labour market likely prevents some older persons from securing employment in their late 50s or 60s, which may push them to withdraw from the labour market entirely.[18]

Over a quarter (28%) of people are 'retired' at age 64 versus two-thirds (66%) at age 66. This corresponds to Revenue data, which shows that median PAYE incomes—excluding welfare—drop by 42% between age 64 and age 66, from a median of €18,567 at age 64 to €11,744 at age 66.[19] The rapid nature of this transition suggests that age 66 is a break point. There is obviously an incentive to 'retire' as one can access pension incomes, but at the same time many people are forced to retire by their employers. Mandatory retirement is prevalent in contracts in Ireland and effectively prevents many persons from working past the age of 65 or 66. Mandatory retirement is linked with poorer mental well-being and income inadequacy in retirement,[20] and none of the traditional arguments in favour of it are supported by empirical evidence.[21] Retirement should be a choice, not forced on anyone by their contract.

It is equally important that no one is forced to work longer due to economic necessity. The Minister for Social Protection recently announced that everyone will be able to defer access to the state pension until up to age 70 in exchange for a higher rate state pension, as an incentive to working longer.[22] While this may result in an easing of the sharp transition from work to retirement, it may also create or exacerbate inequalities. For example, for as long as mandatory retirement remains a standard feature of private sector contracts, typically at age 65, many people will not have the choice to opt for a deferred state pension. This is an instance of a policy that would benefit from a comprehensive equality audit.

1.3 Income from Occupational Pensions and Private Pensions

"Inflation is the great fear of all who live on a fixed income."

Occupational pensions are provided by former employers and can provide a defined benefit (an agreed level of income) on retirement or else require a defined contribution from workers that will add towards a sum of money on retirement. Private pension schemes are personal investment accounts designed to generate a sum of money on retirement. Retirement sums can be used to purchase annuities, which provide a weekly income. Alternatively, money can be kept in an Approved Retirement Fund (ARF) which continues to be invested, with retirees able to make withdrawals.

In 2022, three in five (59%) people in employment aged 55-69 paid into an occupational and/or private pension and three-quarters (75%) had some level of occupational and/or private pension even if it is not currently being added to.[23] These figures only relate to those in employment or who were formerly in employment. People unable to work due to disability, long-term carers and others not in work are much less likely to have pension coverage.

Revenue data for 2022 provides a good indication of incomes from occupational pensions from age 70 onwards as persons have few other sources of income to pay tax on.[24] As shown in the table below, which only shows PAYE income (mostly occupational pensions) the bottom half of older persons have relatively little PAYE income, suggesting heavy reliance on the state pension by most people.

Table 2. Annual PAYE Income for Individuals at Age 70, 80 and 90 (Revenue PAYE data 2022) [25]

Age	10th percentile	25th percentile	Median (50th percentile)	75th percentile	90th percentile
70	€1,068	€2,606	€8,136	€23,534	€38,175
80	€930	€2,373	€7,727	€22,578	€38,673
90	€832	€2,525	€8,219	€20,814	€35,537

According to the Pensions Survey 2022, a third of men at work and a quarter of women have a personal pension, with older workers being more likely to have pension savings than younger workers. This data does not apply to those not in the labour force, and therefore excludes a quarter of adults, disproportionately women.

An important consideration is that occupational and private pension incomes can decrease or cease altogether on the death of a spouse. There is a lack of data available on spousal inheritance of pension incomes, but some generalisations can be made. When an individual dies after retirement there is often provision in occupational schemes for a surviving spouse's pension, but the level of income provided may be limited in defined contribution schemes as a function of the level of pension savings available. In contrast, if someone purchased an annuity to provide them with an income, this will cease on their death unless they purchased a more costly joint annuity, which are prohibitively expensive for many people.

Age Action often hears from older persons who are not entitled to the state pension because of the class of PRSI they paid as public sector workers. The government levied their pension funds following the 2008 financial collapse, which decreased their weekly incomes. Different schemes have taken different approaches since then, but some pensioners report no increase to their weekly income since 2008, with the lowest level in those schemes falling below the rate of the state pension. Decisions about these schemes are taken without the participation of those affected, as they are not on the committees governing the pension funds and they are not eligible to use the state's industrial relations bodies when they have concerns. In the focus group research, people voiced mistrust in the government and reluctance to rely on pensions given the actions taken following the 2008 financial collapse.

"I can't afford to live if my husband dies. One of my family is going to have to take me in. I couldn't live on my pension."

PART 2
State Pension Incomes

The state pension is recognised as the 'bedrock' of income in older age.[26]

Most older persons (86%) receive a contributory state pension. One in four of them receive the widows/widowers/surviving partners' contributory pension rather than the regular contributory state pension. The survivor's pension has higher minimum rates and can provide a higher income for fewer social insurance contributions compared to the regular contributory state pension.[27]

The contributory state pension has four rates, with €265.30 being the full rate in 2023.[28] The maximum non-contributory pension rate is €254 in 2023. This rate is reduced in small increments in proportion to how high a person's means are above the eligibility threshold and can be as low as €4/week. From January 2024, the pension rates will be €277.30 and €266 respectively. Approximately four in five state pension recipients receive close to a full rate pension, whereas one in five receive significantly lower amounts.[29] A person may have up to €200/week income from work that is disregarded in the means test for the non-contributory pension.[30] All state pensions are taxable, but someone reliant solely on a state pension would not pay tax on it due to the tax credits and exemptions available.

As well as the means-tested non-contributory state pension, there are income supplements and non-cash support available, based on a range of different means tests and eligibility criteria. Examples include Fuel Allowance, Additional Needs Payments, Medical Cards and housing grants. Many older people find the bureaucratic processes involved in accessing help to be onerous and in some cases insurmountable. People also expressed dismay at how a small change in their core income could leave them worse off due to the loss of means tested supplements or supports.

> ***"It's that meanness isn't it, about the little allowance that's making life slightly easier for you but at the slightest thing, they feel they can just take it from you again."***

It is likely that nearly every older person receives some state pension income. Exceptions include people in receipt of a foreign pension, people from outside the EU or UK who do not have any entitlement to welfare, and rare cases where someone with no entitlement to a contributory state pension is not granted a non-contributory pension because they have significant assets (e.g. savings or property other than their principal residence). The means test for the non-contributory state pension attributes notional income to assets where in reality no income is obtained. This undermines the objective of the non-contributory pension of ensuring that individuals aged 66 or older have a minimum level of weekly income.

In 2021, the state provided €8.9 billion worth of pensions, in the form of the contributory state pension (€6.2 billion), the contributory widow/widower/surviving civil partner pension (€1.7 billion), and the non-contributory state pension (€1.1 billion). There were 593,473 recipients of the two contributory state pensions and 95,004 recipients of the non-contributory state pension. A further 57,490 adult dependents (mostly women) received the qualified adult increase, and qualified increases were made in respect of 8,061 children.[31]

2.1 High Reliance on Social Protection

> ***"I have asked a couple of TDs and some city councillors would they live on an old age pension for one week, no other money, and they laughed at me."***

> ***"Life is very difficult for anyone depending on a state pension only."***

The Survey on Income and Living Conditions (SILC) demonstrates how much of older people's income is from a social protection source, which includes a range of income supplements such as the electricity/gas allowance and free TV licence for people over 70 as part of the Household Benefits Package, as well as Fuel Allowance for eligible households.

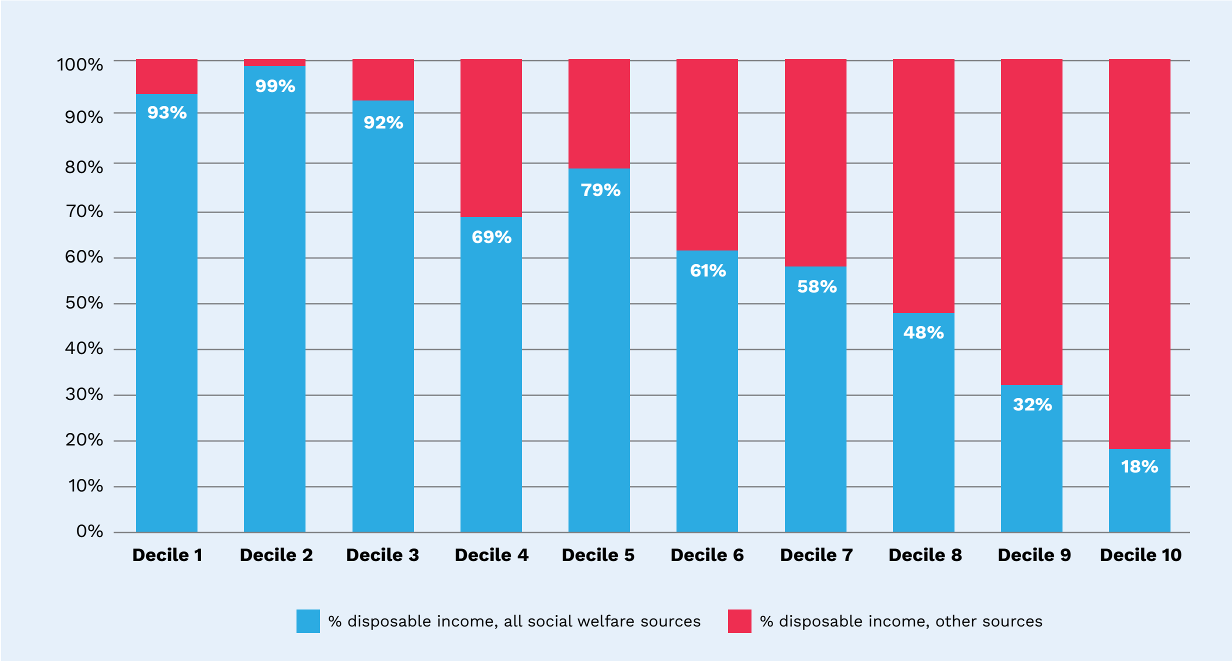


Figure 4. Percentage of Household Income (Aged 66+) from Social Protection Sources (SILC 2022) [32]

The bottom 30% of older persons (aged 66+) are almost entirely reliant on the Department of Social Protection (DSP), which provides them with 92-99% of their income. Most of these households are likely to be older persons living alone, and disproportionately women.

The next 40% rely on DSP for most (58-79%) of their income. The top 30% also gain a significant part of their income from welfare, ranging from nearly half (48%) to a fifth (18%) of their income.

Age Action has engaged with many older persons primarily reliant on the state pension, who report many difficulties, including an inability to save, to cover one-off costs, or to plan for the future.

2.2 Making Do

> ***"Once we have a reasonable income coming in we know how to look after ourselves."***

> ***"I can live without most things."***

> ***"We're a very frugal generation, because we were brought up that way."***

> ***"You just live with it, you don't do anything."***

In Age Action's surveys and focus groups, many older persons described habits or a lifestyle where they significantly limit spending in order to save. This may mean eating less meat, travelling less, using less heating, or no longer keeping a car.

These older persons often feel they have sufficient income to meet their present and future needs, and attribute this to their ability to save and limit spending, a skillset instilled in them from a young age. Most older persons in Ireland grew up with fewer material comforts than are available now and want to maintain frugal practices. This value system is still very important to many today and they advocate strongly for reducing waste and spending sensibly. In this sense, denying themselves a comfort or experience is not seen as something to complain about but rather something to take pride in.

Age Action conducted a pre-budget survey in 2022 that asked older persons to list actions they had taken to manage increased expenses, such as cutting down on socialising, food or heating. Two-thirds of those who agreed that they were "coping OK despite the higher costs," had nevertheless taken measures to reduce their spending. This has two explanations. First, there are older persons who are struggling but who feel that relative to other people they are in a good situation. Second, there are older persons who are financially secure and yet still engage in cost cutting behaviours because of their value system.

However for other older persons who reduced spending despite having an adequate income, this was caused by anxiety and fear. Many older persons would prioritise saving for certain eventualities over covering basic daily expenses.

As an example of how excessive frugality can be risky, a TILDA report based on 2014-2015 data found that older adults (aged 54+) had a poor adherence to healthy nutritional guidelines, although people with higher incomes were more likely to comply with recommended nutritional intakes.[33] The MESL report costs a healthy diet for an older person living alone of €68-71/week, and €83-88/week for an older couple.[34] It seems likely that this is too expensive for many older persons.

2.3 State Pension Administrative Rules

> *"It's obvious we don't exist in any of the systems once they see grey hair."*

> *"There's a lack of people to help you with something."*

> *"Where is the flexibility in the system."*

It is not clear that every older person receives their full state entitlements and the Department of Social Protection does not seem to prioritise ensuring this. Administrative rules governing state pensions are complicated and can be difficult for older persons to navigate.

To qualify for the contributory state pension, someone must be aged 66 or older, have paid sufficient pay-related social insurance (PRSI) contributions at an appropriate class of PRSI (so-called 'full-rate' contributions), and have paid PRSI before the age of 56. There are special rules for those who have paid a mixture of PRSI classes, and for the self-employed. To receive anything, a person needs 520 full-rate PRSI contributions. An average of 48 contributions per year are needed to quality for a maximum rate payment. The Homemakers' Scheme allows up to 20 years to be discounted when calculating annual average contributions. Changes to the PRSI bands in 2011 damaged many older people's pensions, mostly women's, further entrenching gender inequality.[35]

An enhanced state pension for long-term carers will be introduced in January 2024,[36] which is a welcome development although one that will need scrutiny to ensure it is sufficiently robust and inclusive.

The government has committed to moving to a new approach called the Total Contributions Approach (TCA) for calculating eligibility, on a phased basis from January 2024. The TCA allows for up to 20 years of homemaking and caring duties. Under the TCA, a person will need 40 years of full-rate PRSI contributions—2,080 contributions—to qualify for the maximum personal rate of the contributory state pension. Those with lower contributions—often women—will qualify for a reduced rate of pension.[37] While in theory TCA will be beneficial for most people, some people may lose out under the new arrangements and receive a lower rate state pension as a result. Up until 2024, people could use whichever calculation benefitted them more. As the TCA begins to replace the average contributions method from 2024, this will inevitably disadvantage some people who would be better off under the earlier calculation, such as those who joined the social welfare system later in life, and for that reason equality auditing of the outcomes of this change are needed and the 'best of both' option should be retained for people who would otherwise lose out.

As well as the state pension, older persons may receive the living alone allowance (€22/week on top of their state pension rate) or the over-80 increase (€10/week). These are only available to pension recipients so those on the qualified adult increase, who are mostly women, cannot receive them. The qualified adult increase is paid directly to spouses, even though it is technically an increase on a main payment. Direct payment was in recognition of financial abuse in some households which left spouses—mostly women—with no income in older age. However, the qualified adult increase is means-tested. It is possible for someone to lose entitlement to this payment if, for example, their spouse creates a joint account in both their names. Money from the sale of a primary residence to rightsize may be disregarded in the means test for the non-contributory state pension but not the qualified adult increase, which is one of numerous anomalies with the different means tests. Many older persons suffer from the lack of certainty about their income from the state pension, especially older women.

Participants in Age Action's research also expressed annoyance about the cliff edges in social welfare rules, such as where being one cent over the means threshold meant they wouldn't get a payment. One participant talked about her experience with the non-contributory state pension. She was a stay-at-home mother for some periods of her life and most of her work experience is part time; "I would say to every young woman nowadays make sure you keep up your credits." She is only allowed to earn a very small amount of money per week and has to limit her part-time teaching because of that to keep her pension. Twice she and her husband have been audited for suspicion that she may be working more than she should be.

"I do not think the politicians take sufficient notice of older people generally."

2.4 State Pensions and Care Recipients

Most people in residential settings have their options for social inclusion severely reduced by lack of money. When living in a residential setting, a pension recipient is disqualified from the living alone increase that they may have had, although persons aged 80+ retain their increase. The nursing home support scheme takes 80% of income from all sources, meaning that someone in residential case has their weekly income reduced to 20% of what it was. For someone reliant on the state pension, that could leave them with an income of less than €50/week.

Such a reduced weekly income is wholly inadequate to allow people in residential care to meet their basic needs, forcing them to withdraw from society to a much greater extent that many of them would wish.

The state pension rules often reduce payments to older persons who move in with family members, or have family members live with them. An older person may need to receive care but the rules on household composition or welfare eligibility may mean the state takes away some of their income if they live with others, and the loss of income further reduces their independence.

PART 3
Cumulative Advantage and Disadvantage over the Life Course

"The diversity seen in older age is not random. A large part arises from people's physical and social environments and the impact of these environments on their opportunities and health behaviour." [38]

"A significant proportion of the vast diversity of capacity and circumstances that we see in older age is likely to be underpinned by the cumulative impact of these health inequities across the life course. This is sometimes referred to as cumulative advantage/ disadvantage." [39]

–World Health Organisation

According to the World Health Organisation, many of the differences in outcomes we see in older age are due to the cumulative effect of advantages or disadvantages experienced throughout a person's life.[40] These are not just direct effects on a person—such as illness or accidents—but also the gradual effect of one's social, economic and natural environments. These factors can be termed 'causal constraints'; such "social structures constrain individuals in society, similar to how a riverbank constrains a river's flow".[41]

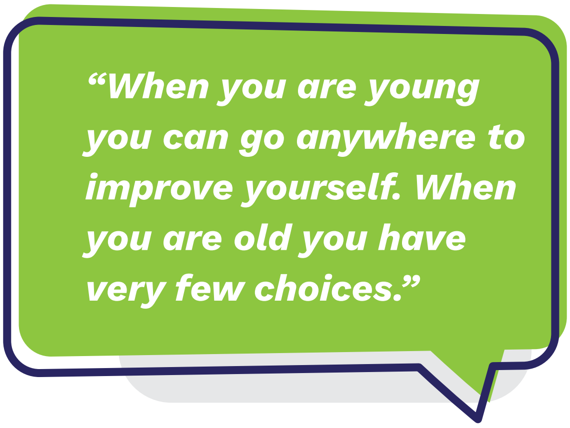
A detailed example illustrates the point:

"Consider attempts to explain why there is increased prevalence of 'unhealthy' diets among those of low socioeconomic status compared to those of a higher socioeconomic status. Is this explained by an individual's choices or social structure? If we consider an individual living in a 'food desert,' who has limited finances, little time, and receives more targeted fast-food advertising than those in wealthier neighbourhoods, the answer should be clear. In this case, social structure constrains (and limits) the person's ability to choose the healthy diet in the first place. And even if the choice is still 'possible,' in some sense, it is far more difficult to make than it is for individuals with more resources, which makes it less common in the low

resource group. The different social structures experienced by these groups provides a better explanation of the dietary difference, than citing individuals and their choices or agency."[42]

Causal constraints can operate in different ways, some of which are more clearly causes and others which manifest as outcomes. For example, gender inequality both leads to and results from the large gender gap in pension incomes.

3.1 PAYE Income Over the Life Course



People's income as children and during their working lives is a strong indicator of cumulative advantage or disadvantage, which in turn is reflected in their health status and living conditions in older age. For example, people with higher earnings have more opportunity to become homeowners or to invest in pension savings.

A Revenue report based on administrative tax data from 2022 demonstrates the distribution of PAYE income by age.[43] While this is not a complete picture, as it excludes self-employment or rental income, it details the differences between higher and lower earners. Because occupational pensions are paid through payroll systems, occupational pension income is also included in this data. The data represents individual gross (pre-tax) income and there is likely to be movement of individuals between the percentiles over the life course.

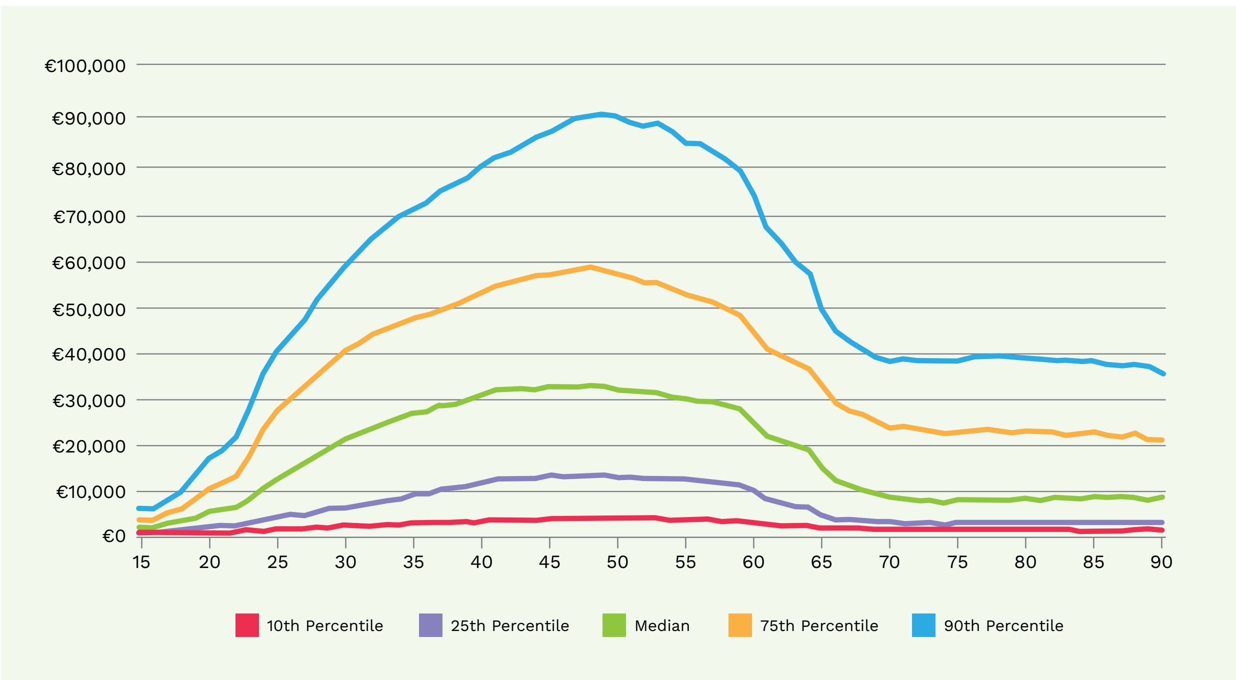


Figure 5. Gross Taxable Income, Excluding the State Pension (Revenue Administrative Data 2022)

To understand the data, it is important to recall that fewer than three-quarters of people of working age are in employment.[44] Excluded from the data are people of working age who rely on social protection or may not have an income, including people with disabilities, carers, parents doing unpaid work in the home, students, and adult children living in their parent's home. Also, some households will have two or more individual incomes. The most important findings shown by the data are the rise and fall of income based on age, and the significant variation of income at every year of age.

As shown in Figure 5, the average annual gross income (using the median or mid-point) begins at €1,250 at age 15, rising to €12,017 for 25-year-olds and €26,432 for 35-year-olds, reaching a peak of €32,757 at age 48, before declining again to €29,968 at age 55 and to just €18,567 for 64-year-olds. For reference, working full time on the 2022 minimum wage of €10.50 would give an annual income of €21,323,[45] which is close to median income in the data. However many minimum wage workers work part-time hours and those under 20 are paid less per hour. Average earnings from employment in 2022 was €45,983,[46] which is closer to the top 25th percentile. Some data may represent part-year incomes as people move into or out of employment.

Data from the OECD shows Ireland to have one of the largest incidences of low pay in western Europe (18% in 2019), greater than the OECD average.[47] A significant number of people remain in low paid work throughout the life course. This overturns stereotypical assumptions that only young workers are in low wage jobs. While many low paid workers are in middle income households, often as a second earner,[48] the incidence of low pay nonetheless demonstrates that a significant number of people may never have an opportunity to save for retirement or perhaps to become homeowners, and who therefore will rely on the state pension—or a spouse's income—for a decent income in older age.

The social class structure of Ireland's labour force has evolved over time. The most significant change is towards higher value employment across the economy. For example, the proportion of workers involved in unskilled labour has declined from 10% in 1986 to below 4% in 2016, and work in skilled or semi-skilled roles has declined from 38% in 1986 to 25% in 2016, whereas the proportion employed in professional, managerial or technical roles has increased from 24% in 1986 to 36% in 2016. Nonetheless, many older persons did not have the opportunity to earn a high income as the economy provided fewer good jobs during their working lives.

As an example of how income differences lead to cumulative advantage or disadvantage, the top 25% of individuals aged 50 have gross taxable incomes of €57,170 or more. It is likely that they are homeowners and that they can invest in pension savings, with significant tax breaks if they do so. On the other hand, the bottom 25% of adults aged 50 have incomes of less than €12,480. Some of them will belong to households where their combined income is significantly higher, but others will live alone or belong to low-income households with no capacity to become homeowners or to save for retirement.

Most incomes fall dramatically after age 60 and the distribution of PAYE income among older adults is flatter than among younger and middle-aged adults. Income levels also remain stable throughout older age, and it is likely that an older individual's place in the income distribution 'freezes' once that person no longer has income from employment or other economic activity. While individual income levels remain broadly stable, household incomes tend to decline due to bereavement.

The top 10% of older persons from age 66 onwards have PAYE incomes (excluding the state pension) above €35,500. The next 15% of people have incomes in the range of €20,800 to €35,500. The next 25% (the remainder of the top half) have incomes in the range of €7,000 to €20,800. The bottom half of older persons have PAYE incomes of €7,000 or less, with the bottom quarter having €3,400 or less.

Despite changes in the labour market, Irish society remains stratified by social class. For example, an ESRI paper found that "the social class into which a child is born has a direct relationship with their reading abilities" and the results show "marked differences by social class background in children's reading abilities at age nine. These inequalities are likely to lead to longer-term differences in educational and other outcomes."[49] Evidence from the UK shows the important role of socio-economic disadvantage as a determinant of health.[50]

Mortality differentials for 2016-17 show that men in the bottom 20% of the income distribution (most deprived) have a life expectancy of 79.4 years, which is 5 years less than those in the top 20% (least deprived) who have a life expectancy of 84.4 years. For women, the difference is 4.5 years, with women in the bottom 20% of the income distribution living on average for 83.2 years compared to 87.7 years for women in the top 20% of the income distribution.[51]

In Ireland, more than two and a half times as many people aged 65+ from the lowest income group have a health-related limitation, with 43% affected, compared with just 16% of those from the most affluent group.[52] Men aged 65 from professional occupations can expect to live on average 3.6 years longer than men from unskilled occupations, and the gap for women is 3.9 years.[53]

Carers and disabled people are often on low incomes, or no income where reliant on a spouse. While there have been steps towards providing a better state pension for long-term carers, there are still gaps and both carers and people with disabilities are likely to have lower state pensions and little or no private or occupational pension provision. One focus group participant linked his disability to his limited employment history and thus to his poor state pension. He became long-term unemployed because he had epilepsy and no one would hire him.

3.2 Homeownership

"I own my own home, thank God."

Homeownership is a significant advantage in older age as it gives a person security and reduces their cost of living, especially in a context of extremely high rents.

Four out of five older persons (81%) own their homes outright, which means that they do not have a weekly cost unlike those repaying a mortgage or paying rent. The value of homeownership can be described, in economic terms, as an 'imputed rent'.[54] That is, living free-of-charge in one's home has a value equivalent to the weekly rent, at market rates, for a similar house or apartment.

From its peak in 1991, homeownership in Ireland has fallen by a sixth, with two-thirds (65.9%) of households being homeowners in 2022. Homeownership used to be promoted and subsidised, but these supports were then withdrawn in favour of private market activity.[55] Homeownership used to be supported by a wide range of state policies including first time buyer grants, access to credit, tax breaks and tenant purchase of state-built housing.[56] The clear implication of recent changes to housing policy and homeownership is that a growing cohort of older adults will no longer be homeowners in future, which will significantly change their income requirements in older age and—as noted by NESC—this could lead to major demands on the state to assist with housing costs or to provide social housing.[57]

The Irish pension system is highly reliant on homeownership to reduce older households' need for weekly cash income. While just 2.4% of people aged 65+ were renting in 2016,[58] Census 2022 found that the absolute number of older renters doubled since 2016, with the proportion rising to 3.5%.[59] Nearly 10% of those aged 50-64 were renting in 2022, which indicates that a growing number of people will reach older age as tenants in the private rental sector, potentially without the means of buying their own home but also not necessarily being eligible for social housing. More people are growing old as renters in the private sector and are likely to struggle to pay market rents in older age. Much greater legal security of tenure and either rent subsidy or rent control is needed for older renters.

3.3 Pension Savings

"From the day I started to earn, I always put something away."

The Revenue Commissioners found in 2019 that "most employees on lower incomes do not make contributions to their pension".[60] When employee gross incomes are over €40,000, a majority make pension contributions but even at the highest levels of income, more than a quarter of income earners do not make pension contributions.[61] At least 1.8 million employees were not making pension contributions. Several hundred thousand were making relatively small contributions.[62] For those who do save, the level of pension contribution varies from 3-6% of gross pay. Those on higher incomes save a greater proportion.[63]

In 2022, more than two-thirds of employees or former employees have some level of pension savings (men 68% and women 65%), with three-quarters (75%) of those aged 55-69 having pension savings.[64] For men with pension coverage, 68% have an occupational pension, 14% have a personal pension and 18% have both. For women, 79% have an occupational pension, 6% a personal pension and 12% both. Those with personal pensions or both are more likely to be older. These figures only apply to employees or former employees, and may exclude people unable to work due to disability, caring responsibilities or working in the home.

It is likely that retired workers in their 60s and early 70s will have a similar profile to workers aged 55-69, however older people may not have had the same opportunities to save prior to the Pension (Amendment) Act 2002.[65] There is no legal obligation on employers to provide occupational pensions, but since 2002 they must provide workers with access to a personal retirement savings account (PRSA).[66]

Those in public sector jobs and large unionised workplaces are more likely to have a pension. In 2022, 82% of professionals had pension coverage compared to just 43% of those in skilled trades. Even by age 55-69, only three-quarters of those in employment had any pension coverage.[67] The CSO's Pension Coverage survey in 2022 bears out these points, with managers and professionals most likely to have private pension coverage whereas over half of those without pension coverage stated that they could not afford it.[68]

In situations where a person saves for retirement but dies before retirement age, occupational schemes tend to provide for a lump sum and widow(er)'s pension, also known as a 'death-in-service' benefit. Likewise, the value of a private pension saving account becomes part of a person's estate.

Tax breaks allow people to divert money into pension savings instead of paying income tax. These reliefs are particularly valuable for the minority who pay some income tax at the higher rate of 40%.[69] Ireland's pension tax reliefs are unusually generous. A person can avoid tax on their employment income, their fund investments and their pension income, with tax relief available on tens of thousands of euro annually (increasing with age) and a tax-free lump sum of up to €200,000 on retirement.[70] Many people will also avoid income tax at the higher 40% rate when saving for their pension and only pay the lower 20% rate, or no income tax at all, on their eventual pension income. An ESRI report found that most of the benefit of pension tax reliefs goes to higher earners,[71] as higher earners are disproportionately likely to have private or occupational pensions—and larger pension savings—in older age.

Ireland is poised to introduce a second-tier form of state-led pension process, through auto-enrolment of all workers into a pension scheme that benefits from public subsidy, unless they opt out.[72]

3.4 Tax Breaks

While social protection is more obviously public spending, giving some people preferential tax treatment is called 'tax expenditure'. If billions are forgone in tax breaks, this costs the public. As it is typically higher earners, wealthy individuals or businesses that avail of tax expenditures, they increase income inequality and wealth inequality and therefore contribute to cumulative advantage/disadvantage across the life course. The most significant tax reliefs benefiting older persons are those relating to pension savings, which cost €2.1 billion in 2022.[73] Most of the benefit of pension tax breaks went to the minority of earners liable to pay the higher rate of income tax.

One study found that nearly 75% of pension tax breaks benefited those in the top 20% of the income distribution, whereas "virtually none of the subsidies" benefitted those in the bottom 50%.[74] Additionally, an ESRI paper found that tax-free lump sums of up to €200,000 (costing €134 million) were "poorly targeted at lower to middle earners" and provided "a much larger bonus for higher-rate income tax payers".[75] Tax breaks also reinforce gender inequality, with men receiving two-thirds of the benefit of the pension tax breaks.[76]

Income tax breaks are available for people of all ages, but they are only relevant to those who pay enough income tax to benefit from them. As older people tend to pay less income tax, tax reliefs benefit a smaller proportion of older persons. For those who do benefit from them, the benefit is potentially significant.

There is a special tax exemption for people aged 65 or older, who do not have to pay income tax at all if their income is below €18,000 for a single person or survivor or €36,000 for a couple.[77] These exemptions have not been adjusted to take account of inflation in the 2020-2023 period, cutting them in real terms.

Local Property Tax does not provide exemptions, but does grant deferral of payments to those on lower incomes, which may represent a tax saving in some cases.

"Wealthy corporations and rich individuals should be taxed more, and the revenue redistributed to help the less well off, both young and old."

In the focus groups and surveys, some older people argue that they should receive tax breaks or reduced rates of tax. For example, many people are unhappy with local property tax, DIRT, and inheritance tax. Conversely, some respondents cited the value of tax to our society and wanted tax cuts to be removed, particularly those which benefited the wealthy.

3.5 Gender Inequalities and the Intersectionality of Age and Gender

"...in general, the combination of gender inequality, age-based discrimination and ageist attitudes also disadvantage women more than men. Reducing and eliminating gender inequality is crucial for women and their ability to meet basic needs."

–WHO Baseline Report for the Decade of Healthy Ageing 2021–2030

Older women in Ireland tend to be in worse situations than older men. They have less money, poorer housing, greater unmet transport needs, a higher vulnerability to abuse, and are more likely to live alone and to have a disability. All of these wider elements of gender inequality contribute to and are compounded by gender pension inequality.[78] According to an ESRI study, Ireland has a gender pension gap of 35%.[79] Across the world, the UN and WHO have recognised that women's inequality in retirement incomes is a global concern. Irish policies and systems need to undergo equality audits to remove the unfair disadvantages they create for women.

The rate of the state pension is theoretically the same for women and men, but the rules underpinning the system are unfair to many women. Steps have been taken to provide social insurance credit for those working as homemakers or carers, who are mostly women, but this does not fully compensate women due to eligibility limits in these schemes. More women than men are on the non-contributory state pension and more men than women are on the contributory state pension.[80] Where women do receive the contributory state pension, they are more likely to receive a reduced amount compared to men, either due to insufficient PRSI contributions or because many only receive a qualified adult increase rather than a full payment in their own right. Women's lower entitlement to a contributory pension is because they generally spent less time in formal employment than men due to caring and child-rearing responsibilities, fewer employment opportunities and also the historical marriage bar, which reduced the incomes of women who were affected by it.[81]

Reduced access to the state pension may worsen for women in particular once the Total Contributions Approach to calculating entitlement is implemented. Women more often work part-time—or do not enter paid employment—due to the cost of childcare or their role in parenting, which negatively affects both their state pension and their ability to build up a private or occupational pension. The gender pay gap among workers also adds to women's pension inequality.

Many women choose to receive a qualified adult increase through their husband's pension, rather than their own pension. Anomalies in this system as well as its conceptual underpinnings further reinforce gender inequality. Some organisations have proposed a universal pension as a better solution,[82] as it would move away from preventing women from accessing an adequate pension as a result of them fulfilling roles that were expected or imposed by society.

The data from the SILC 2022 allows a comparison to be made between the income of women and men aged 66+ who were living alone. On average, older women's incomes were €5,715 (19.2%) lower than men's, while the median income for older women was €2,603 (13.9%) lower than the equivalent figure for men. [83]

Table 3. Mean and Median Income of Men and Women Aged 66+ Living Alone (SILC 2022) [84]

	Women	Men	Difference (€)	Difference (%)
Mean income	€23,989	€29,704	-€5,715	-19.2%
Median income	€16,177	€18,780	-€2,603	-13.9%

3.6 Ageism

> ***"We have worth and we do care about each other, but we just don't exist, people don't even see you on the road now."***

> ***"We're not respected."***

As well as difficulties that we encounter throughout our lives, in older age we begin to face the disadvantage of ageism. Ageism is one of the most widespread prejudices around the world. That is why the WHO has launched a global campaign to combat it as well as their seminal Global Report on Ageism, which describes how ageism can manifest as stereotypes (our thoughts), prejudice (our feelings), and discrimination (our actions). Ageism can be perpetuated interpersonally, by institutions, or be self-directed when older persons internalise ageist beliefs and values.

Act Action commissioned a national opinion poll on ageist attitudes, which found that more than a third of people (37%) agreed with two or more ageist opinions, which would represent 1.5 million people out of the adult population. Nearly a quarter (23%) felt that older persons get more than their fair share from public services, and holding this opinion was the strongest predictor that a person will hold other ageist opinions. People were also asked about their experience of age discrimination, and people on lower incomes and people who were unemployed were more likely to have experienced age-related discrimination.[85]

Ageism is a pervasive issue in relation to income in older age. As noted earlier, ageism can push people to leave the labour market prematurely. People and the state make assumptions that older adults don't need as much money as younger adults, which is ageist. Entering a nursing home or having a grandchild live in your home due to excessive rents are not good reasons to radically reduce an older person's income, yet that is what is imposed by the HSE's nursing home support scheme—which takes 80% of a person's income—or the Department of Social Protection's rules on eligibility and means testing—which reduce or remove eligibility for social welfare payments to those who provide housing to family members or who live with others to meet their care needs.

There seems to be an assumption that it is normal for older adults to just put up with broken furniture, a poorly functioning car and poor housing conditions. This ageism normalises poverty in older age.

Ageism implies older people choose to 'withdraw' from society, while the SILC survey shows that 5.9% of older people (60+) could not afford to meet someone for tea or coffee in the last two weeks, and 4.5% could not afford to have friends or family come over for a meal in the last month.[86] Older persons get on with their lives, but do not choose to live in poverty.

"I think older people aren't treated very well."

Participants in our qualitative research identified age discrimination as a barrier to attaining a good quality of life. They can feel undervalued, invisible, unfairly blamed, and that they are not taken seriously. One participant said that older persons going through a hard time are viewed negatively. Often the government was identified as ageist, because it did not take due notice of older people.

Often older persons spoke of solidarity with other age groups, and sometimes they explicitly positioned it as an antidote to ageism. Their concern for those in other demographics was often accompanied by the belief that they ought to work alongside these people, in political and social contexts. One participant highlighted the way political problems interact and compound each other: "Everything is linked." She cited the lack of childcare available to parents, which leads to grandparents having to look after grandchildren, sometimes when they are not entirely physically capable of it. Concern was often expressed about the situation of younger people, especially younger parents.

Participants in one focus group drew parallels between the situation of older persons and those living with disabilities, as there is a lack of services and supports. Older persons also expressed great concern about carers, who "are not treasured the way they should be. Not just in a moral sense but in a practical sense, given the amount they contribute to the state."

3.7 Relationships with Support Networks

> ***"I have had no concerns about money but have had to rely heavily on kind relatives because I am single and in ill health."***

> ***"I'm finding it hard. I'm lucky I have a daughter who is good to me."***

Where older persons lack an adequate income, they may still be protected from the usual consequences if they have a strong support network of family, friends, and neighbours. Inversely, for some older persons, their income inadequacy is compounded by not having people they can ask for help.

People who had strong support networks associated it with reduced anxiety and being able to maintain a better quality of life, for example saying that family support has meant they have not needed "to make any big changes." Some people said that they would not be able to get by if it weren't for their family, describing having no savings but instead a family who "are good to me." Support networks can compensate for the additional costs incurred in older age, such as health problems or housing repairs: "I need a gutter and end of joists repairs, and only for my son who has promised to do it I could not afford it." This contrasts with what we hear from older persons who do not have that level of support network, which leads to newly having to pay "a gardener, window cleaner, and... cleaner to do household chores."

Most often it was children and spouses referenced as supports, but other family members and friends also provided support. They supported older persons by giving lifts to and from hospital or doctor's appointments, doing groceries, helping with the maintenance of the home or garden, and also lending direct financial assistance, including through inheritances. Couples benefit from dual incomes and shared expenses, whereas people who lived on their own associated it with deeper worry and a greater struggle to meet expenses.

> ***"We rely on the support from our family (we have seven adult children) which helps us to live a good quality of life."***

> ***"I have the support of a non-live-in friend. Otherwise nothing and nobody. No family or service support."***

People used to believe that withdrawal from society was a natural and inevitable part of the ageing process, but this theory has been extensively criticised, and "much disengagement from social roles was involuntary, occurring, for example, through widowhood and retirement".[87]

People without support networks were less able to cope with income inadequacy, linking the hardship they face to not having "family around." Even if they had enough money, things became difficult for the lack of a support network. One participant described them and their spouse as being able to meet the cost of living but struggling with the "challenges of growing old" due to their nearest child "living 80 miles away." People felt that it was a massive barrier when they had to deal with their problems on their own. Others spoke about benefitting from having friends who helped them to query energy bills, for example.

For some, assistance from others came with feelings of indebtedness or guilt, and some expressed a desire to be more independent. It also created practical limitations, such as not being able to attend doctor's appointments when they conflicted with family work commitments. For some people, those they used to rely on were also older and facing similar challenges.

One participant talked about having to get their daughter to pay their insurance on their behalf because they couldn't get it done through the bank. This was an unpleasant experience for them, and relationships in which older persons are forced to rely on their children can be disempowering and create undue dependencies.

The state pension system and other public services tend to assume that nearly every older person has family members to assist them. Not everyone has children and even if they do, those children may not live nearby or be able to assist, or the older person may not want their involvement. For some people, the ability to rely on others was jeopardised by poor relationships, and having to rely on family or friends may put them in danger: "I do wish I could trust family." The state pension and public services must be designed with the understanding that many older adults may not have sources of support other than the state or charities.

Many older people also provide care and support to younger relatives and others, as well as direct financial support. An OECD report finds that older adults (aged 50+) in Ireland are "more likely to be 'givers' than 'takers' of private intergenerational transfers". Older adults are more likely to give time than money, with Ireland topping the chart with over 60% spending time caring for grandchildren.[88] A TILDA report found that adults aged 54+ are more likely to provide financial assistance to their children (48%) than receive it from them (3%). A survey commissioned by Edwards finds that 87% of younger generation respondents are supported to an important extent in their daily life by older generations. Two-thirds (66%) of older persons surveyed provide financial support to the younger generation within their family in Ireland.[89] With people living longer, a growing number of older adults are also carers for their own parents or other relatives or neighbours.

Older people objected to losing social welfare when taking in their adult children because they couldn't find housing. In one case a woman's daughter moved back home because she was having severe mental health issues and it meant her mother lost social welfare entitlements. People felt it was unfair that older people are penalised for helping their children but that exceptions are made for those who take in refugees.

Both older persons with an adequate income and those without often express concern for persons they feel are in a worse situation than they themselves are. In some cases this extended to putting others' concerns before themselves, even though they were struggling, which could be seen as a form of self-directed ageism. During focus groups, people expressed sympathy and concern for the situation of other participants, particularly those who lacked support networks.

3.8 Psychological Wellbeing and Anxiety

"The strain of maintaining my house has increased my anxiety/depression and dependence on other people."

"I don't feel very important in this society."

"I've an awful worry on my shoulders."

"I am kind of numb. I just know I can't ever live like everyone else – so no family, no car, no house, no luxuries."

Living on an inadequate income takes a serious toll on mental health.[90] Older persons struggling to make ends meet talked about feeling numb, overwhelmed, unhappy or depressed, unsafe, deeply worried, anxious, undervalued or mistreated. Older persons also described to Age Action how they cope with psychological distress.

Older persons do things to save money that damage their psychological well-being. Some reported not having socialised in years. Travelling to see friends was too expensive, and so was eating out, going to the cinema or theatre, or getting a coffee. This jeopardises important relationships and can negatively impact mental health, one person citing depression in part caused by their having "no money to buy gifts" for their grandchildren. People gave up hobbies, travel and day trips, donating to charity, eating out, or buying nice food. Many used the heating and electricity sparingly or not at all, some citing layering up instead. All of these practices can contribute to feelings of unhappiness and isolation.

Related to isolation, older persons often felt unsupported and as if they were up against insurmountable hurdles. People talked about the psychological impact of having to fight for little things, like reducing an energy bill or getting an answer about a waiting list or replacing a storage heater with a normal heater. Many older persons found engaging with bureaucracy so psychologically taxing that they sometimes gave up.

Many people reported feeling worried about the future, including people who were currently able to meet their needs. Worries stemmed from an anticipated reduction in one's capacity to work, declining savings, the possibility of future emergencies like COVID-19 and the war in Ukraine (perhaps brought on by climate disaster), rising inflation and further erosion of the quality of their pension, anticipated changing health or care needs, bereavement, and anticipated break down and disrepair in the home. Worry about the future was compounded by the understanding that they cannot increase their income.

One participant spoke strongly about practicing gratitude to cope: "I'm grateful I can go for a walk, I'm grateful for my socks, I'm grateful for my shoes." Older persons are aware of the importance of managing their anxiety, talking about trying not to feel scared regarding the coming winter because remaining calm is "better" for their health. Rather than planning, one participant talked about praying, without which they would have "gone crazy." Some people felt that there weren't any solutions, "only miracles."

Our older generations bear much of the scarring from historic abuse scandals, including clerical abuse and abuse endured in industrial schools and the Magdalene laundries. By virtue of having lived longer, older persons are more likely to have endured abuse and traumatic events than younger cohorts.

Older persons are more likely to be victims of financial abuse than others. Income inadequacy and dependency on others also heightens vulnerability to other forms of abuse. Financial fraud and abuse are significant issues facing older persons in Ireland and are likely to be under-reported, especially when family members are involved. In the last HSE National Safeguarding Office annual report (2021), over 800 cases of financial abuse of someone aged 65+ were reported.[91] People aged 80 or older were disproportionately affected by financial abuse, which is often related to situations of lost capacity or moving to residential care. Most alleged abusers of older persons are family members.

PART 4

Income Inadequacy and Going Without

"...in old age, there is effectively nothing individuals can any longer do if their income from all sources is insufficient to keep them from poverty."

–NESC[92]

Focus group participants were "not happy at all" with their income or with the cost of living today. Pensions were seen as failing to keep pace with inflation. This includes occupational pensions, which may have only seen very slight increases over the past decade. Sentiments like "I am still able to manage, just about" were common, as well as references to careful financial planning and restraint which made it possible to stay afloat. While people welcomed the once-off payments granted by recent budgets, these were seen as inadequate relative to the extent of higher costs they faced.

"Life is very difficult for anyone depending on a state pension only. Whilst the government has increased the pension it still falls short of what is needed."

Inflation, which is projected to total a cumulative 19.4% between 2020 and 2024, has caused the spending power of most occupational and private pensions to decline as well as the state pension. Additionally, cash savings have lost over 16% of their value, with very little of this offset by low interest rates.[93] Most older persons have no way to restore their savings or the value of their private pensions. In 2024, the weekly state pension will have lower spending power than it had in 2020, and it would have required a further €19/week increase in 2024 to make up that gap.[94]

This is a minimum estimate as the CSO has shown that older persons and low income households tend to experience a higher rate of inflation than average.[95]

Older people are very aware of their inability to raise their incomes, with many contrasting the situation of younger adults and older adults given the options that younger people have to generate income from work that older people no longer have. There is likely to be a significant scarring effect on the financial situation of almost all older persons from the recent period of high inflation.

4.1 Deprivation

> ***"Just how upset we are and we can't live on what we're getting from the government. Our pensions aren't enough to cover anything and stuff keeps going up and up and up on us, we're going to be hungry."***

> ***"I am becoming paranoid about switching off lights and electric items."***

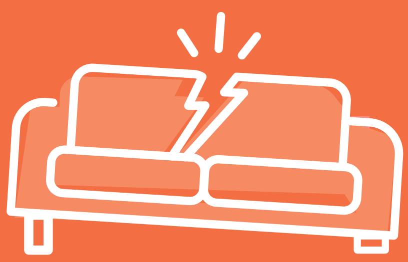
> ***"We're all thankful for the crumbs."***

Table 4: Deprivation for Adults aged 65+

Year	All aged 65+	Couples 65+	Single adult 65+
2020	8.1%	6.8%	10.6%
2021	8.4%	6.9%	12.1%
2022	**12.7%**	**9.0%**	**16.8%**

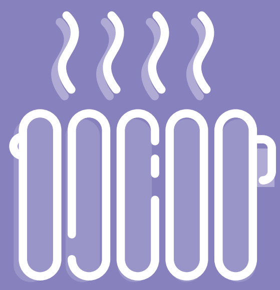
More than one in eight older persons experienced involuntary deprivation in 2022, which means that they were forced to go without two or more items rather than voluntarily making do without them.

Those living alone—more often women—are almost twice as likely to be affected as couples. Deprivation is linked to loneliness, social isolation, excess winter mortality and digital exclusion.[96]



1 in 7

older persons cannot afford to replace worn out furniture.



1 in 14

older persons went without heating during the year.

1 in 18

older persons could not afford new (not second-hand) clothes.

The most common forms of deprivation among older persons were inability to replace worn out furniture, inability to afford to socialise, inability to afford new clothes, and going without heating at some stage in the year.[97] Smaller proportions of older persons report food deprivation and most can afford strong shoes and a waterproof coat, whereas a greater number of older people cannot afford to buy new clothes or to socialise.

Given how expensive things have become, people talked to Age Action about going without food, petrol, socialising, medication, certainly holidays, and some not attending medical professionals like the dentist or chiropodist. Many people talked about the struggle of going without cars or taxis, and the health risks this creates.

Older people living alone who rely solely on the state pension are unable to afford a minimum essential standard of living (MESL) in 2023. The gap between income and spending varies from €22 to €93, depending on whether the person lives in an urban or rural area, with those in rural areas described as in "deep income inadequacy".[98] The largest expenses in the MESL for older persons are food, energy and social inclusion/participation, plus transport for those in rural areas. It seems highly likely that expenditure linked to social inclusion is the first to go when someone cannot afford the basics, with a consequential negative impact on many older person's mental health and wellbeing.

"I live a very isolated life because of money problems."

A particular example of cost arises in relation to pets. The CSO reports that over half (52%) of households have pets and that most people (87%) say that having a pet has "a positive impact on their mental health and well-being".[99] Despite the common practice of pet ownership and the likely benefit for older people in terms of their mental health, pet ownership is not envisaged in standards for minimum income or social welfare. Some older people reported concern that vet fees for their ageing pets may be too expensive, leaving them with no option other than putting their animals down.

In 2022, over €5.6 million was spent by the Department of Social Protection on Additional Needs Payments (ANP) for people aged 66 and older, with the main categories being housing-related costs (€2.5 million) and funeral costs (€2.0 million). Help with bills amounted to under €119,000.[100] Local and national advertisement campaigns have encourage people to seek ANP if they are in need, and there is a national phone number available for those unable or unwilling to attend their local welfare office.

Age Action has heard from many older persons who cannot afford basics, ranging from heating to medication to socialising. Given that over 90,000 older individuals experienced deprivation in 2022 there would seem to be a significant gap in the social protection 'safety net' that is not sufficiently addressed by supplementary welfare supports such as ANP. There is anecdotal evidence that some older persons are reluctant to apply for welfare due to concern about means-testing, embarrassment about being in hardship or fear of their circumstances becoming known in their communities.

4.2 Poverty

> ***"I am cutting back a lot on food, clothes, heat, socialising, travel and holidays. No foreign holidays."***

> ***"I am living cautiously, there is less variety in my diet... Wore lots of layers, used a rug for heat, using car once a week for shopping."***

Table 5: Risk of Poverty for Adults aged 65+

Year	All aged 65+	Couples 65+	Single adult 65+
2020	9.8%	4.5%	20.5%
2021	11.9%	8.9%	21.5%
2022	**19.0%**	**14.4%**	**33.6%**

One in five older persons—and one in three older persons living alone—had an income below 60% of the median and thus was at risk of poverty in 2022. The proportion of older persons at risk of poverty doubled between 2020 and 2022.

While 13.1% of individuals (of all ages) were at risk of poverty in 2022, this figure would have been 36.7% without social transfers (welfare, pensions).[101] This effect is likely to be more pronounced for older persons, showing how necessary the state pension is to reducing poverty in older age.

Older people living alone are much more likely to be at risk of poverty. As one older woman explained, when someone is widowed, like she was, they have the exact same expenses in the aftermath, but lose the additional income. Irish social policy historically recognised the precarious situation of widows and widowers, but contemporary supports—such as the living alone increase—are not based on evidence about the full effect of bereavement on incomes, especially women's incomes.

Table 6. Consistent Poverty for Adults aged 65+

Year	All aged 65+	Couples 65+	Single adult 65+
2020	1.0%	0.4%	2.2%
2021	2.5%	2.3%	4.3%
2022	**3.3%**	**1.6%**	**8.1%**

Consistent poverty means an income below the poverty threshold combined with the experience of enforced deprivation. Consistent poverty among older persons more than tripled in the period 2020 to 2022, and now affects one in every 30 older persons. Some focus group participants described their quality of life as the worst it ever had been, with a woman in her seventies saying she had had to go to bed hungry for the first time in her life in 2023. Many older persons feel that things have gotten worse since the pandemic, with the high cost of living arising just as COVID was receding.

If older persons cannot find alternative sources of income, living in consistent poverty likely means low living standards for some time, potentially the remainder of their lives. The people most likely to be in consistent poverty in older age are women and those living alone, as well as people with long-term disabilities, illnesses, addictions, or people who were disadvantaged in earlier life, such as Travellers or survivors of abuse.

Ireland's commitments under the sustainable development goals include leaving no one behind and addressing the needs of the furthest behind first. Ireland's national poverty reduction targets aim to reduce consistent poverty to 2% by 2025. Previous strategies failed to meet the same target and older people are not prioritised in the current poverty targets.

"Against advice, I often carry heavy shopping because I can't afford to put petrol in the car. I can't afford to replace my winter shoes."

"I don't go out to places that you need money."

4.3 Achieving a Minimum Essential Standard of Living

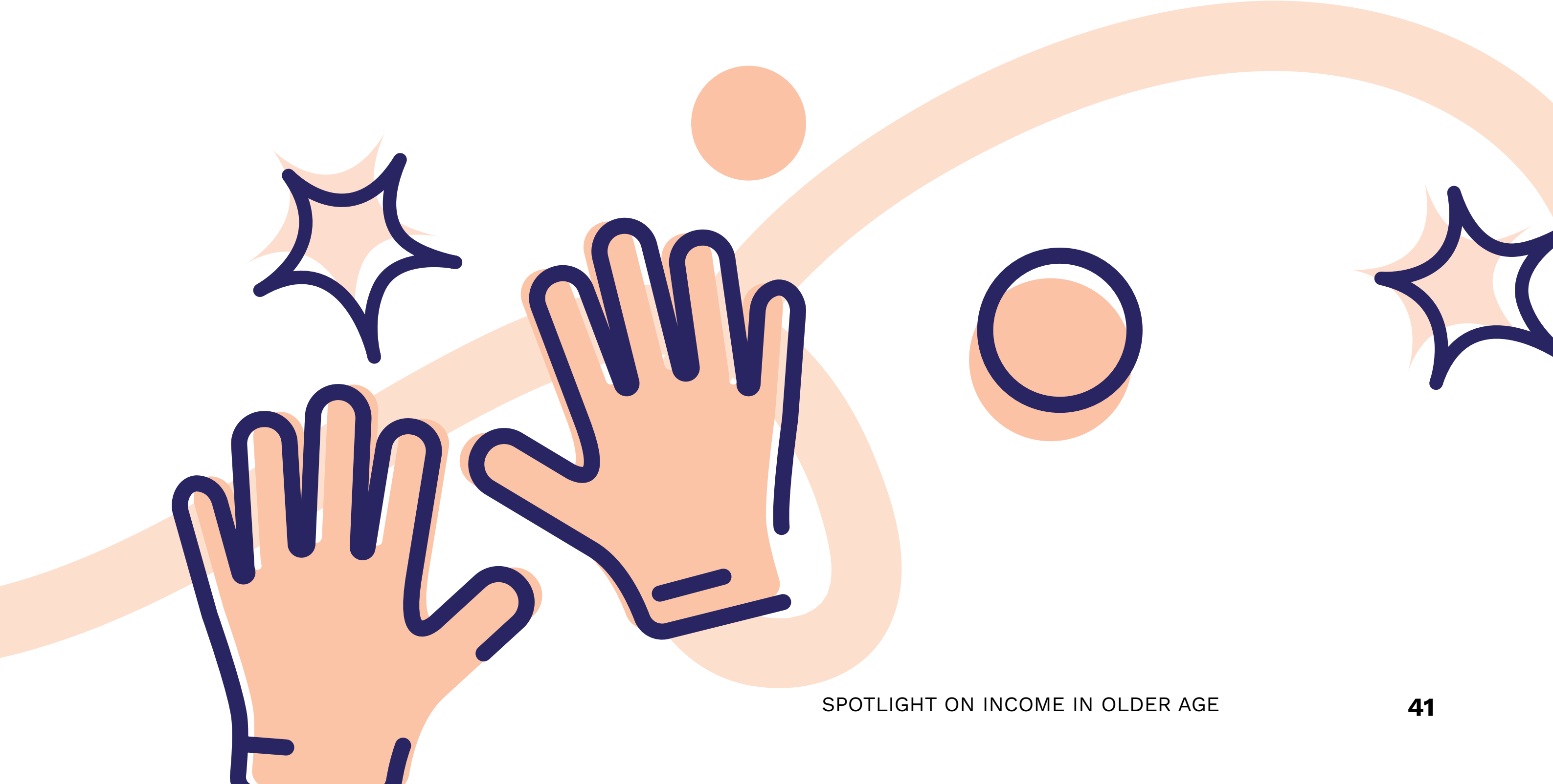
"What we really need is more money, isn't it?"

"At this stage of life we should be able to cover everything with a bit to spare."

In the focus groups, some older persons said that they were living in worse conditions now than they ever had before. One woman said that a return to the time of hot water bottles and chilblains from sitting too close to the fire felt imminent, when she thought they had moved long past that. In general, people felt they were entitled to a better standard of living.

The minimum essential standard of living (MESL) research examines what level of income is needed for a standard of living sufficient to meet physical, psychological and social needs, not wants or luxuries. The Vincentian MESL Research Centre examines ten archetypal older person households—based on household composition, urban/rural dwelling and type of state pension—to see if these households could meet the cost of social housing plus a MESL.

In 2022, a social protection income would allow five out of the ten archetypal older person households to meet this standard. All ten scenarios assume a full-rate state pension, no health costs beyond what a Medical Card covers, and limited housing costs, and therefore reflect 'best case' scenarios.



5 in 10

older household types cannot afford a minimum essential standard of living.

Older couples in rural areas reliant on the contributory state pension and qualified adult increase cannot afford a MESL.

Older people living alone cannot afford a MESL in any scenario.

Income inadequacy is €21.80/week for the rural couple.

Income inadequacy is between €22.63 and €93.07/week for older persons living alone.

All four single person households had insufficient income, with those in rural areas falling up to €93.07/week below what they needed, described as "deep insufficiency". Five out of six couple household archetypes had sufficient income, reflecting the ability of couples to share costs. Nonetheless, couples in rural areas relying on one contributory state pension plus qualified adult increase could not afford an MESL.[102]

The core MESL cost faced by older persons living alone represent 79% of the MESL costs faced by couples in urban areas and 81% in rural areas, which demonstrates the extent to which people living alone have more than half of the costs faced by couples. Yet, the state pension system typically provides people living alone with just 57% of the income of a couple.[103]

The following table focuses on core MESL costs, as most older persons are homeowners. It shows what position an older person or couple would need to have on the distribution of income to afford the MESL.

Table 7. The Percentile of the Income Distribution Required to Afford MESL Core Costs

	Urban, Living Alone	Rural, Living Alone	Urban, Older Couples	Rural, Older Couples
MESL Core Cost (weekly)	€ 338.15	€ 403.67	€ 429.02	€ 499.82
MESL Core Cost (annual)	€ 17,632	€ 21,049	€ 22,370	€ 26,062
Estimated income percentile required to afford an MESL (SILC Age 66+)	25th	33rd	35th	43rd
Estimated income percentile required to afford an MESL (SILC Age 80+)	40th	48th	50th	58th

The table shows the difficulty of achieving an MESL for older persons, to the extreme of couples aged 80+ living rurally having to be in the top 42% of older persons' incomes (i.e. above the 58th percentile).

Given that the income percentiles required refer only to the income distribution among older households, it is clear that a large proportion of older persons—especially those aged 80 or older—cannot afford an MESL. This is not a theoretical model, but rather is a fact based on the household incomes of older households described by SILC.

4.4 An Inadequate Pension in a European Context

"While the State is not the sole actor in providing social protection, it is the principal one and has important functions in regulating, supporting and complementing what the other pillars are doing. It alone can guarantee standards and coverage in social protection for the entire population."

–NESC (2005)[104]

All of the evidence discussed in the preceding sections shows that for many older persons in Ireland, their state pension is inadequate. Another confirmation of this is when Ireland's pension system is compared to that of other European countries. The European Union measures the adequacy of pension income by comparing the income of people aged 65-74 with the earnings from work of people aged 50-59. Based on this measurement, Ireland has the second lowest level of income replacement in the EU.

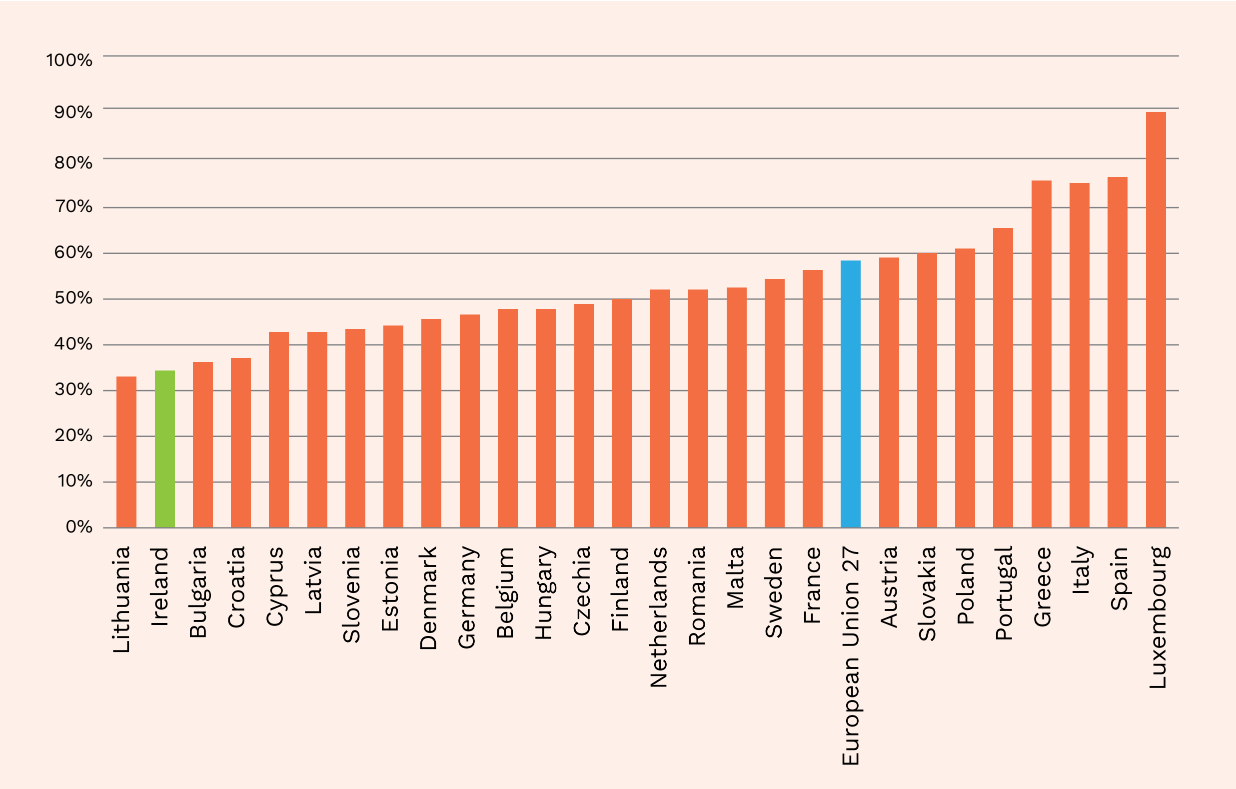


Figure 6. Income Replacement at Age 65-74 Compared to Average Earnings of Those Aged 50-59

In 2022, in Ireland, pensions from all sources received by people aged 65-74 replaced 34% of the earnings from work of people aged 50-59, down from 39% in 2021. The EU average was 58%.[105] The reason for this is that Ireland is the only EU country that provides a single-tier state pension system whereas every other country provides a second, top-up tier in addition to the basic rate. A consequence of this is that the risk-of-poverty among persons aged 65+ in Ireland is the highest in western Europe and the eighth highest across the EU in 2022.[106]

> ***"When are our decision makers going to realise that we are a substantial group of people who need supports."***

In 2021, measured as a percentage of GDP, overall public spending in Ireland was the lowest in the EU at 24.8%. When the figure of GNI* is used instead to remove distortions caused by multinational activity,[107] Ireland's public spending was 45.5% of GNI*, the lowest level of public spending in western Europe (excluding Luxembourg, whose GDP figures are similarly distorted) and ranked 18th out of the 27 EU member states.

Irish public spending on old age social protection was one of the three lowest in the EU in 2021. Irish public spending on old age social protection was 3.5% of GDP or 6.4% of GNI*. The average across the EU was 10.8% of GDP.[108] While Ireland's low level of spending is partially explained by demographics, it is also due to the low level of income replacement provided by the state pension system.

4.5 Benchmarking the State Pension

> ***"I am glad they helped us out a bit, but if they are talking about a 'living wage' what about a 'living pension'?"***

In Age Action's survey and focus group research, many people suggested the state pension should be benchmarked and indexed, such as against inflation or average industrial wages. Yet people also had little faith in the government's ability to deliver as it had been promised in the last election but not instituted. Many older persons feel that politicians are out of touch given how high their incomes are, how strong their pensions are, and what they get subsidised.

Stemming from the National Pensions Policy Initiative in 1998 and the Green Paper on Pensions 2007, and reiterated in the Roadmap for Pension Reform and the current Roadmap for Social Inclusion, there is a longstanding proposal of benchmarking the rate of the state pension to 34% of gross average earnings. The state came close to achieving this during the recession, but the gap has widened and is nearly €49 per week as of the first quarter of 2023. The maximum contributory state pension rate of €265.30 in 2023 represents 28.7% of average weekly earnings.

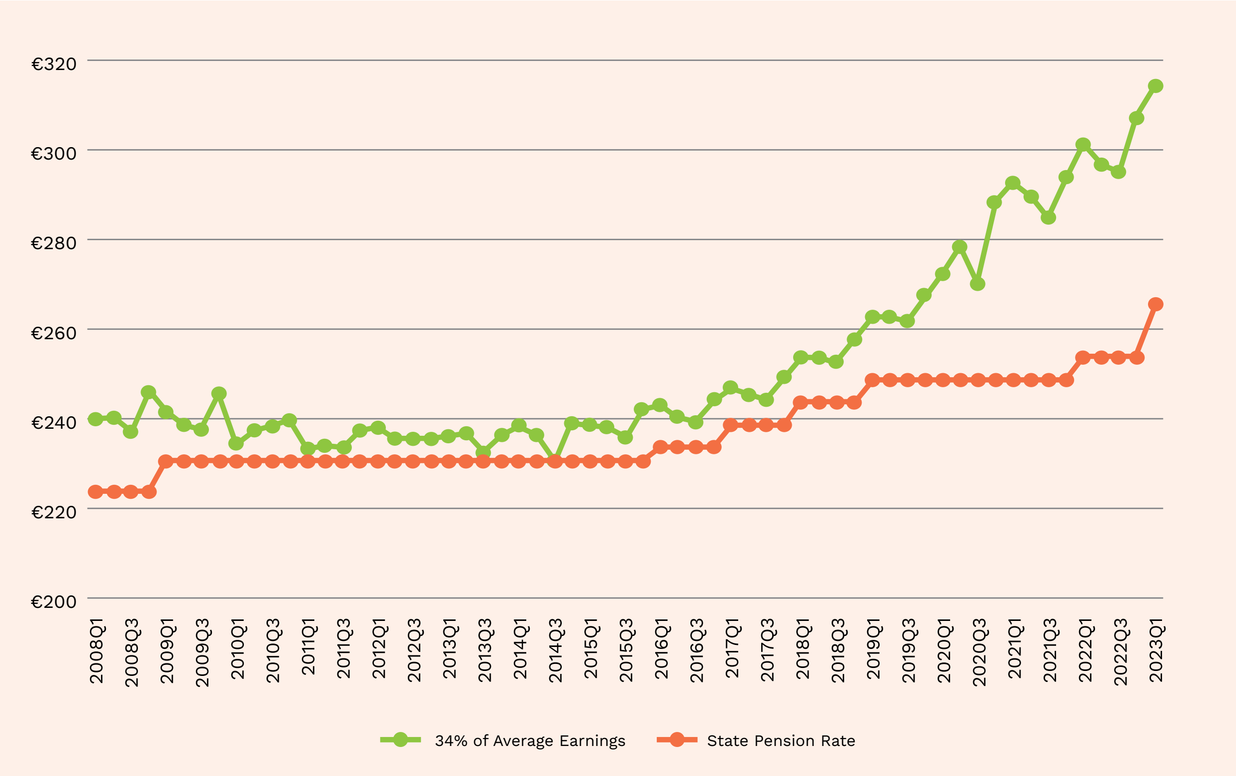


Figure 7. The Full Rate Contributory State Pension versus 34% of Average Weekly Earnings [109]

Linking the state pension to earnings ensures older people are not left behind as standards of living across society improve. Linking just to inflation would not cause the pension to rise by as much, and there could be periods of stagnation while earnings still rise. The 34% benchmark would provide security. Crucially, benchmarking would take a lot of the politics out of the budget process. Older people have told Age Action that they resent their incomes being politicised in the budget. People need legal certainty about the rate of the state pension so that they can plan their lives.

"I'm so disgusted with the whole situation, I have no time for the government and they're well aware of that."

The Commission on Pensions cautioned that 34% might be insufficient to prevent poverty, but it is a longstanding benchmark for the state pension and would be a starting point towards providing certainty, as well as a greater level of income adequacy. A benchmark of 40% or 50% could be required to ensure that older people do not experience income poverty.

For the older persons Age Action consulted, many felt that the government had a duty to them which they were not fulfilling, that they felt no obligation to older persons, did not take their situation seriously, and ignored them. They talked about the government "once again… dropping responsibilities." Even those who voiced general approval for the government often felt that they could do a lot more, with worries over "food and heating" persisting despite feeling gratitude for "the efforts so far by government."

European consensus positions the role of the state as providing an income floor in older age, and supporting people to save for a higher retirement income. The state pension does provide an income floor and it may be more successful than some other EU countries where the basic pension is insufficient. Ireland's higher basic state pension benefits carers, people with disabilities and others who are unable to save for retirement, and this in turn reduces the number of women in poverty in older age.

At the same time, the Irish system is both weak and structurally unfair in how it supports retirement savings. Pension tax breaks allow higher earners to obtain tax-free savings, creating a 'retirement elite'. Auto-enrolment still hasn't been implemented and relies on a wholly private industry that may not be capable of delivering secure incomes to low- and middle-income workers, and will widen the gender pension gap as fewer women will be eligible than men due to the fact of income equality in the labour market and the smaller proportion of women in paid work. Most European second tier pensions have a public agency manage retirement funds. There is also concern that auto-enrolment will not include people who are self-employed.

States and businesses have been steadily pushing in recent decades to absolve themselves of long-term risks associated with providing incomes for pensioners, and instead shift risks to individuals. This has driven the move away from defined benefit pension schemes towards defined contribution schemes that do not guarantee a level of income in older age and where investment risks are carried by individual savers.

Many older people tell Age Action that they paid everything they were asked to pay and feel short-changed that they are not given better income protection in older age. They paid for the pensions of those who came before them and they expect the state to provide them with a decent income in turn, saying that older people didn't work all their lives and pay taxes to "end up this way," and that the government does not do enough "for people like us." There is a real feeling of anger and injustice among many older persons toward the government, who believe that the government is always looking for ways to spend less money on them and that it is capable of making real moves to help older people and just chooses not to.

PART 5

Coping with Additional or Unexpected Expenses

"I do worry because I'm dipping into my savings just to live and pay my bills, what will I do when my savings are gone? No way will I be able to meet the expense of a medical emergency or home repairs."

The research highlighted that many older persons experience additional weekly costs that they did not face as a younger person, such as extra heating costs, medical costs or costs to get things done that they would have done for themselves previously. As well as this, many older persons find it difficult to cope with large once-off expenses.

Most pension incomes are not adequate to allow someone to afford expenses outside of the weekly cost of living. Many older persons can meet their basic weekly expenses but not unexpected extra costs, such as housing adaptations or medical costs. Participants in our research expressed the dread they felt when in this situation.

Older persons worry about the future and potential larger costs that their income won't be able to cover. The extent of these issues, and the cumulative cost over a person's period of retirement is not known, which is why a national cost of ageing study is needed to provide evidence and analysis to support Ireland's social protection system in meeting the needs of all older persons. Such a study should examine housing, transport and healthcare, including all the one-off costs that a person is likely to face in older age when they can no longer generate an income through economic activity.

In Age Action's research, older people often characterised income inadequacy in terms of delving into savings, which were running low and/or impossible to replenish. People used up their savings often to cope with new expenses, such as nursing home fees, or newly increased expenses, such as energy bills. Depleted savings caused worry. If someone is reliant on an income that can only meet basic needs, they can "find it impossible" to save and feel that there "isn't any hope" of growing their savings. This left people unprepared for and vulnerable to future costs.

"Savings are like a reek of turf, and every time you take a sod it gets smaller. There's no way of putting anything back."

For some people, the demands of some expenses meant others had to be neglected. Different older people would prioritise different expenses over others, depending on their needs and lifestyle. One person spoke about not getting repairs on their house and how it "can stay the way it is," due to the cost of their husband being in a nursing home and their private insurance which they pay because of their own health problems.

SILC asks people if they could meet an unexpected expense without borrowing. A third (34.7%) of people in Ireland were unable to do so in 2022, ranking Ireland 19th out of 27 EU member states and the worst in western Europe. The situation was somewhat worse for older people (aged 65+) living alone (38.6%, ranked 13th out of 27), but better for couples where one or more were 65 or older (21.6%, 12th out of 27 and above the EU average).[110] A fifth of older couples and nearly two-fifths of older persons living alone could not meet an unexpected cost of €1,200 or more.

5.1 Cash Savings and other Financial Assets

In the 2020 Household Finance and Consumption survey, most older persons indicated that they had some kind of financial asset, which was cash savings in most cases. The median value of cash savings was €8,100 for single older adults and €18,100 for couples. Half of each household type had more than this amount and half had less or none.[111] Some 4.1% of single older persons and 5.1% of couples indicated they had no financial assets at all. Others in the bottom 25% likely have low levels of financial assets, including low levels of cash savings, meaning that they effectively rely on their weekly income and have no personal capacity to meet a large, unexpected expense.

"My savings keep going to nil after any emergencies. I try my hardest to save. My income means less and less each week."

"I am 4 years retired and had savings but these are gradually being eaten away."

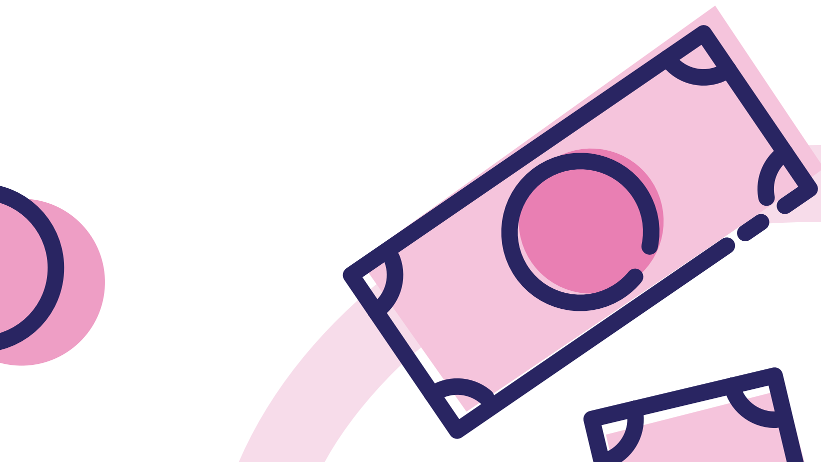
Age Action's survey illustrated that many older people have a reflex to save money, even when their incomes are limited. Many were concerned with the low interest rates on savings and wished for state action to mitigate this problem. While some acknowledged that the state could not interfere with interest rates themselves, one respondent suggested that the state establish its own savings scheme for older persons, and others wanted the state to reduce the deposit interest retention tax (DIRT) on savings.

Most older people do not hold other financial assets, but 13.9% of single older adults owned bonds or mutual funds, 7.5% held shares and 16.3% held a voluntary pension, compared to 18% of couples holding bonds/ mutual funds, 11.2% shares and 6.2% a voluntary pension. The median value of financial assets was €9,700 for single older persons and €23,500 for couples, with voluntary pensions being the most valuable asset. Ownership of financial assets and their value was skewed towards those on higher incomes, homeowners, and those with higher levels of education.[112] Based on the relatively low value of these assets, it is unlikely that dividends or investment returns provide significant income to many older persons in Ireland, but it may be significant to a minority and provide a small top-up income more broadly. Selling shares or bonds may help some older households cope with once-off costs.

The largest source of wealth in Ireland is property. The median value of financial assets is less than one percent of the median value of real assets.[113] Many older persons may be 'asset rich, cash poor', where their home is valuable but they have a low weekly income and no savings.

Typically, older persons tend not to have large amounts of debt compared to younger age groups, largely reflecting that housing-related loans have been paid off. Nonetheless, a proportion of older persons will carry debt past age 66, which can be difficult to manage on a lower income, and 6% of older persons are still paying a mortgage or loan on their home. Some older persons may also take new loans against the value of their homes.

Age Action is concerned about loan products targeted at older persons that may offer very poor value for money due to compound interest on the loan. An example of a 'lifetime' cash loan secured against a person's home could involve €60,000 borrowed at age 66, at 6.45% per annum, which would involve a repayment of €217,867 at age 86. A loan that was initially 20% of the value of property could end up being repaid by half the property's future value. Safeguarding Ireland caution that older persons should not feel pressured by anyone to borrow against the equity in their homes.[114] The contracts involved in these loans can also block someone from accessing the HSE's nursing home support ('fair deal') scheme, which can leave people faced with high private costs for nursing home care.



5.2 Housing Costs

"...There's no planning. And you hope that nothing breaks down in the house."

"It may come to a point where I would have to sell my house because I would not have the money for repairs and improvements."

Older persons disproportionately occupy inadequate housing with up to 48% of homes occupied by older persons having low home insulation (Building Energy Ratings of E, F or G) and more than one in eight persons aged 65+ (13.3%) live "in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor".[115] This means older persons disproportionately bear costs associated with poor housing.

Participants in Age Action's research identified new or increasing housing costs associated with ageing. These include major home repairs (e.g. roof, boiler replacement), insulation or retrofitting for home heating, and home adaptation to accommodate disability or impairment. Some people reported expenses associated with upkeep of their home and garden, such as fixing gutters or moving furniture. Sometimes the expenses came from no longer being able to perform maintenance tasks themselves. Some people said that they no longer performed repairs on their homes and others talked about not being able to arrange or afford better insulation. One woman talked about having to replace her boiler and her roof, which had only been repaired eight years ago. It will cost thousands she doesn't have.

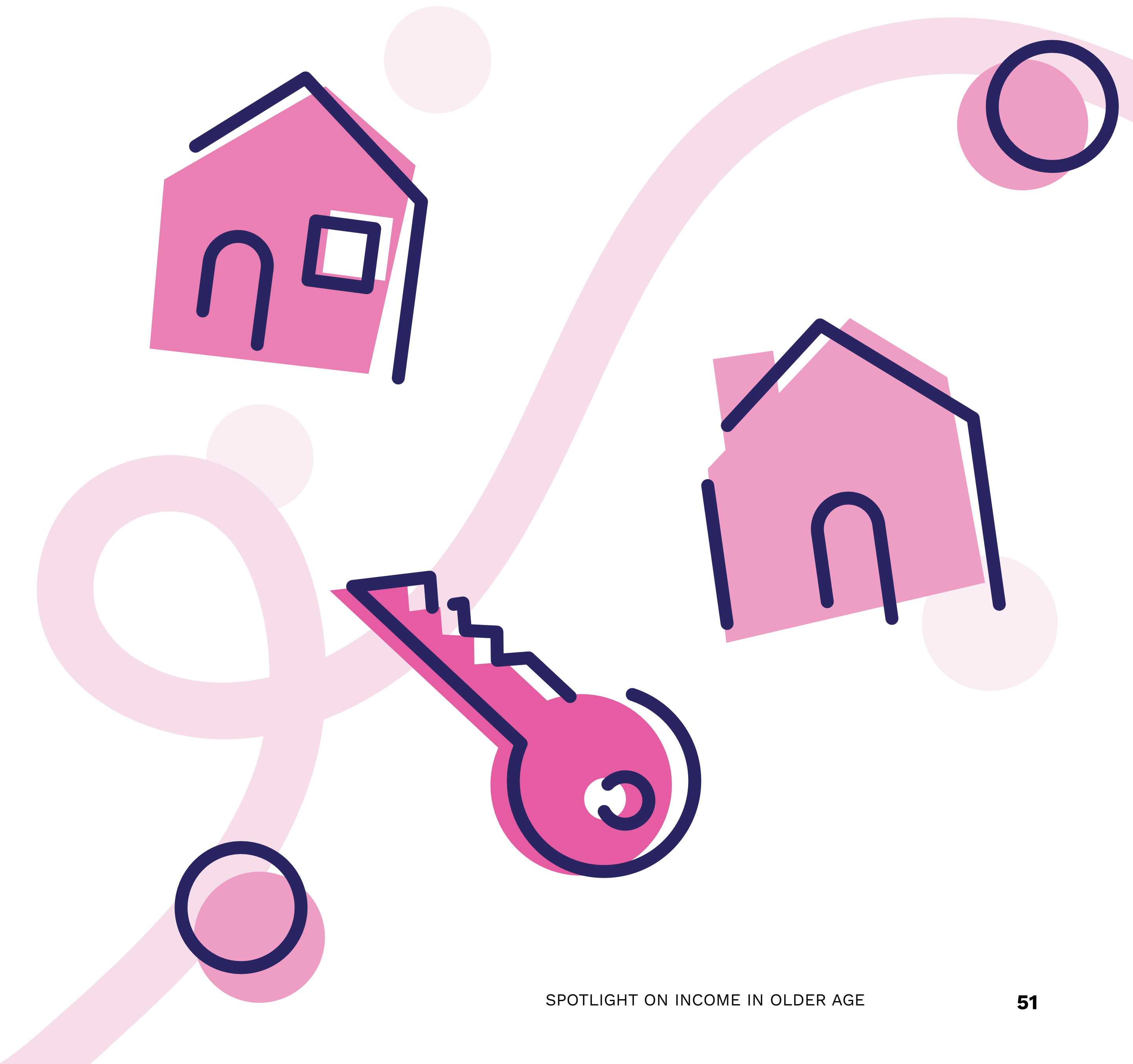
"I know I can borrow but I can't afford to pay back"

The state has recognised that older people can need support to afford certain capital expenses. Local authorities offer housing adaptation grants for older people and people with a disability.[116] Likewise the state provides grants to help with home insultation through SEAI,[117] and means-tested Additional Needs Payments through social welfare to help with one-off expenses, including grants to help with housing or funeral expenses. However, the range of grants is incomplete reflecting a piecemeal approach to addressing problems as they arise. For example, there is a bespoke septic tank repair grant, but there are no grants for other once-off costs. Older people have faced real difficulties with means tests and eligibility criteria, such as having to obtain engineer's reports to demonstrate that kitchen appliances no longer function.

The piecemeal grant approach jeopardises older persons' autonomy. Rather than being 'vouchered' into older age with grants, older people need incomes that allow them to save and therefore afford to make decisions themselves on how to manage one-off expenses that they are likely to encounter.

A report by Age Action and UCC into ageing in place in rural areas found that people overwhelmingly want to stay in their own homes. The report explores the reasons why people did not want to move as well as modifications and supports that would enable them to stay at home—such as bathroom modification, improved heating or home help. Factors that people identified as affecting their ability to age in place included the need for public transportation (66%), access to shops and health care services (60%), needing a smaller home (48%) and feeling isolated (38%).[118]

Some people explained how they were forced to move home, which was a big expense. For example, one person had to move because their first home couldn't accommodate their mobility equipment, and another because there was anti-social behaviour happening in their estate. The state has encouraged people to 'rightsize' their home, but often this is prohibitively expensive even if a person wishes to move.



5.3 Health and Care Costs

"One thing after the other happened health-wise"

"I have health insurance as well as the Medical Card. I would be afraid to give up the health insurance even though it's very expensive as I know I wouldn't have had the medical interventions I have had. I would still be on a waiting list."

In 2019, 43% of people aged 65-74 report having a long-term condition that "requires supervision, observation or care" as did 49% of people aged 75 or older. At age 65, a quarter (23%) of people report having a disability. By age 75, it rises to a third (32%). By age 90, it rises further to three quarters (74%).[119]

In conversation with Age Action, older persons shared the costs they incur for health and care. Many older people agree that cost often spirals due to accumulating health problems. They often pay for medicines or services that are not covered by health insurance or the public health service, such as chiropodists or buying specialised supportive shoes or other aids. People reported high costs associated with medical devices as well, such as hearing aids. One participant in a focus group reported having the cost of their hearing aid covered initially, but they would have to pay for a replacement themselves and so they have continued to use their original one despite it becoming faulty. As an example of the high costs and also the uncertainty involved, one person paid €5,000 to have cataracts removed from one eye but was on a waiting list for the other eye and was able to have it done for free.

Many respondents paid for private medical insurance and found doing so necessary, even if it was very costly, often due to a mistrust of the reliability of the public health service. It was a source of comfort when they contemplated their future. One person remarked, "I'd do without breakfast before dropping [health insurance]". This was because they had seen the level of care their late spouse had received from private providers, which they felt the public system lacked. Medical Cards and GP visit cards also brought people peace of mind when it came to medical costs, even though they remained worried about other areas such as housing or transport. Age Action is frequently contacted by people who are worried they will lose eligibility for the Medical Card.

In the focus groups, a man in his eighties lost his Medical Card a few years back after his social protection payments increased by a cumulative ten euro. Because of that additional ten euro in his income, he has to pay eighty euro a month in medical costs, as well as cover the €1,000 cost of his hearing aids himself.

There is great frustration among older persons that so few dentists accept Medical Cards and those that do are all booked up. People were also frustrated that this wasn't effectively communicated to them. They'd be handed a list of dentists who accept Medical Cards, call them one by one, and none of them would be accepting new patients, yet they weren't told that by the person giving them the list. Ultimately they would have to cover this cost themselves.

> ***"Unfair when my Medical Card was taken away, after having it for a short time."***

> ***"I have a Medical Card. I had great difficulty getting it renewed last time. I dread next September when it's renewed again."***

People link the inadequate supports for healthcare costs to ageist attitudes that older persons should just put up with health difficulties: "The system assumes that as you grow older you can do without being able to hear, or see, or having teeth."

Home care can be beyond older persons, especially when they have pronounced needs and do not have family or others to provide informal care. What they get for their money in home care is often seen as inadequate. For example, one person talked about the inconsistency in the quality and availability of care for two of his neighbours, who are both widows, but one gets better care than the other.

Older persons also worry about the cost of residential care. While most people live independently at home into their 90s, at any point in time 3.7% of people aged 65+ are living in a nursing home. An estimated quarter of older people will pass through a nursing home at some stage in their lives. Private nursing home accommodation can easily cost over €800/week and over €1,500/week in HSE facilities.[120] Such costs are beyond the weekly income of most older persons and nursing home care tends to involve spending of savings, liquidation of assets and/or costs being carried by family members. Most people fund their care through the nursing home support ('fair deal') scheme, which caps the costs involved in exchange for 80% of their income, 7.5% of their assets annually and up to 22.5% of the value of their home.[121] Even if someone does have savings, they fear what will happen if they move to a nursing home. The cost of living in residential care setting has been described as "catastrophic for some people".[122]

As a result of the 80% income demand, many older persons have insufficient income left to meet other basic personal needs when in a nursing home. People in nursing homes have most of the same needs and wants as anyone else. Many need to spend money to afford extra aspects of care—including basics such as a haircut or additional food. Often people in nursing homes wish to have additional therapies or medical equipment (such as a specialist chair) that are not provided by their nursing home.[123]

It is seen as unfair that the state provides free-of-charge treatment for some illnesses, such as cancer, but requires older persons to give up large portions of their income and assets if they suffer from dementia or other illnesses that require nursing home care. Many older people feel that the 'fair deal' scheme is anything but fair.

5.4 Transport Costs

> ***"Walking is very painful and getting up and off buses takes time and hurts a lot. I don't have a car and can't afford taxis."***

> ***"In the space of nine days I had to get ten taxis [to get to the hospital], which meant I didn't have money. I went to bed three nights that week hungry, for the first time in my life. I'm disgusted with the government."***

Nearly 50% of women aged 65+ in rural areas, and around 28% of men, say they have unmet transport needs. Nearly a third of women aged 65-74 (31%) do not have a driving licence, and neither do a fifth of men (19%). More than half of women aged 75 or older (57%) and a fifth of men (21%) do not have a licence. In total, an estimated 244,000+ people aged 65 or older do not have a driving licence.[124]

For older persons who cannot drive or maintain a car, the cost of transport is a burden. Most Irish housing is car dependent, and many older people—especially in rural areas—will need to maintain or replace their car over time as they do not have public transport options. Many older persons expressed particular frustration with the cost of taxis for getting to and from hospitals. One person discussed having to expend money on maintaining a car because of their mobility issues—"the car is my legs"—despite having many other competing costs.

5.5 The Cost of Heat

"I am 88 years old. I use a lot of heat. I am very cold if I didn't have the heat."

"I have a heart condition so I need to take tablets including blood thinners so I feel the cold a lot so if the income for the fuel allowance was increased it would help me."

The Household Budget Survey shows that older people spend proportionately more of their income on heat and light than any other group. The MESL Research Centre also confirms proportionately higher spending on energy by older persons.[125] This is due to a combination of factors. Firstly, older persons disproportionately occupy the worst insulated homes. Secondly, older persons may have medical conditions which make them more susceptible to the cold, and overall as the body ages it is less well able to retain heat. Thirdly, older persons spend more time at home than younger persons. And fourthly, older persons may have particular medical or mobility devices they need to power that are energy intensive. While some older persons reported going without heat, others made it plain that they were unable to do so.

Many older persons cited energy costs as their primary concern. Many focus group participants had high bills due to storage heating being installed by their local council. One had successfully fought to have it replaced but many others still lived with it. Gas bills were also incredibly high. People were angry about the standing charges: "€50 euro for never turning on a light." They dreaded winter and adopted restrictive behaviours to minimise the cost of heat, such as limiting themselves to use of only one room of the house.

Age Action has called for an Energy Guarantee to ensure that older persons can afford the minimum quantity of energy to meet their basic needs for heat and light.[126]

"I really tried to use less oil and electricity to a point where it was not a very pleasant winter."

"I have not had any heating on in my apartment for several months. I add layers and rugs to keep warm."

5.6 The Importance of Non-Cash Supports

Where older persons do not have an adequate income to meet all their needs, they can be very reliant on non-cash supports and services. In Age Action's survey research respondents often identified policies they benefited from and were grateful for, such as the free travel pass or Medical Card.

Free travel from age 66, a free TV licence and a Medical Card or GP card from age 70, all lower older persons' cost of living. In the focus groups, people described the free travel pass as "precious". While older people value it, most do not get to use it often, as 61% live more than 500 metres from their nearest public transport stop and 31% live more than 2km away.[127]

Ireland is the only country in western Europe that does not provide free-of-charge access to primary healthcare, which is why Medical Cards are so important to older persons. Up until 2009, all people over 70 received a Medical Card, but this is now means tested which is something that older persons feel is unfair. The policy of means testing imposes higher GP and pharmacy costs on older persons than the amount of money the HSE saved, implying inefficiency in the policy as well as an extra financial burden on some older persons.[128] The Sláintecare plan for universal healthcare has not been realised.

The consequence of income inadequacy in older age is that people in the poorest income groups acquire illness and disability from a younger age, and die younger. Some of this problem could be resolved by the full implementation of free-of-charge primary healthcare, which is already in place in every other western European country.

Many people also rely on charitable organisations because of income inadequacy. There are over 250 charitable or not-for-profit organisations with the purpose of providing services for older persons.[129] For example, an estimated 2.4 million meals were delivered to over 54,000 people by 'meals on wheels' organisations in 2022.[130] These meals are subsidised—including by the state—and cost an older person between €4 and €6.[131]

In the focus groups, participants talked about the importance of community groups for older people in getting support, assistance, and information. However, they noted that there are too many places in Ireland where there aren't suitable groups nearby.

"The stronger and more universal the public provision, the less it matters how much money a family has, and the less likely it is that costs associated with providing for the wellbeing of older adults will fall upon relatives."

–European Observatory on Health Systems and Policies[132]

5.7 Bureaucratic Barriers to Accessing Public Services

People identified it as a major concern when services were not there when they needed them, or when they could not rely on them and therefore felt they had to pay for private alternatives.

"It makes older people physically sick doing all the paperwork until they give up trying."

"Even trying to get into contact with people, how do you do it anymore?"

Difficulties that arise when interacting with a bureaucracy were raised by many older persons. Some older persons may lack the skills to engage with complex processes. The concept of 'administrative literacy' has been proposed as a form of expertise that people need to be able to access welfare payments and public services.[133]

Conversely, some bureaucratic processes are unnecessarily complex, inflexible or onerous. For example, a recent Ombudsman's report found significant bureaucratic barriers to accessing the Treatment Abroad Scheme or the Cross Border Directive scheme—to access healthcare in Northern Ireland—or to get refunded in a timely way for costs incurred through the scheme. This led to some older persons falling into debt. The HSE and Department of Health have accepted recommendations to improve these processes.[134]

In the focus groups, older people felt that staff are usually good and trying their best but the system itself leaves a lot of people ignored.

Often participants demonstrated deep knowledge and familiarity with the systems with which they interacted, and yet they still faced significant barriers. Participants voiced concern for the many older persons even less prepared or informed for interacting with systems, those who may not even know to reach out to Age Action.

Navigating the system is especially difficult because of the inaccessibility of decision makers. People couldn't use automated or online systems and it left their issues unresolved. Staff turnover meant you couldn't build trust or rapport with people working for relevant services. In the past, while they may have had similar issues or needs, it was far easier to reach someone who would help with it.

For example, one person applied to be on a waiting list for some necessary physiotherapy two years ago and he still hasn't been able to find out if he is on the waiting list. He has had doctors write letters but there are no responses. One participant said, and others agreed, that a real problem is that there is a lack of information and supports. Forms for entitlements like the Medical Card are overly complex and using websites such as for Revenue are prohibitive. There need to be supports for navigating these systems. Often people are required to make important decisions—such as choosing between a widow's pension or another payment—without having full information about the implications. People also sometimes receive contradictory information. Someone was told they need to get their doctor to sign a certain form and then went in and the doctor said they couldn't sign it.

Difficulties with bureaucracy are compounded by the fact that six out of ten older persons are digitally excluded, either because they are not using the internet at all (28%) or because they have 'below basic' digital skills (35%). Out of one million people aged 60 and older, 280,000 are not using the internet at all,[135] leaving 720,000 older internet users, at least 347,000 of whom have below basic digital skills.[136] When people not using the internet are combined with those with below basic digital skills, they represent more than 6 in 10 people aged 60 or older (628,000 out of one million).[137] While the state's digital first policy intends to avoid 'digital only' access, many older persons experience difficulties getting help through potentially underfunded traditional channels of communication like phonelines or counter services, due to the push for transactions to be done online.

Participants also felt that services have diminished since COVID-19. There are fewer members of staff, things are farther away and are open for fewer hours. There are fewer volunteers with services. Participants expressed the sentiment that government blamed COVID for inaction in a number of areas.

"Covid changed everything."

"Covid started the whole ball rolling."

The psychological toll of inadequate services cannot be understated. People spent hours and resources trying to get answers or to improve their situations. Often they were still unsuccessful and often they gave up. You must have knowledge, energy, and resources to challenge how you are treated by different services and companies and to make sure you are getting all to which you are entitled. One participant tried to get answers on the issue of standing charges on his electricity bill, and had to ask their councillor seventeen times and their TD twenty two times "the same question" to "get an answer off them." He felt ignored and like he was being treated as a fool.

One participant said the problem isn't something that can be solved by instituting a specific policy, it's wider and more fundamental, and requires respect for older persons. Many respondents felt that older persons in particular are disregarded by services and systems.

"We need to try to get people to be looked at as people rather than numbers."

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103 The maximum weekly rate of €265.30 plus €22/week living alone increase is €287.30, which is 57.1% of a couple's state pension of €503.10 (based on €265.30 plus qualified adult increase of €237.80).
104 https://www.nesc.ie/publications/the-developmental-welfare-state/
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107 GNI* in 2021 was €230.7 billion, which represented 54.5% of GDP of €423.5 billion.
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