



# ESPN Thematic Report on Retirement regimes for workers in arduous or hazardous jobs

## Ireland

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**European Social Policy Network (ESPN)**

**ESPN Thematic Report on  
Retirement regimes for  
workers in arduous or  
hazardous jobs**

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## Summary/Highlights

Arduous and hazardous jobs are not recognised in legislation in Ireland and there have been no debates on this issue in recent years. The only recognition in Ireland of such jobs is through collective agreements in occupational pension schemes within the public service. The police (*Garda Síochána*), prison officers, psychiatric nurses, firefighters, teachers, military officers and enlisted personnel can retire five to ten years earlier than standard public servants under collective occupational agreements. There is no general recognition in the private sector in collective agreements between employers and employees of the need to offer end of career options to workers in arduous or hazardous jobs although there are provisions in some occupational pension schemes for employees who are unable to perform their job due to ill health, or unable to perform any job. Outside of the public sector, there have been no general demands from trade unions for early retirement, partial retirement or retraining options for workers in arduous or hazardous jobs.

Employees in long-term unemployment aged between 55 and 66 years who wished to withdraw from the labour force could avail of the Pre-Retirement Allowance up to 2007. This Allowance was abolished in 2007 for new claims. The average effective age at which older workers withdraw from the labour force is very close to the qualifying age for the State Pension for men but it is two years lower for women.

The number of contributions required to qualify for a social insurance State Pension was increased in 2002 from a minimum three years' work to a minimum of five years' work between 2002 and 2012 and to a minimum of ten years' work in 2012. In 2020 the qualification for social insurance benefits will be changed to a total contribution requirement. This policy of making the contributions for State social insurance benefits more like private insurance will result in a reduction of pension entitlements and replacement rates.

Older workers in arduous or hazardous jobs, and in other jobs, who become sick or ill may qualify for a short-term social insurance Illness Benefit or a long-term Invalidity Pension. The Invalidity Pension is for insured persons who are permanently incapable of work because of an illness or incapacity

A variety of benefits are available through the Occupational Injuries Benefit Scheme to those who are injured or incapacitated by an accident at work or who are directly travelling to and from work or who contract a disease because of the type of work they do. The personal benefits payments under this scheme are lower than the State Pension (contributory).

As collective agreements for early retirement due to ill health cover only a minority of employees in the private sector Illness Benefit, Invalidity Pension and Occupational Injuries Benefit represent the main option for labour market exit for workers in arduous and hazardous, and other, jobs.

Although the pattern of workplace risks from physical risk, chemical/biological and physically demanding jobs is lower in Ireland than the European average for 34 countries, the risk is significant in the agriculture, construction, and manufacturing sectors. Consequently, Ireland could learn from the experience of other EU countries in developing policies and interventions that have been successful in improving health and safety in the workplace.

## **1 Overall description of the policy mix targeted at workers in arduous or hazardous jobs**

Ireland has no provision in national law or collective agreements to offer end-of-career-options to workers in the private sector in arduous or hazardous jobs. There is no definition or classification of such jobs in the private sector. The only recognition in Ireland of such jobs is within the public service. The police (Garda Síochána), prison officers, psychiatric nurses, firefighters, teachers, military officers and enlisted personnel can retire five to ten years earlier than standard public servants under collective occupational pension agreements.

Outside of the public sector, there appear to have been no demands for early retirement, partial retirement or retraining options for workers in arduous or hazardous jobs. There may have been demands in collective agreements in particular occupational sectors but the last survey of early retirement benefits in occupational pension schemes was carried out 20 years ago (Hughes and Whelan 1996). At that time less than 40 per cent of those in employment were covered by occupational pension schemes and of these the majority were members of schemes which provided some benefits for early retirement due to ill health. However, the benefits did not give a general incentive to retire early as only 12 per cent of members were covered by arrangements in which their pension would be calculated on the service they could have completed by working until normal retirement age. Over 70 per cent of members covered by provisions allowing early retirement on ill health grounds were required to be unable to do their normal job and 22 per cent were required to be unable to do any job.

Information in a survey by the Central Statistics Office (2016) indicates that as of the end of 2015 only 41 per cent of those in employment in the private sector are covered by occupational or individual pension schemes. The survey contains no information on provisions for early retirement from arduous or hazardous jobs or other jobs.

Policy makers and main stakeholders do not appear to have firm positions on whether it is desirable that workers in such jobs should have access to early retirement opportunities. No debate on this issue appears to have taken place in recent years or, indeed, in earlier periods.

## **2 Pension rules for workers in arduous or hazardous jobs**

In the literature on classifying countries into employment/welfare regimes, Ireland is classified as a 'liberal market economy' together with the U.K (Watson, Maître and Russell 2015). In liberal market economies there are fewer policies to improve occupational health or to regulate hazardous and arduous jobs than in the 'inclusive' Nordic regime in countries like Sweden and Denmark or in the continental regime built on Bismarckian principles in countries like Germany and France. These differences between welfare regimes in groups of countries mean that social protection is likely to be more generous in Nordic and continental regimes than in a liberal market regime. Whether there is provision for early retirement due to ill health resulting from hazardous or arduous jobs in a liberal regime will be left to a large extent to the balance of power and priorities of employers and workers through negotiation in voluntary occupational schemes.

Over the last ten years the coverage of occupational and individual pension schemes has fallen by nearly 10 percentage points from 55.9 per cent of those in employment in 2005 to 46.7 per cent in 2015 (Central Statistics Office 2016). For men and women in employment coverage is almost equal at 47 per cent and 46 per cent respectively. Coverage is nearly twice as high in the public sector as in the private sector, 79 per cent compared to 41 per cent. The difference in coverage between the private and public sectors may account for provisions in collective agreements for early retirement from hazardous and arduous jobs in the public sector and the lack of specific provisions for such jobs in the private sector.

There is great variability in coverage by industry and occupation. Only 13 per cent of those in employment in Accommodation and Food Service Activities are covered by pension schemes compared with 75 per cent of those employed in Information and Communication. By occupation, 75 per cent of Professionals are covered whereas only 18 per cent of those in Sales and Customer Service are covered.

Until 2014 the age at which women and men could qualify for the State Pension (Contributory) and the State Pension (Non-Contributory) was 66 years. A State Pension (Transition) could be applied for at age 65 but it was required that someone receiving this pension would stop working for a year until they reached the qualifying age for the contributory State pension. The Social Welfare and Pensions Act 2011 increased the State pension age for men and women for both the contributory and non-contributory pensions to 66 from 2014, to 67 from 2021 and to 68 from 2028. Thus, the opportunity to take retirement at age 65 under the State Pension (Transition) was eliminated when the qualifying age for State pensions was increased.

Employees who were aged between 55 and 66 years who were in receipt of unemployment payments for 15 months could opt to leave the labour force by applying for a means-tested Pre-Retirement Allowance whose benefit was similar to the long-term Jobseeker's Allowance. Recipients of the Pre-Retirement Allowance did not have to "sign-on" at a local Social Welfare Office as they had retired. The Pre-Retirement Allowance was introduced in 1990 and abolished for new customers in 2007.

There is no provision in the social insurance system for workers to qualify for a higher pension by deferring their retirement from the labour force beyond the State Pension age.

The number of contributions required to qualify for a social insurance State Pension has been increased significantly in recent years. Up to 2002 only 156 weekly contributions were required so a minimum of three years work was required. Between 2002 and 2012 this was increased to 260 contributions so a minimum of five years of work was required. In 2012 there was a further increase to 520 contributions so a minimum of 10 years of work is now required (Department of Social Protection 2016a). There is provision through the Homemaker's scheme for voluntary credits for workers who have gaps in their insurance record because of caring for children up to 12 years of age or an incapacitated person. The Homemaker's scheme maintains carers' entitlement to a State Pension (Contributory) at 66 years of age.

### **3 Retirement patterns and retirement income of workers in arduous or hazardous jobs**

OECD (2016) statistics show that in 2014 the average effective age at which older workers withdraw from the labour force is very close for men to the qualifying age for State Pensions, 65.4 v 66 years. For women the effective age of retirement is at 62.6 years, significantly lower than the age (66) for women to qualify for State Pensions. There has been little change in the effective age of retirement for men in the last ten years as in 2004 the effective age for men was 65.3 years. For women the effective age reduced by 2 years from 64.7 in 2004 to 62.6 in 2014. In the last ten years the number of men still in the labour force at State Pension age or above has increased from 27,200 in 2004 to 42,400 in 2014 and the number of women has doubled from 7,900 to 16,500.

Since the abolition of the Pre-Retirement Allowance in 2007 older workers in arduous or hazardous jobs, and in other jobs, who become sick or ill may qualify for a short-term social insurance Illness Benefit from the Department of Social Protection. At least 104 contributions, or two years contributions, are required since first starting work to qualify for the benefit together with either 39 contributions paid or credited in the relevant tax year before the claim is submitted or 26 contributions paid in two years preceding the relevant tax year before submission of the claim. Illness Benefit is graduated according to average weekly earnings. If average earnings are equal to EUR 300 per week or more, the personal benefit is EUR 188 per week and there is an adult dependant's benefit of



EUR 124.80 per week. If average weekly earnings are less than EUR 150 per week, the personal benefit is EUR 84.50 per week and the adult dependant's benefit is EUR 80.90 per week. At the end of 2014 there were 57,024 recipients of Illness Benefit or 8 per cent less than the 61,845 recipients at the end of 2005.

Workers who receive Illness Benefit for a year who are unable to work because of a long-term illness or disability and who are likely to be unable to work for another 12 months can transfer to a long-term Invalidity Pension. This benefit is for insured persons who are permanently incapable of work because of an illness or incapacity. Medical assessments are required to qualify for an Invalidity Pension and workers in receipt of Illness Benefit can be required to undertake a medical assessment by a doctor employed by the Department of Social Protection. The Invalidity Pension is paid at a flat rate of EUR 193.50 per week for a person under 66 years of age and the adult person benefit is EUR 138.10 per week. There were 54,223 recipients of Invalidity Pension at the end of 2014 or 7 per cent less of the 58,352 recipients at the end of 2005.

There is an Occupational Injuries Benefit Scheme for people who are injured or incapacitated by an accident at work or who are directly travelling to and from work. This scheme is available also to people who contract a disease because of the type of work they do. There is no contribution requirement as it is sufficient to be in an employment which qualifies for Occupational Injury Benefit. Workers in occupations linked to a prescribed disease can qualify under this scheme for Injury Benefit and Disablement Benefit. There is a list of prescribed occupational diseases which includes byssinosis, pneumoconiosis, occupational deafness and occupational asthma. Injury Benefit is payable only for 26 weeks. People unfit for work after receiving Injury Benefit can apply for Illness Benefit or Disability Allowance. People who have a loss of mental or physical faculty after an accident or disease can apply for Disablement Benefit which is payable as a lump sum (known as Disablement Gratuity) or as a weekly payment (known as Disablement Pension).

The payment level under the Occupational Injuries Benefit Scheme varies according to the level of disablement and a minimum income loss of 15 per cent is required for any payment. The personal rate for Injury Benefit is EUR 188 and the personal rate for Disablement Benefit is EUR 219. Both rates are lower than the personal rate for the State Pension (Contributory) of EUR 233.30.

The lack of legislation for early retirement for workers in arduous and hazardous jobs in Ireland suggests that the issue has not been addressed because such jobs are less prevalent than in other EU countries. A report by Watson, Maitre and Russell (2015, p. ix)) using data from the European Working Conditions Survey indicates that Ireland's workplace risks to physical risk, chemical/biological risk and physically demanding work "were towards the middle to lower part of the distribution" of European countries. For physical risk Ireland ranked 12<sup>th</sup> lowest out of 34 countries, for chemical/biological risk and for physically demanding work it ranked 15<sup>th</sup> lowest out of 34 countries in both cases. Although the pattern of these risks in Ireland is lower than the EU average the risks are not negligible in the agriculture, construction and manufacturing sectors.

The thrust of policy in Ireland demonstrates a shift to a 'liberal' interpretation of activation: more stringent requirements for retirement, increasing the age of retirement, no active labour market initiatives for early retirement from arduous and hazardous jobs. Ireland could benefit, as Watson, Maitre and Russell (2015) point out, from the experience of other EU countries which have developed policies and interventions to successfully improve health and safety in the workplace particularly in relation to early retirement from arduous and hazardous jobs.

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