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The Social Welfare Pensions in Ireland:

Pensioner Poverty and Gender

Rod Hick
PhD Candidate
The Centre for Analysis of Social Exclusion
London School of Economics and Political Science
Houghton Street
London WC2A 2AE
w.r.hick@lse.ac.uk

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Abstract

This paper examines changes to value of the state pensions and poverty rates for older men and women during the two terms of the Fianna Fáil – Progressive Democrat coalition government in Ireland between 1997 and 2007. It is shown that despite consistent increases in the value of the state pensions relative to earnings, poverty increased during the initial years of the period only to fall dramatically thereafter. While the increase in poverty at the 50 per cent median income rate between 1997 and 2001 was experienced disproportionately by women, there has also been an important gender dimension to the reduction in poverty amongst the over 65s since 2001. Since 2003, women have been no more likely than men to fall below the 50 per cent of median income poverty line or to fall below the 60 per cent line since 2004. However, analysis of data from the 2006 Irish release of the EU Survey of Income and Living Conditions shows that older women remained more likely than men to experience poverty as measured at 70 per cent of median income. A logistic regression model is used to identify underlying differences in poverty rates between men and women after adjusting for other independent variables. The results show that after adjusting for differences in occupation, household composition, geography and health status, the odds of a woman falling below the 70 per cent median income line remained 1.25 times that of a man.

Introduction

The ten years between 1997 and 2007 saw considerable discussion in Ireland about how to develop and reform its pensions system in order to ensure adequacy, promote saving and guarantee sustainability, a debate prompted in no small part by a growing awareness of the challenges posed by population ageing. Such debate was not unique to Ireland - there has been an abundance of international discussion about the development and reform of pension systems, much of it focused on second-tier pensions in general, and on the shift to schemes operating on a Defined Contribution basis in particular (Orenstein, 2005). While such concerns have also been evident in the Irish literature (Pensions Board 1998; 2005; 2006) the concentration of debate on such schemes in an Irish context is problematic for two important reasons. Firstly, the state pensions remain the primary source of income for Irish pensioners as a whole and provide in excess of 80 per cent of the total retirement income for those in the two lowest income deciles (Government of Ireland 2007b; Stewart 2005). Secondly, while increasing the coverage rates of voluntary private and occupational schemes may increase total retirement saving (it is worth bearing in mind that this is not guaranteed), it is of no use whatsoever in increasing the living standards of those who have already retired. There are currently 11 per cent of the Irish population who are 65 and over (CSO 2007b), and thus the value of the social welfare pensions is an important factor in the living standards of a significant proportion of the Irish population.

This paper will discuss changes in the value of the state pensions in Ireland and trends in poverty rates for the over 65s during the period of the two Fianna Fáil – Progressive Democrat governments between 1997 and 2007. It will examine poverty rates for a number of subgroups of older people (defined as those who are 65 and over) and, using multivariate modelling, will examine differences in the likelihood of experiencing poverty for older men

and women at the end of the period. This period is of particular interest in Ireland as includes the years of unprecedented economic growth during the 'Celtic Tiger' years, which made a break with the nation's past and transformed the living standards of many of its citizens. The following section will provide a brief description of the Irish pension system and will discuss government promises and pension developments over the period. We will then explore changes in the value of the pension relative to earnings, and will draw on three relative income poverty lines to illustrate trends in poverty for older men and women during the period. This will be followed by analysis of the 2006 release of the Irish wave of the EU Survey on Income and Living Conditions which will examine the poverty rate experienced by a number of sub-groups of older people and will draw on a logistic regression model to identify underlying differences in poverty rates between men and women after adjusting for other independent variables.

Pension promises and political developments

The Irish state pension system is comprised of a flat-rate State Pension (Contributory) and a means-tested State Pension (Non-Contributory). Both are paid from the age of 66 with the latter being paid at a lower rate than the contributory scheme. In addition, there is a State Pension (Transition), a contributory scheme which operates for one year between the age of 65 and 66, which is distinctive in that it also contains a retirement condition. Thus, there is the anomaly whereby individuals must have retired to receive a pension from the state for the year that they are 65 but that this condition is lifted on reaching 66. For each of the schemes, additional Qualified Adult payments may be made for dependents who are not eligible for a payment in their own right, subject to a means test, and additional amounts are paid to those over the age of 80. In addition to these 'social welfare' pensions, as they are known in

Ireland, there are various voluntary occupational and personal pensions, the contributions to which receive tax relief at the marginal rate from the exchequer. In 1994, a Homemaker's Scheme was introduced allowing women to disregard up to 20 years spent caring in the home for children under 12 or for an incapacitated person for the purposes of contributions to the contributory schemes. However, the scheme is not retrospective, thus failing to recognise periods spent caring prior to 1994. Ireland's pension system is distinctive in European terms in not having a mandatory earnings-related component, which has resulted in low replacement rates by OECD standards (Whitehouse 2006; Zaidi *et al.* 2006; Myles and Pierson 2001; Pensions Commission 2004). As we shall see, the State Pension (Contributory) and State Pension (Transition) are paid at a higher rate than either the State Pension (Non-Contributory) and Qualified Adult Allowances. This of some importance given the gender breakdown of recipients: women comprised 62.4 per cent of recipients of the State Pension (Non-Contributory) and 87.8 per cent of the Widow(er)'s (Contributory) Pension in 2006, but just 36.5 per cent of those receiving the State Pension (Contributory) and 27.1 per cent receiving the State Pension (Transition) (DSFA 2007).

On taking office in 1997, the new Fianna Faíl/Progressive Democrat government pledged that it would recognise the contribution of previous generations of workers 'through the hard times that laid the foundation for the present prosperity' (1999a: 21), by increasing the value of the contributory pension from IR£78/€99.04 to at least IR£100 /€127 by 2002, a target which, in 1999, was extended to recipients of the non-contributory pension (Dept of the Taoiseach 1998:9; 1999b: 10; 2000: 97). Furthermore, the government pledged to raise the pension in line with earnings over the parliament. A National Pensions Policy Initiative had been initiated by the previous 'Rainbow coalition' government in its penultimate year in office in 1996 to 'facilitate national debate on how to achieve a fully developed national

pension system and to formulate a strategy and make recommendations for actions needed to achieve this system' (Pensions Board 1998: v). This process culminated in *Securing Retirement Income*, a document which would have a significant impact on pensions debate and government policy over the period of interest (Pensions Board 1998).

In *Securing Retirement Income*, the rationale for the social welfare pensions was clear: they would provide both 'an adequate minimum income guarantee for the avoidance of poverty' for all pensioners (1998: 83), and an 'adequate total retirement income for those in the lowest income deciles' (1998: 87). The report recommended that total pension income should equate to 50 per cent of gross pre-retirement income, and that the state pension should be increased from 27 to 34 per cent of Gross Average Industrial Earnings over a five to ten year period which, as they noted, would still be relatively modest compared to other European countries (1998: 87). On the basis of achieving a state pension worth 34 per cent of average industrial earnings, the Pensions Board recommended that 70 per cent of those in employment aged 30 and over would need to be saving in some sort of supplementary pension in order for retirement income adequacy to be guaranteed. In terms of the other main social welfare pensions, the Pensions Board agreed with the previous Commission on Social Welfare that there should be a differential of 10 per cent between the contributory and non-contributory pensions (1998: 115; Commission on Social Welfare 1986) and that that the Widow(er)'s Pension be raised to the value of the State Pension (Contributory)(1998: 16). *Securing Retirement Income* also recommended that resources should be used 'firstly, to target the basic state pension and, secondly, to maintain, at its current level at least, the relationship between the qualified adult allowances and the personal rate of pension' (1998: 29).

By the end of their first term in 2002, the coalition government had succeeded in increasing the State Pension (Contributory) and State Pension (Non-Contributory) to €147.30 and €134 per week respectively, a rise in value of the contributory pension from 26.7 to 29.4 per cent of average earnings over the period 1997-2002. Following re-election in 2002, the coalition made further pledges with regard to the social welfare pensions: (i) to increase the value of the state pension to €200 by 2007, (ii) to pay the Qualified Adult Allowance directly to recipients rather than to their spouses on their behalf and to increase this payment to the level of the full non-contributory pension rate, (iii) to implement improvements in the Widow(er)'s Pension, and (iv) to remove the retirement condition of the State Pension (Transition) at 65 and other disincentives to working past 65 (Fianna Fáil and Progressive Democrats 2002: 26).

In terms of these commitments, the government was successful in ensuring that the lowest of the social welfare pensions, the State (Non-Contributory) Pension, was paid at €200 in 2007, with a State (Contributory) Pension rate of €209.30. The commitment to introduce a personal payment directly to qualified adults was legislated for in the Social Welfare and Pensions Act, passed in March 2007, which came into effect early in the subsequent parliament in September 2007. However, this payment was not increased to the value of the State (Non-Contributory) Pension, though this remains a government aim and a time frame has been set out to achieve this by 2009 (Department of the Taoiseach 2006: 60; Government of Ireland 2007b: 50). The Widow(er)'s Pension was, as we shall see, increased during the period relative to other schemes and since 2004 has been paid at the same rate as the State Pension (Contributory). A retirement condition remains for those receiving the State Pension (Transition) at age 65.

A National Pensions Review was announced in 2005, with particular reference to the targets set out in the *Securing Retirement Income* (Pensions Board 2005). The Review found that overall adequacy targets were still not being met, expressed concern at the level of supplementary pension coverage, despite increases in this regard, and noted that the cost of exchequer liabilities for both the social welfare and public service pensions was projected to rise considerably quicker than had previously been thought. The Board concluded that further changes to the Irish pension system were necessary with some members believing that a mandatory approach was needed in order to increase supplementary pension coverage rates (2005).

In 2006, the Minister for Social and Family Affairs asked the Pensions Board to examine 'the general principles in relation to a mandatory or quasi-mandatory system…with a view to recommending the most appropriate system for Ireland at a practical level and to cost this' (Pensions Board 2006). Rather than focusing on the appropriateness, or otherwise, of mandatory pensions, the Board were asked to recommend their preferred approach, if the decision to introduce mandatory pensions were made by government. The subsequent report, *Special Savings for Retirement*, examined the economic impacts of three models - one where the state pension would be paid at 50 per cent of average earnings, a second where a mandatory privately-managed Defined Contribution scheme would be introduced with a 15 per cent contribution rate within a band of earnings, and a third hybrid scheme which would combine a state pension paid at 40 per cent of average earnings in addition to a introducing a mandatory privately-managed Defined Contribution scheme. The Board concluded that its preferred scheme would be a combination of an increase in the value of the state pension to 40 per cent of GAIE over a ten year period to 2016 and the introduction of a mandatory

privately-managed Defined Contribution scheme for those without existing supplementary pension provision (Pensions Board 2006).

The social welfare pensions and pensioner poverty

This section will illustrate increases in the social welfare pensions relative to earnings during the period 1997 – 2006, and the levels of relative poverty experienced by men and women who were 65 years and over, drawing on three relative income poverty indicators. As Figure 1 demonstrates, the contributory, non-contributory, Widow(er)'s Pension and Qualified Adult payments all increased in excess of gross earnings over the period. The State Pension (Contributory) increased from 26.7 to 32.2 per cent of Gross Average Industrial Earnings between 1997 and 2006, thus still falling short of the Pensions Board's goal of 34 per cent of average earnings[1]. The Widow(er)'s pension received priority increases from 2001 and since 2004 has been paid at the value of the State Pension (Contributory). The State Pension (Non-Contributory) also increased throughout the period to €200, or 31.9 per cent of average earnings, and the gap between the contributory and non-contributory payments closed from 13.5 per cent to 4.4 per cent. The increases in the widow(er)'s and non-contributory pensions are of particular significance for women, who are more likely than men to be reliant on these payments (DSFA 2007). Finally, while increases in the Qualified Adult Allowance also increased relative to earnings, progress was more intermittent and the government failed to meet its promise of raising the payment to the value of the State Pension (Non-Contributory), with a 13.5 per cent difference existing in the rate of payment of the two schemes in 2007.

[1] The figures presented here are marginally lower than those provided by the Pensions Board due to the tendency of the Board to express the social welfare pensions as a percentage of the previous years earnings rather than from earnings data from the same year.

Figure 1 about here

However, while increases in the social welfare pensions outpaced average earnings over the period, this did not translate into a clear pattern of poverty reduction for the over 65s. Figure 2 demonstrates the proportion of the over-65s falling below three poverty lines, measured at 50, 60 and 70 per cent of median equivalised income, as well as the poverty rate for the overall population measured at 60 per cent of median equivalised income. These four indicators show a consistent trend. Poverty increased both for the over 65s and for the population as a whole between 1997 and 2001 and fell subsequently. However, the rise, and subsequent fall, in poverty for the over 65s was considerably more dramatic than for the overall population (Hughes and Watson 2005; Whelan *et al.* 2005).

Of the three relative income poverty lines used to measure poverty amongst the over-65s, the 60 per cent of median income indictor has been particularly sensitive to change over the period. As Figure 2 shows, the poverty rate for the over 65s when measured as 60 per cent of median income increases more starkly and subsequently falls at a more rapid rate than if the 50 per cent or 70 per cent rate is adopted. Using this 60 per cent indicator, poverty amongst the over 65s nearly doubled from 24.2 per cent to 44.1 per cent between 1997 and 2001, before falling to 13.6 per cent in 2006. When adopting the 50 per cent median income line, we find that there was a sevenfold increase in the numbers of over-65s falling below the poverty line between 1997 and 2001, with the subsequent fall failing to return to the 1997 position of below 3 per cent. While a similar trend is evident when drawing on the 70 per cent indicator, the rise, and subsequent fall, in poverty amongst the over 65s is not as severe as that found when adopting either the 50 per cent or 60 per cent indicators, increasing from

49 to 56 per cent between 1997 and 2001, with before falling to 42 per cent in 2006. Interestingly, the reduction in poverty during the latter half of the period was such that a lower proportion of the over 65s fell below the 70 per cent and 60 per cent poverty lines in 2006 than below the 60 per cent and 50 per cent lines respectively in 2001.

Figure 2 about here

The trends in pensioner poverty presented here are seemingly at odds with the aforementioned increases in social welfare pensions relative to earnings. However, while the social welfare pensions increased faster than gross earnings, these were in turn outstripped by net earnings in the first half of this period. Between 1998 and 2001, the standard and marginal rate of income tax fell from 26 and 48 per cent to 20 and 42 per cent respectively, thus raising disposable income, the figure on which the relative income poverty line is derived. Furthermore, equivilised household income rose rapidly during this period because of an increase in female participation in the workforce during the late 1990s (Government of Ireland 2007b). In addition, the incomes of the over 65s tend to be concentrated around a narrower range than that of the total population (Whelan *et al.* 2003), and this combined with the widespread reliance on the social welfare pensions means that relatively minor changes in either the value of the social welfare pensions or average earnings can result in a comparatively large proportion of the over 65s to fall below (or rise above) the poverty line. This highlights a weakness of such binary income poverty lines: a relatively small change in the value of the pension or in average earnings can cause a correspondingly large change in the poverty rate where there are many individuals concentrated around the poverty line, despite the limited difference in the living standards between those falling marginally above and those marginally below the line (Yitzhaki 2002).

Indeed, the use of relative poverty lines itself has some under some scrutiny, not least in Ireland, where researchers have devised a new 'consistent' poverty measure, which has been adopted by government in official targets (Callan *et al.* 1993; Maître *et al*. 2006; Government of Ireland 2007a). The 'dependent variable problem' is compounded by research showing that different poverty indicators identify substantially different individuals as living in poverty (Callan *et al.* 1993; Bradshaw and Finch, 2003; Saunders and Bradbury, 2006). However, while relative poverty measures have been criticised by many authors, they have the advantage of being thoroughly relative and straightforward in terms of interpretation. This paper measures poverty using three relative income poverty lines, with a range of lines chosen as this provides a richer understanding of changes in the income distribution of older people than focusing on one line in isolation (Callan and Nolan 1991).

One emphasis in the literature on pensioner poverty is the extent to which living on a low income in older age is particularly likely for older women. This has been a feature both of the international and domestic literature on pensioner poverty (Smeeding and Sanström 2005; Pensions Commission 2004; Prunty 2007; CSO 2005) although more recent Irish research has shown that older women are now are no longer more likely than men to experience poverty than men at the 60 per cent level (CSO 2006). One primary explanation for women being particularly vulnerable to poverty in older age is because they are less likely than men to achieve complete social insurance records due to intermittent periods of paid employment (McCashin 2005). While the Homemaker's Scheme allows women to disregard up to 20 years spent caring in the home for the purposes of contributions to the State Pension (Contributory), the fact that the scheme is not applied retrospectively prior its introduction in 1994 means that periods spend caring prior to this date are not recognised. Furthermore,

women in Ireland were compulsorily removed from public and civil service employment on marriage prior to 1973, with the consequence that they were unable to maintain their social insurance records, which continues to hamper women in gaining entitlement to a full State Pension (Contributory).

Figure 3 about here

Figure 3 illustrates the poverty rate for both men and women drawing on the three poverty indicators discussed above. At the beginning of the period, women who were 65 and over were more likely to experience poverty than men irrespective of the particular poverty line chosen, with particularly large gender disparities when adopting the 60 per cent and 70 per cent median income indicators. The rise in poverty between 1997 and 2001 particularly affected the poorest women, while the disparity in the poverty rate between men and women narrowed using the 60 per cent and 70 per cent poverty lines. However, in the period since 2001, the gap between the poverty rates of men and women has lessened regardless of the income poverty indicator chosen, with the exception of the a slight rise between 2005 and 2006 when adopting a 70 per cent median income poverty line. Indeed, there has been no statistically significant difference in the levels of poverty experienced by women and men at the 50 per cent line since 2003 or at the 60 per cent line since 2004. However, despite the gender gap in poverty at the 70 per cent level being reduced over the period of interest, women remained more likely than men to fall below this line in 2006 ($p<.001$).

Analysis

In this section we examine the risk of poverty faced by a number of sub-groups of older people, using the 70 per cent median income indicator, and draw on a logistic regression model to estimate the risk of falling below this line for men and women after adjusting for a number of variables. In doing so, the analysis draws on data from the latest (2006) Irish release of the EU Survey on Income and Living Conditions. The survey is conducted under EU legislation (Council Regulations No 1177/2003) and contains both cross-sectional and longitudinal data on income, poverty, social exclusion and living conditions. The EU-SILC is a voluntary survey of private households and is collected continuously throughout the year, with the reference period being the twelve months preceding the date of interview.

The focus of the analysis is on those who are aged 65 and over rather than those who report themselves to be 'retired' due to the very substantial number of women above retirement age who report themselves on 'home duties'. We adopt a 70 per cent of median equivalised income indicator as the relevant poverty indicator in an attempt to explain whether differences in occupational history, household composition, geography (urban/rural) and health status can explain the greater rate of poverty amongst women using this measure. A number of additional points should be noted. Firstly, the Irish definition of income rather than that provided by the EU has been chosen as the latter does not include income from private pensions in its calculations, a potentially important source of post-retirement income in Ireland (CSO 2005). This national definition of income also uses national, rather than OECD, equivalence scales. These give a weight of 1 to the first adult an a household with a each subsequent adult weighted .66 (aged 14+ and living in the household) and each child given a weight of .33 (to each household member under the age of 14)(CSO 2005). Secondly, the

practice of using 'equivalised income' is not uncontroversial and has been criticized for treating the household as a 'black box' that disguises gendered disparities in internal household distributions (Okin 2003). However, drawing on non-monetary deprivation indicators in Ireland, Cantillon *et al.* found no clear pattern of married women reporting greater levels of deprivation than their spouses (2004). Thirdly, it should be noted that pensioners in Ireland are eligible for a range of non-cash benefits such as free public transport, a free electricity allowance, free television licence, free gas and solid fuel, subsidized phone rental and medical care for all those over the age of 80 (Nolan and Russell 2001; Layte, Fahey and Whelan 1999). No attempt is made to account for these here in the measurement of poverty. Finally, as a survey of private households, the EU-SILC does not include respondents who are living in institutional households such as hospitals, prisons, convents or those living in nursing homes.

Table 1 about here

Table 1 illustrates the poverty rate experienced by a number of sub-groups of older people. As has been discussed, women experienced a considerably higher rate of poverty than men when the 70 per cent indicator is adopted. Forty-six percent of women over the age of 65 fell below the poverty line, in comparison to 38 per cent of men ($p<.001$). The occupation held during ones working life also influenced the likelihood of experiencing poverty in old age. Over half (51 per cent) of those who had never worked fell below the 70 per cent poverty line, a group overwhelmingly comprised of women. One third (35 per cent) of those who had worked as managers and administrators were in poverty, in contrast to eight per cent of Professionals, one-fifth of those working in associate professional and technical occupations (22 per cent), a third of those in clerical and secretarial occupations (32 per cent), between

two-fifths and a half of those of those in sales (43 per cent), craft and related (46 per cent) and personal and protective service (48 per cent), and over half of those who worked as plant and machine operatives (51 per cent) and those whose occupation was not stated (56 per cent).

Previous research has found that poverty rates vary by household composition and that single-adult houses experience particularly high poverty rates (Whelan *et al*. 2003). Almost two-thirds of individuals living in single-adult households were living in poverty in 2006 (63 per cent), compared to a third of two-adult households (35 per cent) and one-fifth of other households (21 per cent). Older people living in rural rather than urban areas were more likely to fall into poverty (46 per cent compared to 39 per cent) and the data shows that current self-reported health status had a clear impact on the likelihood of experiencing poverty in old age. One third of those in 'very good' health (36 per cent) were experiencing poverty, in contrast to just under half of those who reported their health to be 'fair' (47 per cent) and two-thirds of those who claimed that their health was 'very bad' (63 per cent).

Table 2 about here

A logistic regression model was used in order to identify underlying differences in poverty rates between men and women after adjusting for other independent variables. Again, the dependent variable is a binary of whether or not the respondent falls below the 70 per cent median equivalized income poverty line. The independent variables are sex, occupation, household composition, whether respondents were living in urban or rural areas and health status. These allow us to adjust for the different occupational sectors that men and women may have operated in and, indeed, whether they had worked at all, the extent to which gender

differences can be explained by women's predominance in single adult households (CSO 2007b), differences in terms of the geography of the respondent and their current health status. Importantly, however, while the occupational variable allows us to adjust for whether respondents had ever worked and the sectors in which they worked, it does not allow us to analyse the impact of any periods spent out of the labour force. For each predictor other than sex, the modal value was used as the reference category. The results are presented in table 2.

The model shows that even when these other variables have been controlled for, the odds of a women aged 65 and over falling below the 70 per cent poverty line are 1.25 times than of a man ($p<.05$). The occupation variable controls for differences in terms of respondent's occupational background, including whether they have never worked before, represented by the 'not applicable' category. Clear differences in the odds of being poor of respondents from different occupations remained, with differences between each group and the reference category being significant, except for those who had performed clerical and secretarial occupations and those who had been employed in sales occupations. The odds of falling below the 70 per cent poverty line for those in single-adult houses remained over three times (3.15) that of respondents who lived in dual adult houses, with those in other forms of households .42 times as likely as dual adult households to experience poverty. The third control was whether respondents lived in urban or rural areas. This was found to be highly significantly related to the risk of experiencing poverty, with those in rural areas 1.43 times the odds of those in urban areas to fall below the poverty line ($p<.001$). The final control was respondents' current self-reported health status which is included, despite its limitations as a 'current' measure, as a proxy for ill-health more broadly. While differences between those who reported their health as 'very good' or 'bad' and the reference category were not significant, those claiming to be in 'fair' health experienced 1.27 the odds of being poor as

did the reference category (those reporting themselves in 'good' health). Respondents who reported themselves in 'very bad' health faced a risk of poverty that was three-and-a-half times (3.43) that of the reference category ($p<.001$).

Thus, the analysis shows that even when we adjust for other important independent variables, women continue to experience a disproportionate risk of experiencing poverty in older age. While women are now no more likely to fall below the 50 per cent and 60 per cent of median income poverty lines than men, they continue to fall disproportionately below the 70 per cent of median income poverty line, and this disparity can not be explained by differences in occupational history, household composition, location of residence and health status.

Conclusions

The two terms of office of Fianna Fáil and the Progressive Democrats between 1997 and 2007 witnessed a great deal of attention given to pensions policy in Ireland, due in no small part to a growing awareness of the changing demographic trends in the country. This paper has discussed changes in the social welfare pensions and examined the changing poverty rates for older men and women over the period. Despite demographic challenges, the coalition government raised the social welfare pensions in excess of gross earnings throughout their ten years in office, with the most generous increases for the Widow(er)'s Pension and the State Pension (Non-Contributory), payments that are of particular importance for older women. However, as discussed, the relationship between these increases and pensioner poverty has not been straightforward.

Drawing on three relative income poverty indicators which measure poverty at 50, 60 and 70 per cent of median equivalised income, we find that poverty for the over 65s increased between 1997 and 2001 and fell subsequently. This trend is found irrespective of the poverty line adopted, but the 60 per cent line has been particularly sensitive to change during this period. The use of three income poverty lines provides a richer picture with respect to poverty than rather than focusing on one in isolation, particularly as the concentration of the incomes of the over 65s around a relatively small range means that relatively minor changes in the value of the state pension or average earnings may create correspondingly large changes in the poverty rate. Nonetheless, irrespective of the line adopted, the period 1997 to 2001 witnessed a substantial increase in relative poverty for older people, with the poverty rate almost doubling when drawing on the established 60 per cent of median income indicator. In terms of the poverty reduction achieved during the second half of the period, it is of note that a lower proportion of the over 65s fell below the 70 per cent and 60 per cent poverty lines in 2006 than below the 60 per cent and 50 per cent lines respectively in 2001.

However, there remain challenges in women attaining parity in Ireland's social insurance pension system. While the Homemaker's Scheme allows women to disregard up to 20 years spent caring for the purposes of a contributory pension, the fact that the scheme has not been applied retrospectively reduces its potential impact for many women. Furthermore, the compulsory removal of women from public and civil service employment prior to 1973 continues to hamper many women in gaining an entitlement to a full State Pension (Contributory). While the increase in poverty at the 50 per cent rate between 1997 and 2001 was experienced disproportionately by women, there has been an important gender dimension to the reduction in poverty amongst the over 65s since 2001 with the gender gap in poverty amongst older people lessening. There has been no statistically significant difference in the

poverty rate of women and men at the 50 per cent of median income rate since 2003 or at the 60 per cent median income rate since 2004. However, drawing on data from the most recent (2006) wave of the EU Survey on Income and Living Conditions we find that, despite some improvements, women remain significantly more likely than men to experience poverty at the 70 per cent rate. Importantly, this difference remains statistically significant even when differences in occupational, household circumstances, geographical and health differences are controlled for. After adjusting for these variables, the odds of a woman falling below the 70 per cent median income poverty line remain 1.25 times those of a man.

There has been a focus in much of the recent international analysis of pension systems on major new initiatives or reforms and, in particular, on developments in second-tier pensions. This has occurred in no small part in response to reports by the World Bank (1994; 2005) which recommended radical reforms for many nations, with a focus on the introduction of mandatory earnings-related Defined Contribution schemes. Indeed, Orenstein notes that the characteristic features of the New Pension Reforms are a renegotiation of the social contract and strong emphasis on such privately managed individual accounts (2005). This article has focused on increases in value in the social welfare pensions in Ireland and poverty rates for older men and women between 1997 and 2007. It has neglected developments in the second tier due to the extent of reliance on the social welfare pensions by Irish pensioners and because changes to second-tier pensions are ineffectual in improving the living standards for the substantial group of the populace that are already retired. Two payments that are particularly important for older women, Widow(er)'s Pension and the State Pension (Non-Contributory), have received priority increases over the past decade in Ireland and there has been an equalisation in the poverty rates of older women and men at the 50 per cent and 60

per cent of median income lines in recent years. Further steps are needed to prevent women disproportionately experiencing poverty at the 70 per cent of median income line, however.

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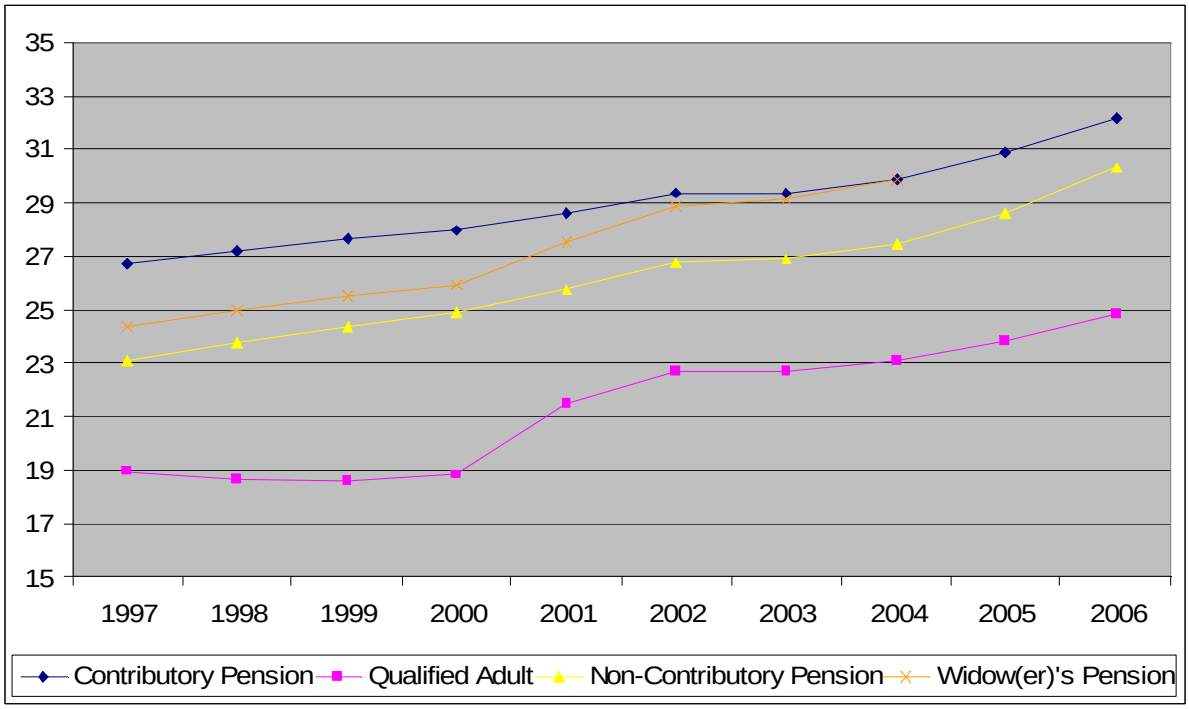
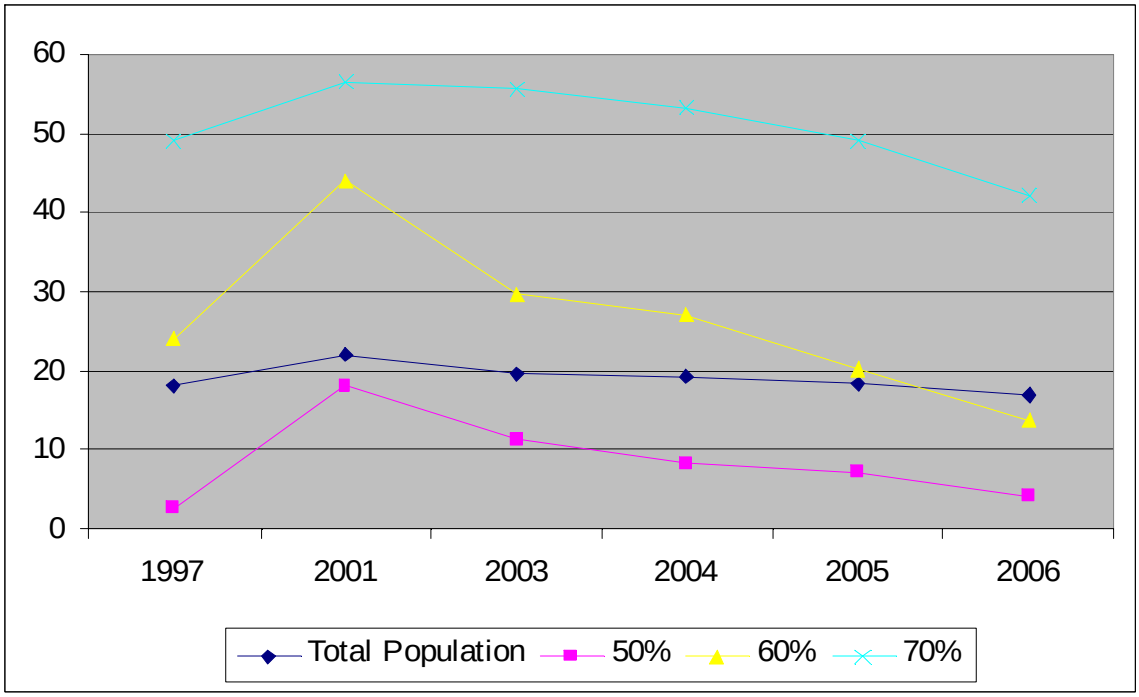
Tables and Figures

Figure 1: The social welfare pensions as a percentage of average industrial earnings 1997 – 2006



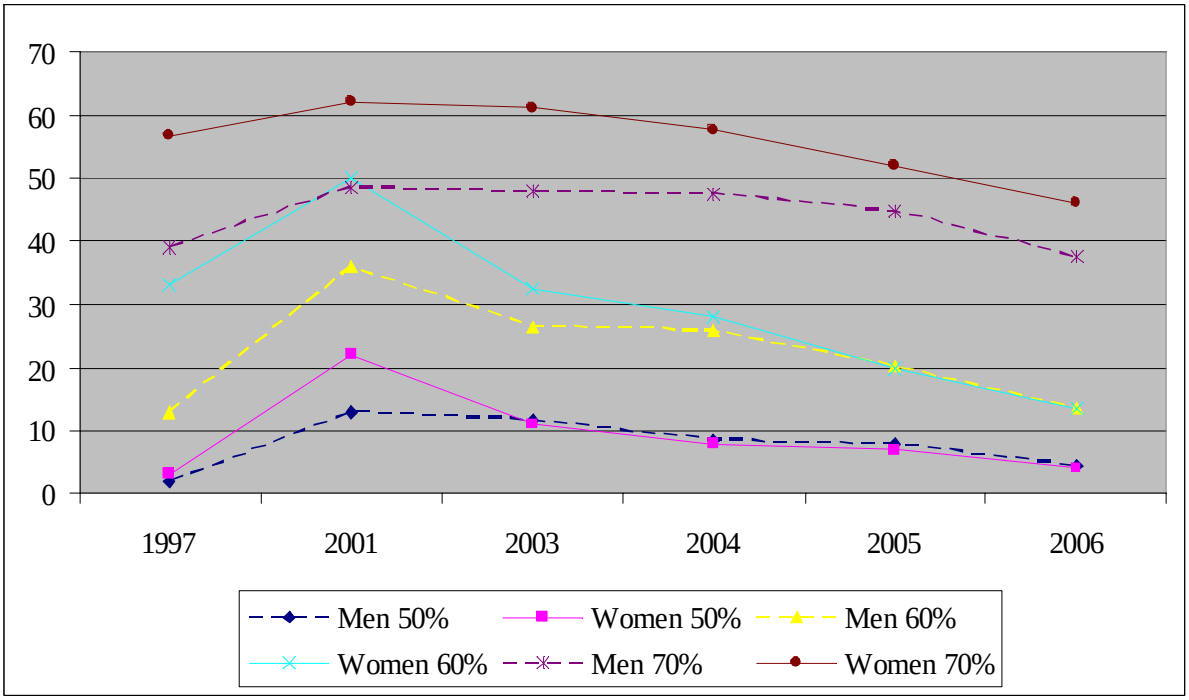
Source: Dept of Finance Budget website, CSO 2000; 2004; 2007a, and author's calculations.

Figure 2: Percentage of the over 65s falling below three income poverty lines



Sources: Nolan *et al.* 2002; Whelan *et al.* 2003 and author's calculations.

Figure 3: Percentage of men and women over 65 falling below three income poverty lines



Sources: Nolan *et al.* 2002, Whelan *et al*. 2003 and author's calculations.

Table 1: Poverty rate experienced by sub-groups of older people

Variable	Pov. Rate	Variable	Pov. Rate
Sex		Household composition	
male	37.5	1 adult, no children	62.2
female	45.9	2 adults, no children	35.2
		other	21.0
Occupation			
not applicable (never worked)	51.3	Urban or rural area	
managers and administrators	34.7	urban	39.1
professional	8.4	rural	46.0
associate professional and technical	22.0		
clerical and secretarial	32.0	Health status	
craft and related	45.9	very good	36.3
personal and protective service	48.1	good	38.9
sales	43.1	fair	46.5
plant and machine operatives	51.1	bad	51.1
other (includes not stated)	56.3	very bad	62.9

Table 2: Logistic regression of likelihood of experiencing poverty

Variable	Exp (β)		Variable	Exp (β)	
Sex			Household Composition		
male	REF		1 adult, no children	3.15	***
female	1.25	*	2 adults, no children	REF	
			other	0.42	***
Occupation					
			Urban or rural		
not applicable (never worked)	1.73	***	area		
managers and administrators	REF		urban	REF	
professional	0.17	***	rural	1.43	***
associate professional and technical	0.43	***			
clerical and secretarial	0.78		Health status		
craft and related	1.95	***	very good	1.12	
personal and protective service	1.64	**	good	REF	
sales	1.40		fair	1.27	*
plant and machine operatives	2.31	***	bad	1.39	
other (includes not stated)	2.52	***	very bad	3.43	***
Cox & Snell R Sq	0.173	Nagelkerke R Sq	0.232	N	2877

*p<.05, **p<.01, ***p<.001