

# Public sector pay deal will also boost pensions of 190,000 retired workers

The 6.5 per cent increase will benefit retired nurses, gardaí, teachers, civil servants and council staff as the cost of living crisis bites

BY MICHAEL BRENNAN

Around 190,000 retired public sector workers are set to get pension hikes of 6.5 per cent to cope with the cost of living crisis.

The increases will be designed to match pay rises being given to existing public sector workers in the new €1.6 billion public sector pay deal.

The decision will benefit retired nurses, gardaí, teachers, civil servants and council staff as well as other retired public sector workers.

Forsa, the trade union, has written to the Department of Public Expenditure to seek confirmation that the link between public sector pay increases and public sector pension increases will be maintained.

It has told its members that increases in public service pay scales are generally reflected in public service pensions that are linked to pay scales.

A union source said that it would be a major break with existing practice if this did not happen. "Nobody wants the pensioners on the streets," he said.

According to the state's revised estimates, the current public sector pension bill is €3.7 billion this year for 57,000 retired HSE staff, 44,000 retired teachers, 31,000 former civil servants, 22,000 retired council staff, 13,000 former Defence Forces members, 11,000 retired gardaí and 11,000 retired third-level staff.

The vast majority of public sector pensioners are expected to qualify for

## The numbers

€1.6 bn

Cost of the public sector pay deal

190,000

Number of retired public sector workers set to get pension hikes

€3.7 bn

This year's public sector pension bill, which will rise by €240 million should the pay increases also apply to pensioners

the increase because they are on the older form of the public sector pension, which has been traditionally linked to public sector pay increases.

An actuarial review of the cost of public pensions found that if this policy of linking public sector pay increases to public sector pensions was abandoned, the total cost of funding all existing public sector pensions would drop from €150 billion to €127 billion – a difference of €23 billion.

The government has the power to do this under legislation, but has chosen not to do so, due to the backlash it would provoke from public sector pensioners.

However, any public servants who joined since 2013 are on a less valuable pension scheme which has broken the link with public sector pay rises. Their single public service pension scheme only awards pension increases in line with inflation. This does mean that in times of high inflation, they will get increases, but not when inflation is low.

The government's offer of a 6.5 per cent pay rise for 330,000 public sector workers will cost an estimated €1.6 billion between this year and next. The payment of the same pay increases to public sector pensioners will add up to €240 million more to the €3.7 billion annual public sector pay bill.

The new pay deal has already been recommended for acceptance by the Forsa trade union, and the executives of other public sector unions are expected to endorse it after holding meetings this week.

It will then be up to individual public sector unions to ballot their members on the new deal. A majority of the union members in the Irish Congress of Trade Unions will have to back it for the deal to pass. But if the biggest unions, such as Forsa and Siptu, support it, then this will be almost guaranteed due to the size of their membership.

The mood music already indicates that it is highly likely to be accepted. The only alternative for public sector unions which are dissatisfied is to embark on industrial action this winter.