

APRe!

Associação de Aposentados

Pensionistas e Reformados

APRe! CONTESTS DISCRIMINATION OF PENSIONERS

Background:

As part of a set of measures to support the population in mitigating the effects of the inflation that has hit us hard, which has been called **Families First**, the Portuguese government has decided to bring forward to October 2022, one half of the increase in retirement pensions that people would be due to receive in 2023. Under the existing law, this annual increase has been automatic, depending on the progress of two indicators: Consumer Price Index (CPI)/Inflation, excluding housing, and Gross Domestic Product (GDP). This advanced payment has caused a reduction in the calculation basis for the predictable increases in 2024. At the same time the government stated that this existing law should be adjusted to a time of very high inflation.

Moreover - and this is very serious - the government has excluded pensioners from a one-off lump sum of 125 euros, which it will distribute in October to all citizens with individual incomes of up to 2,659 euros. It should be noted that most retired people receive a pension below this amount.

APRe! has taken a position on this matter and continues to state it daily by means of interventions in the media by its president Maria do Rosário Gama and a **press release** widely disseminated through several channels at national level, as follows:

PENSIONS: ANTICIPATION OF PAYMENT IS NOT AN EXTRAORDINARY SUPPORT

1. Soon after the Prime Minister's communication to the country, on the exceptional measures to minimize the effects of inflation, the Association of Pensioners and Retirees (APRe!) made several public statements, stressing that the presented support to this sector of the population is nothing more than an operation of mere anticipation, for a few months, of incomes to which pensioners would be entitled from January 2023, under the existing law, in force since 2006. We emphasise, assuming that calculations are correctly made, this does not mean that the Government is giving us additional compensation for the loss of purchasing power due to the galloping inflation that has been affecting us for several months, as has been explained. It is simply a redistribution of the same value, relative to 14 months of the year 2023, by one more month in 2022 (15 in all).

2. Moreover, this government measure will introduce a disruptive factor into the system that will penalise pensioners. The basis on which the calculation of the predictable increase for 2024 will be applied, under the same law, will be lower than if these measures did not exist. This issue is of concern to APRe! because it will mean a loss of income for the future, in relation to that foreseen by the law. If, according to that law, we have had a generalized 'freezing' of pensions over the last decade, because the values of average growth of GDP (Gross Domestic Product) and CPI (Consumer Price Index) referred to therein were not achieved, we would be penalized if its beneficial effects were now revoked. APRe! will not accept this. If we are presented with the argument that the application of the law, in the present context, will put into question the financial balance of Social Security, then APRe! intends to make a reflection - systematic, wide, and deep - about the additional means of financing Social Security that will assure its sustainability, especially regarding the new generations, as we have been claiming for several years.
3. In this same context, it should be added that pensioners and retired people are not included in the framework of measures aimed at compensating the costs of inflation: money is allocated, individually, to the general population with incomes below a certain level, including young people and children... but those who are pensioners or retired people are discriminated against, being excluded from this benefit, while the advanced payment mentioned above is presented as a compensation. That is not true! The different criterion of taxation for IRS purposes is a clear demonstration of this fact: the anticipation of the payment of half a pension to pensioners is taxable, although separately, it is said; the other compensation measures will be entirely tax free.
4. In conclusion, APRe! does not accept:
 - a) that, on the spur of the moment, the revision/amendment of Law 56-B/2006 is carried out, to adapt the law to the reality of a conjunctural political option. The constitutionality of such an initiative will be challenged by us, if it comes to pass.
 - b) that retired people and pensioners be discriminated in relation to the general population, when the State Budget comes to support them with an extraordinary benefit, to minimize the effects of inflation.
 - c) that our claims, based on a principle of justice, be taken as putting into jeopardy the sustainability of Social Security.

7 September 2022

The Board