

PENSION AUTO ENROLMENT

National Guild



What is the objective of Pension Auto Enrolment ?

Auto-enrolment is a new retirement savings system for employees that will be introduced on 1 January 2026.

Objective is to ensure that every worker will have access to a workplace pension to supplement the basic state pension

Only about 35% of the private sector have a supplementary pension

(Dept of Social Protection, April 2024)

Why is Pension Auto Enrolment being introduced?

Ireland is the only OECD country with no Auto Enrolment (AE)

Will address our long-standing pensions coverage challenge

This is new to Ireland but has a proven track record internationally

Who will be auto-enrolled?

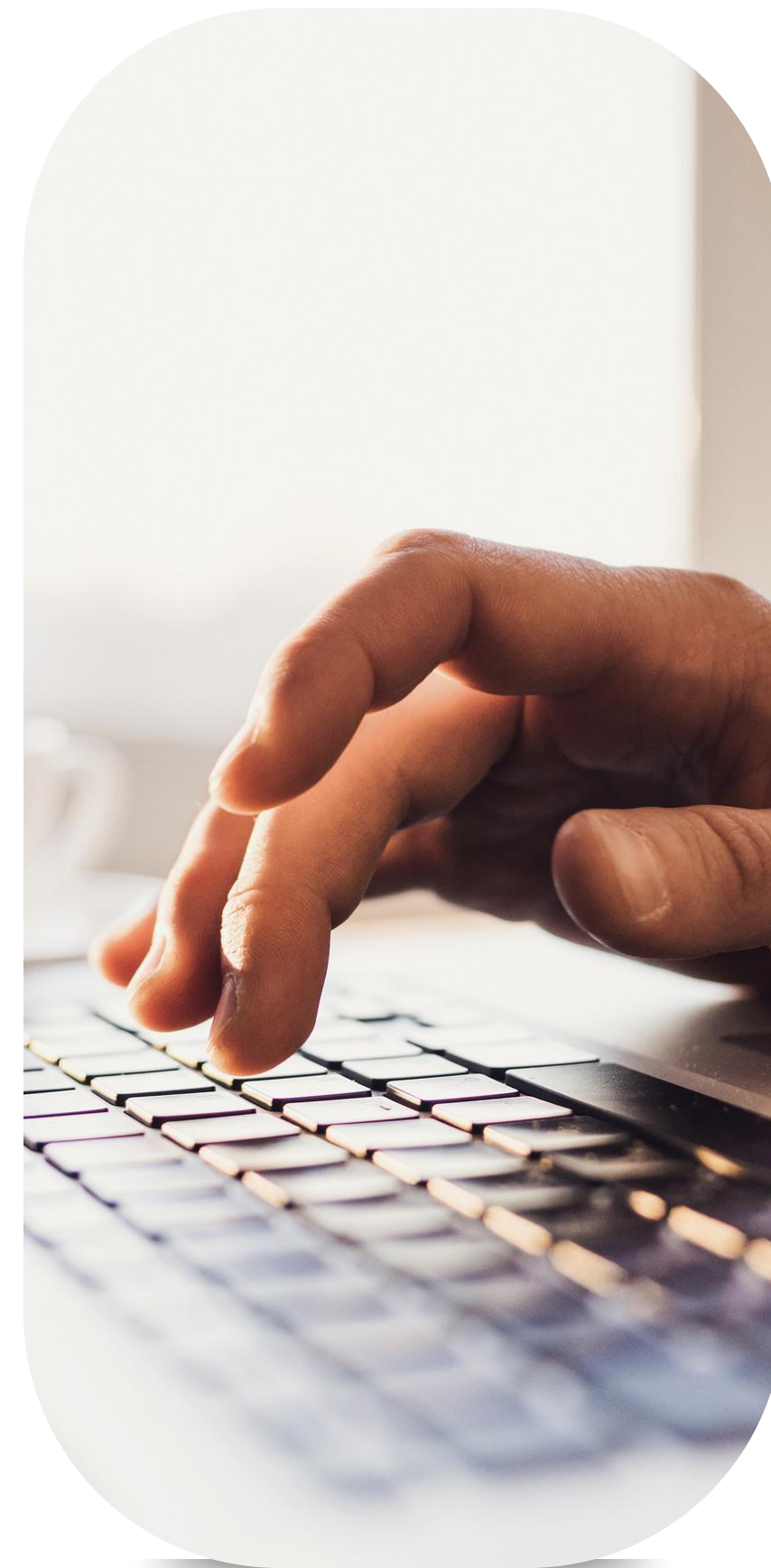
- An estimated 800,000 workers who:
- Earn over €20,000 per year
- Are aged between 23 & 60
- Are not already in a pension scheme

Employees on probation, casual, seasonal and part-time workers are also included

There is a voluntary opt-in for employees outside the age and income thresholds

Those excluded currently are:

- Self Employed
- Non Earning
- Active members of a qualifying pension scheme, such as an occupational pension scheme or PRSA if they or their employer makes contributions through payroll



How does auto-enrolment work?

- Identified through Revenue data
- Payroll Notification - payroll software
- Contributions based on Gross Pay
- Invested on behalf of the employee



How does the scheme work?

Pre-set contribution rates applicable by year

Year	Employee Contribution	Employer Contribution	State Contribution	Total Contribution
Year 1 – 3	1.5%	1.5%	0.5%	3.5%
Year 4 – 6	3%	3%	1%	7%
Year 7 – 9	4.5%	4.5%	1.5%	10.5%
Year 10 +	6%	6%	2%	14%

How does the scheme work?

- Contribution rates (capped)
- Membership is compulsory (6 months)
- Managed via company pay roll systems
- No tax relief for employees
- Choice of 4 investment managers and options
- National Automatic Enrolment Retirement Savings Authority (NAERSA)
- On death, benefits paid to the estate as taxable lump sum

What are the investment options?



Until 15 years before state pension age



For 10 years until 5 years from state pension age



Final 5 years



What happens if I change job or become unemployed?

- Not linked to your employment
- Your fund follows you if you move or change job
- If you become unemployed, you cease to meet the criteria for AE and contributions cease

Disadvantages of Auto Enrolment

- Can I suspend my contributions?
- Yes anytime after the 6-month mandatory period
- You can suspend for a minimum of 1 year and maximum of 2 years
- You will not receive a refund of contributions paid, they stay invested for your future

Can I opt out of the scheme?

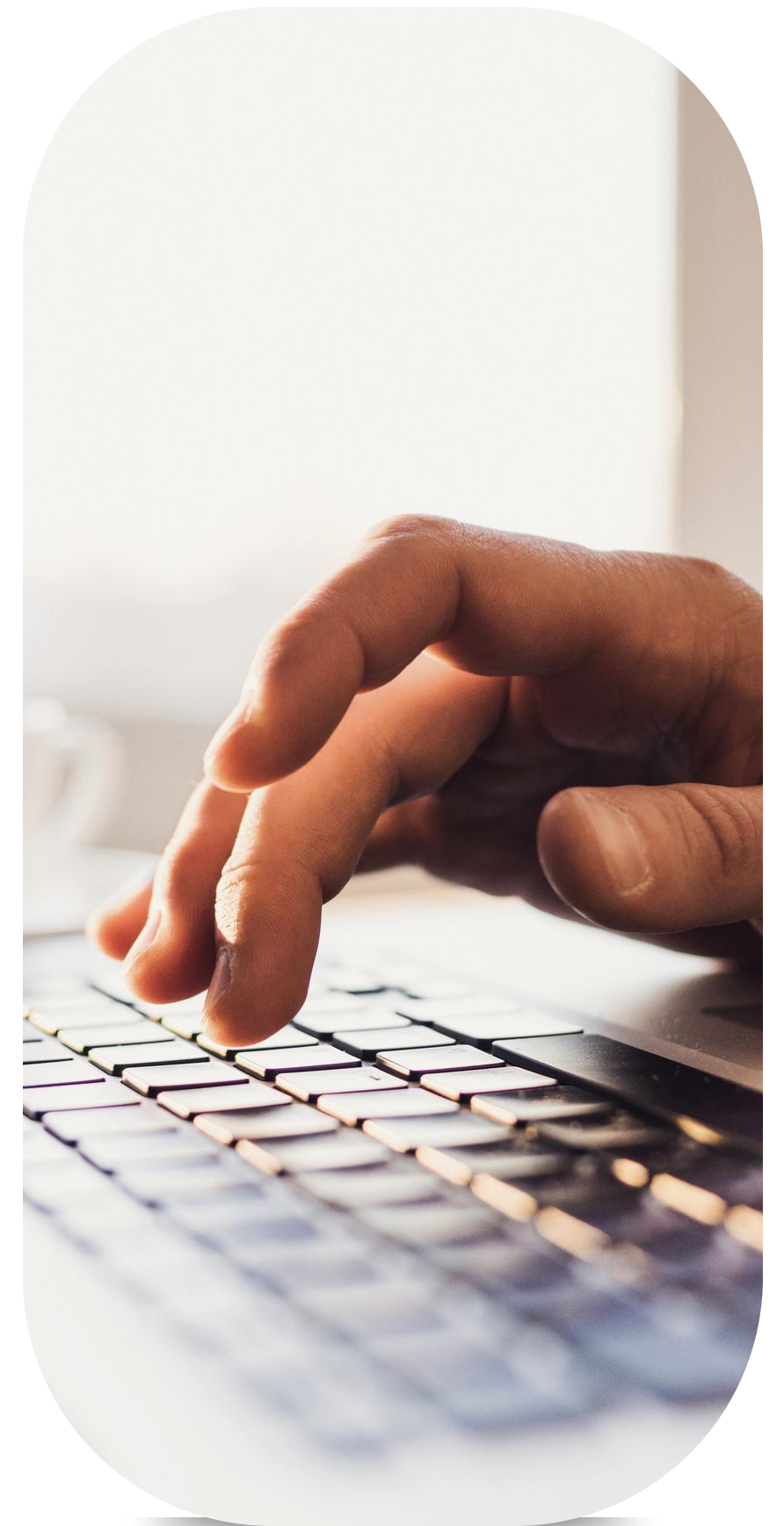
- Yes after the 6-month mandatory period during months 7 and 8 or after a rate increase
- You stop being a member of the scheme but are automatically re-enrolled after 2 years
- You will receive a refund of your own contributions paid

How will I be auto-erolled?

- NAERSA will identify eligible employees using Revenue data
- An automated enrolment payroll notification (AEPN) will be sent to employers through payroll with employee details
- This details both employee and employer amounts to be contributed
- Eligible individuals will be enrolled immediately, those who have just started work or have an employment gap may take up to 13 weeks to be enrolled.

What is the tax treatment of “My Future Fund”?

- Employer receives tax relief
- No Benefit in Kind for employee
- State tops-up contributions
- Investments grow tax-free
- 25% lump sum at retirement (subject to limit)
- 75% balance is subject to income tax
- Death Benefits are subject to income tax



Why should an employee join their existing workplace scheme?

Higher contributions amounts apply

More flexible retirement options

More generous tax-relief for higher rate taxpayers

Greater product flexibility

Wider range of investment choices



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