Pension Auto-Enrolment: is your business ready yet?

Introducing pension auto-enrolment (AE)

What is pension Auto-Enrolment (AE)?

Pension Auto-Enrolment (AE) is a government initiative called My Future Fund, designed to help employees who are not already contributing to a pension through payroll. Under this scheme, contributions are made by the employer, employee, and the State. The primary goal is to foster a culture of saving for retirement in Ireland. By ensuring that most workers have their own pension in addition to the State Pension, AE aims to improve overall retirement outcomes.

Why is auto-enrolment being introduced?

Over 800,000 workers* in Ireland lack pension coverage and will rely on the State Pension

*Source: www.gov.ie, April 2025

Auto-enrolment is being introduced to:

- increase the number of people saving for retirement
- reduce the reliance of the State pension as a primary source of income in retirement
- ensure people are more financially prepared for retirement

Who is eligible for auto-enrolment?

Employees aged 23-60, earning over €20,000 annually, without a pension scheme.

**Earnings capped at €80,000.

When is auto-enrolment due to launch?

01 January 2026

Delay recently announced

What are the contribution rates?

The contribution rates for auto-enrolment are being phased in over a 10 year period.
As an employer, you will need to match your employees' contributions.

> Rates apply to all gross earnings, not just basic salary (earnings capped at €80,000 for this purpose)
> Membership compulsory for first 6 months for eligible employees (opt out opportunity afterwards)
> Onboarding into AE and opting out will be managed through company payroll systems

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 onwards	6%	6%	2%	14%

How will it work?

Employer obligations

What are my obligations as an employer under auto-enrolment?

As auto-enrolment is new employment right, you have responsibility to ensure that all eligible employees have access to the scheme. You will also need to do the following:

1. **Enrol employees:** Automatically enrol eligible employees (aged 23-60, earning over €20,000 annually, who are not already in a pension plan).
2. **Match contributions:** Match employee contributions (€3 from the employer for every €3 from the employee).
3. **Administration:** Ensure accurate payroll data and timely contributions to NAERSA, the statutory body responsible for collecting AE contributions.
4. **Inform:** Communicate AE details, including rights, contribution rates, and opt-out process to staff.
5. **Manage opt-outs:** Handle opt-outs and re-enrol eligible employees every two years.
6. **Ensure compliance:** Follow all regulations to avoid penalties.

What if I already have a pension arrangement in place for my staff?

If you already have a pension in place for your employees and do not wish to operate auto-enrolment alongside this, we recommend that you consider the following:

- Is there a waiting period before employees can join the pension?
- Are all staff included in the pension plan?
- Do employment contracts for new joiners need to be updated to make pension plan membership compulsory

Choosing the right solution for your business

Auto-enrolment and company pension comparisons

Employers value choice and control in pension plans, allowing them to select providers and services. The State solution, however, removes this flexibility, offering no choice in providers or services.

To understand the differences between company pension plans and AE, we've prepared a comparison for you.

Aspect	Company pension arrangements	Auto-enrolment
Advice, engagement & support	Comprehensive engagement & advice support	Unknown
Customer support	Strong customer support for members via financial brokers and advisors and pension provider.	Unknown
Contribution flexibility	Flexible contribution levels and ability to increase, decrease, or pause contributions.	Inflexible contribution rates with €80k earnings cap
Additional Voluntary Contributions (AVCs)	Ability to make AVCs	Cannot make AVCs
Fund options & choice	Wide range of fund options and fund choice	Limited range of fund options and choice under My Future Fund
Retirement benefits	Potential to access from age 50. Normal retirement ages range from 60-75 depending on the pension arrangement and rules.	Accessible at age 66
Charges	Dependent on pension type. A contribution charge and/or member fee may apply. A fund management charge will typically apply on the value of the fund.	No contribution charge. Fund management charge on the value of the fund and a 50 cent per week per member charge.
Taxpayer outcomes	Better option for higher rate taxpayers: tax relief at 40% on employee contributions better than State incentive in AE.	Broadly similar outcomes for standard rate taxpayers.Higher net pay for company pension plans vs. higher contribution amount in AE on a like for like basis.

How can Irish Life help?

At Irish Life, we recognise that one size doesn't fit all. That's why we offer a diverse range of pension products, from Personal Retirement Savings Accounts (PRSAs) to company pensions and retirement product solutions.

Benefit from our award-winning investment managers and trusted advice tailored to your unique needs.

Why choose Irish Life?

Guide you to retirement

Our advisors are on hand to help you and offer guidance

Trust

Trusted provider for 1.2 million customers (2025)

We deliver

4.6/5 customer satisfaction score (2024)

Pensions are provided by Irish Life Assurance and advice is provided by Irish Life Financial Services.

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