

# Auto Enrolment

May 2025

# Chair



**Aaron Gaynor**  
President  
IIPM

Aaron joined the IIPM Council in April 2018 and has been an Associate of the Institute since 2015. Aaron has experience in pension scheme design and implementation, and has worked primarily in technical and proposition roles over the past number of years. He currently works for Irish Life, having previously worked with Bank of Ireland, New Ireland Assurance, and KBC Life and Pensions.

Aaron holds a BA and MSc in Psychology, is a Qualified Financial Advisor, Retirement Planning Advisor, Specialist Investment Advisor, and is a qualified pension trustee holding the designation of QPT.

# Webinar Housekeeping



A Q&A WILL BE RUN  
AFTER THE  
PRESENTATIONS



QUESTIONS FOR  
THE SPEAKERS?



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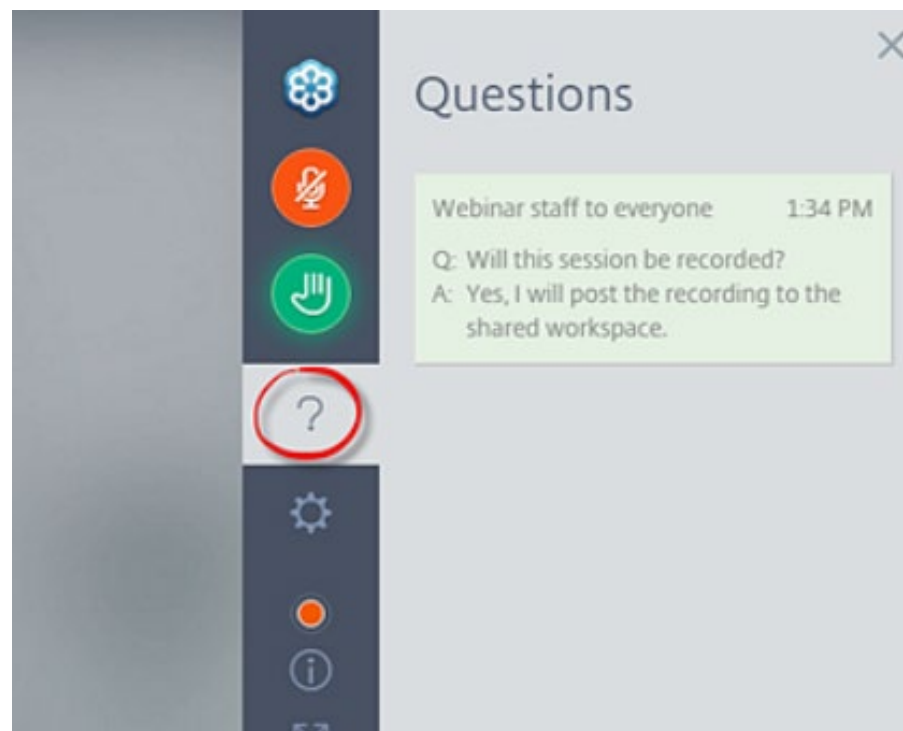


YOU CAN DO THIS  
AT ANY TIME  
DURING THE  
PRESENTATION

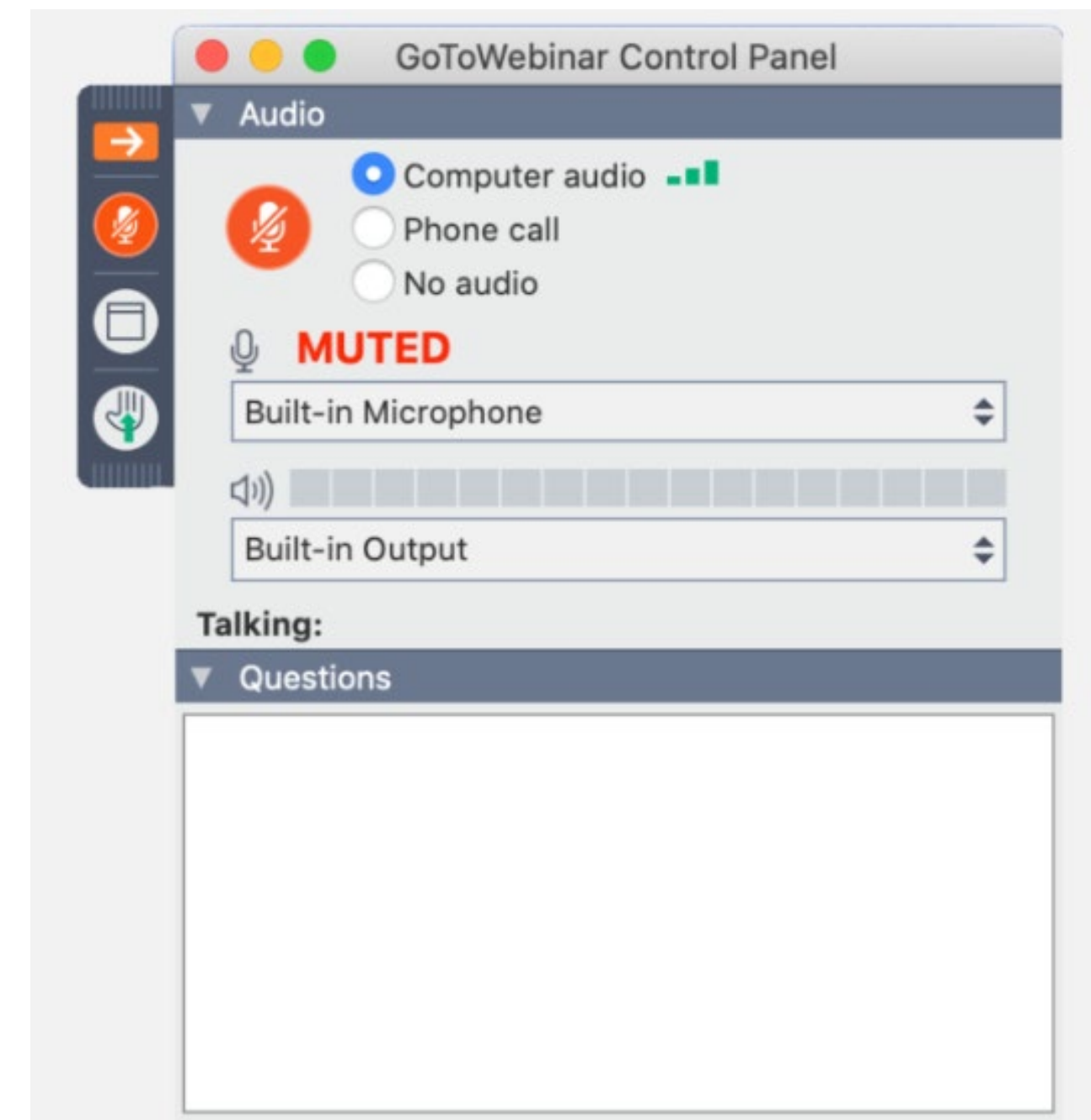
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# Questions for Speaker or Panel?



**Use the Questions function on the Control Panel to submit a question**



# Speaker



**Clare Dowling**  
Principal Officer  
Auto-enrolment Programme Management Office  
Department of Social Protection



# Panel



**Clare Dowling**  
Department of Social Protection



**Davin Spollen**  
IIPM Council | Glennon  
Employee Benefits



**Derry Moran**  
IIPM Council | Aon



An Roinn Coimirce Sóisialaí  
Department of Social Protection

# ‘My Future Fund’

## Ireland’s Automatic Enrolment Retirement Savings System

# Background Timeline



- Minister for Social Welfare Seamus Brennan: Green Paper on Pensions (2007)
- ‘Strawman’ public consultation on automatic enrolment (2018)
- Commitment in Programme for Government (2020)
- Economic Recovery Plan (2021)
- Government published explanatory paper: *‘The Design Principles of Ireland’s Automatic Enrolment Retirement Savings System’* (2022)
- Final legislation: Automatic Enrolment Retirement Savings System Act 2024



# Latest Developments



- ‘My Future Fund’ chosen as the brand name
- Tata Consultancy Services (TCS) on board to develop the administrative systems, customer supports and online portals
- DSP working with Revenue Commissioners and payroll software providers on technical interfaces
- Procurement of investment services almost complete
- Communications strategy and stakeholder engagement intensifying
- Commencement of contributions collection and investment announced to commence on 1<sup>st</sup> January 2026

# Investment Managers



- Procurement evaluation exercise has been completed
- Spec: passive, three funds, ESG, under 10bps, 7 year term (+3)
- Eight bids were received involving significant providers in Ireland and internationally
- Three 'preferred bidders' have been selected
- Contracts completion is expected later in the summer

# NAERSA



- NAERSA will be headquartered in Letterkenny – part of balanced regional development
- CEO Position advertised on 9<sup>th</sup> May with a closing date of 29<sup>th</sup> May
- Board positions advertised on 16<sup>th</sup> May with a closing date of 6<sup>th</sup> June
- Other senior management positions are expected to be advertised on 6<sup>th</sup> June
- An accountant is being sourced through existing civil service panels

# Interfacing Progress



## **Payroll Software Providers**

- API Specifications and File Submissions more or less settled
- Development work and connectivity testing is underway

## **Revenue**

- Data items to be shared fully agreed
- Interfacing specifications agreed
- Development work is underway
- Data Sharing Agreement and DPIA being developed

## **Banks**

- Working with Danske Bank to set up accounts

## **Investment Managers**

- Interfacing specification and timelines included in mandatory requirements in RFT
- Engagements with TCS will commence once contracts are in place

# Who will be auto-enrolled?



- Those to be **automatically** enrolled are the estimated **800,000+** :
  - Employees
  - Aged between 23-60 years
  - Earning €20,000 gross per annum across all employments
  - Who are without a current occupational pension or equivalent
- Those currently **excluded**:
  - Self-employed
  - Non-earning
  - Those currently paying into an *acceptable* occupational pension scheme or equivalent
- **Voluntary opt-in** possible for employees outside age and income thresholds

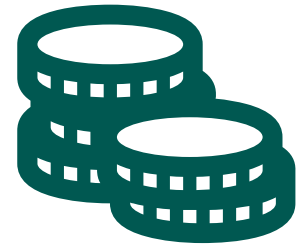


## Opt-outs and Suspension Periods for Participants



- Option 1: **Six months after enrolment** (within months 7-8), a participant can opt out and get a refund on their own contributions (all employer and State cons will stay in the pot)
- Option 2: **Six months after a contribution rate change** (within months 7-8), they may opt out and receive a refund of the difference between the original rate and the new rate (all employer and State cons will stay in the pot, as well as all employee cons up to the rate change)
- Option 3: a contributor may **suspend** participation at **any other time**, but will not receive any refunds, i.e. all contributions will stay invested in their pot
- Where a person opts-out, they will be **automatically re-enrolled after two years** (after which they may opt-out or suspend again in accordance with the above)

# What are the contribution rates?



	Employee	Employer	State
Year 1 to 3	1.5%	1.5%	0.5%
Year 4 to 6	3%	3%	1%
Year 7 to 9	4.5%	4.5%	1.5%
Year 10+	6%	6%	2%

# Multiple Employments



	Gross Salary	Employee	Employer	State
Job A No pension	€10,000	1.5% of €10,000 €150	1.5% of €10,000 €150	0.5% of €10,000 €50
Job B Existing pension	€15,000	No AE contribution	No AE contribution	No AE contribution
Total	€25,000	1.5% of €10,000 €150	1.5% of €10,000 €150	0.5% of €10,000 €50

## Where will contributions go?



- A new **Authority (NAERSA)** will be established under the aegis of the Department of Social Protection
- NEARSA will register each participant and set up individual accounts on a '**pot-follows-member**' basis
- It will:
  - **collect pension contributions** (from employees and employers) via payroll
  - **allocate the State top-up** to each account
  - **pool and distribute contributions** per fund type to investment companies
  - **pool and distribute financial returns** per fund type to participants

# How will it work technically?



- NAERSA will consume payslip data from Revenue (weekly basis)
- It will conduct eligibility tests on payslip data (weekly basis)
- It will create/update AEPN files (nightly basis)
- The AEPN file will contain details of employees (for that employer reg number) who have been determined 'eligible' and enrolled by NAERSA
- When running payroll, always “get latest” AEPN to ensure latest information is being used
- NAERSA will accept contribution files until 6.30 pm on date of pay lodgement
- Preference for VDD, but other normal payment facilities will also be acceptable (e.g. EFT, Debit Card payments via portal)





## How will investment work?

- Fund types envisaged:
  - Higher – medium – lower risk options
  - **A default strategy** (age-based lifecycle basis)
- The contracted investment services providers will offer investment products in compliance with the AE legislation Environmental Social and Governance (**ESG**) principles
- **Drawdown** aligned with State Pension age
- **AVCs** and **transfers** between schemes potential part of evolution under NAERSA

# Tax Treatment



## Finance Bills 2024-2025

### Summary:

- Similar to PRSAs
- ER tax relief
- No BIK tax for EE
- State top-up (25% equivalent) substitute for tax relief for EE
- No tax on State top-up for EE
- Investments grow tax free
- Tax free lump sum drawdown on 25% of fund
- Balance subject to income tax, but 'trivial pensions' treatment applies

# Rationale for Approach to Financial Incentives



- Current incentive for pension contributions is through **Tax Relief System**, which is:
  - a. Not well understood
  - b. Vulnerable to criticism of inequity if applied to AE
  - c. Vulnerable to criticism of unfairness if changed
- Therefore, conclusion reached that a **dual financial incentive** is necessary i.e. tax relief for existing/traditional pension arrangements in parallel with a State top-up for AE
- The two systems are not expected to interact or overlap in the short to medium term

# Overall Advantages: A Summary



- It ensures a broad supplementary pension **coverage**
- It will assist greatly with achieving pension **adequacy**
- It poses **minimal administrative burden** for employers
- Employees do not have to engage: they can be **passive** participants
- SSIA-style 'top-up' **easier to understand and more equal** than tax relief
- It applies a lean, '**digital first**', highly automated approach
- A straightforward '**pot follows member**' approach is applied across employments and throughout a participant's lifetime
- Moderate flexibility with opting out/suspension does not undermine overall **policy objective**



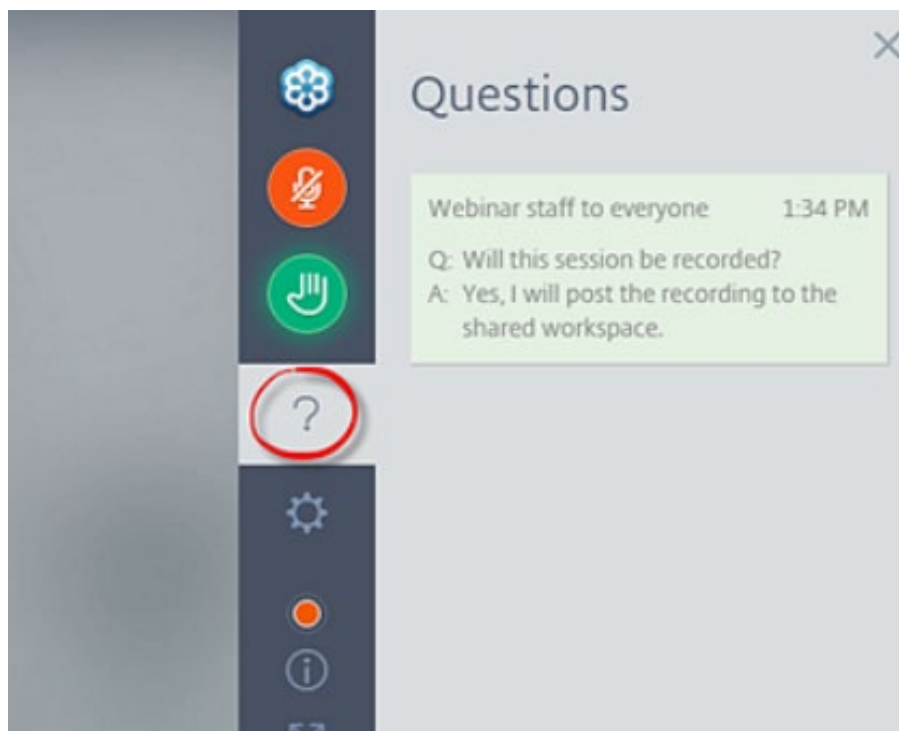
For more information  
visit the 'AE Hub' at  
[gov.ie/autoenrolment](https://gov.ie/autoenrolment)



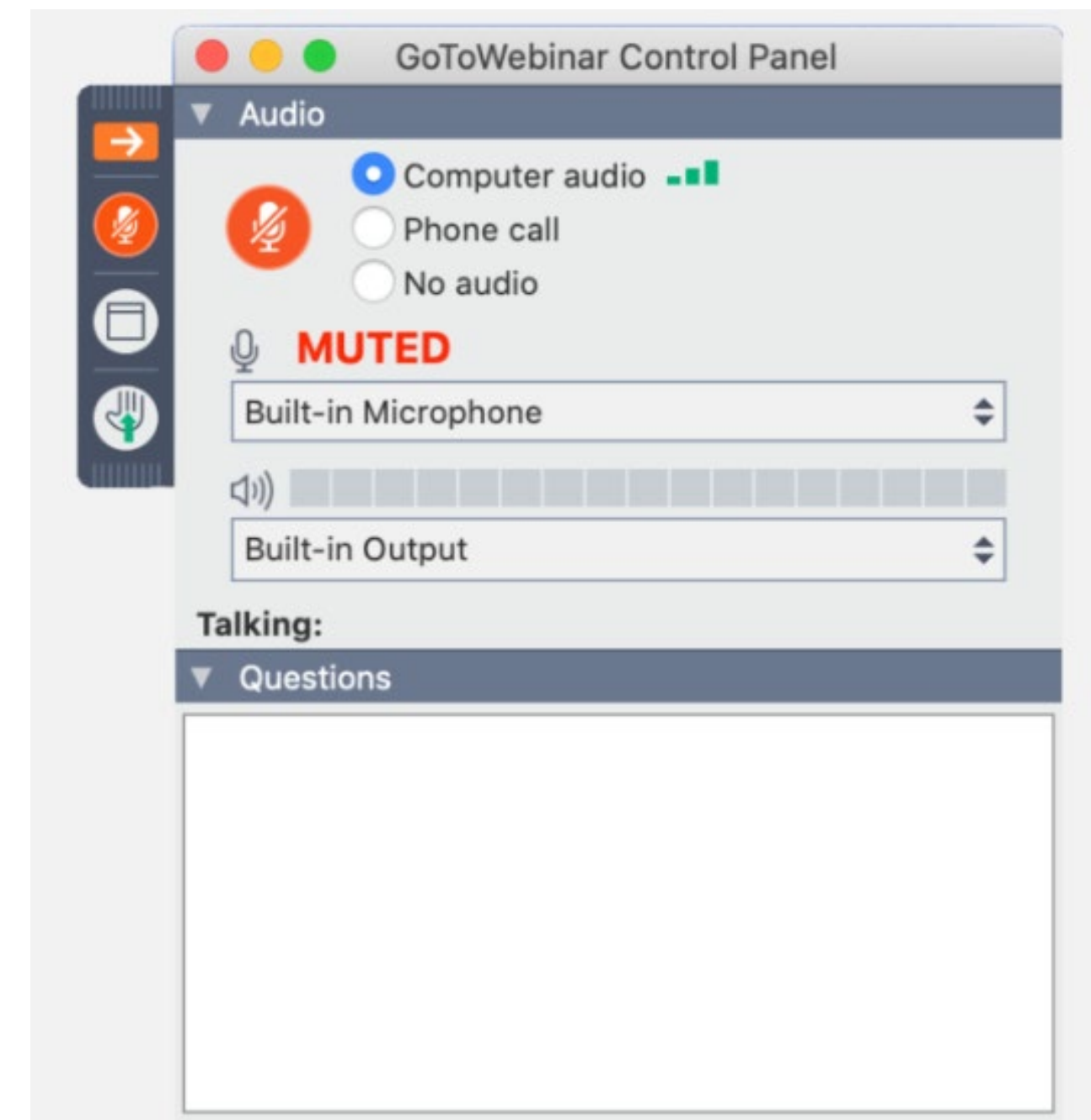


# Thank You

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# Thank you



**Clare Dowling**  
Department of Social Protection



**Davin Spollen**  
IIPM Council | Glennon  
Employee Benefits



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# Save The Date

Next IIPM CPD session

Thursday 26 JUNE 2025 @ 4pm

Further details to follow

# Thank you for joining us

## Survey Feedback:

Please help the IIPM and complete the survey at the end of the webinar – or find the link in your follow up email

## CPD:

CPD details and link to recording will be in follow up email also in the News section at [www.iipm.ie](http://www.iipm.ie) - CPD details updated on the website as soon as we receive them

1 hour | Pensions | LIA: Pending | IOB pending