Auto-Enrolment updates and FAQ's.

The 19th November deadline for back-dating personal pension contributions to the 2024 tax year has passed. The next immovable date in the Irish retirement landscape is **01st January 2026**, the start of **My Future Fund**, Ireland's new auto-enrolment (AE) retirement savings system. Gov.ie

Most accountants have been up to their eyes up until now and for many employers, the temptation is to "wait and see". That isn't a good approach.

From early January, **eligible employees without a payroll pension will be auto-enrolled**, and employers will be **legally obliged** to match contributions and comply with the new rules.

This article sets out what employers and employees need to know now, how AE compares with a traditional company scheme, and answers some of the key FAQs we've encountered recently.

Auto-enrolment in 60 seconds, the essentials. What is it?
Auto-enrolment (AE), branded **My Future Fund**, is a new statutory retirement savings system for employees who are not already contributing to a pension through payroll. Contributions will come from **employee, employer and the State**, and will be administered by the new **National Automatic Enrolment Retirement Savings Authority (NAERSA)**.

Who will be auto-enrolled?

- Aged **23–60**
- **Earning €20,000+** per year
- **Not currently contributing to a work or private pension through payroll**

When does it start?

- Contributions and enrolment begin from the **first payroll run on or after 1 January 2026**.

What are the contribution rates?

Over the first 10 years, contributions ramp up as follows (on gross earnings up to €80,000)

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

The **employee rate is fixed** and you cannot pay more or less within AE. Employer contributions are deductible for corporation tax and it's not a BIK for employees.

What employers need to know, and do, right now Auto-enrolment is a **new employment right**. If you have eligible employees without pension coverage through payroll, they will be auto-enrolled and you will be obligated to contribute.

<u>Key obligations include:</u>

- **Match contributions** at the prescribed rates, capped at €80,000 of salary.
- **Integrate payroll** so contributions are calculated correctly, deducted and remitted to NAERSA on time.
- **Inform employees** when they are enrolled
- **Allow opt-outs and re-enrolment** every two years via the AE system.

If you fail to meet your obligations you can face **penalties, prosecution, interest on unpaid contributions, and publication as a non-compliant employer.**

<u>The strategic decision is whether you will either:</u>

1. **Default to My Future Fund**, with limited control over investment options, member communications and engagement; or
2. **Put a company pension/PRSA structure in place (or upgrade the one you have)** so that contributions through payroll mean your staff are treated as already having pension coverage and are therefore not auto-enrolled for that employment.

For many employers, especially those competing for skilled staff, <u>**option 2**</u> is the more compelling route.

What employees, especially 40% taxpayers need to know

For a standard-rate taxpayer, the AE State bonus (effectively €1 from the State for every €3 you pay in) can actually result in slightly more money going into your pension than a like-for-like company scheme using 20% tax relief, assuming the employer only matches at AE levels.

So for lower and some middle earners, AE is a solid minimum.

For 40% taxpayers however, the tables completely turn. If you're paying 40% tax and your employer is willing to run a quality scheme, a **company pension/PRSA will typically produce a much higher retirement pot** for the same out-of-pocket cost.

Company pension vs Auto-Enrolment. Who wins?

Drawing on both Government and provider comparisons, the trade-offs can be summarised as follows;

Company pension / PRSA via your Employer

- **Advice & engagement:** Active support from broker/adviser; workplace seminars; one-to-one clinics.
- **Flexibility:** You can vary contribution levels, allow AVCs, and structure different contribution tiers for different grades.
- **Fund choice:** Broad investment menu; potential to tailor default funds to your workforce.
- **Retirement access;** Available **from age 50–75**, depending on rules and much more flexible than AE which aligns with State Pension age (currently 66).
- **Tax outcomes:** Particularly attractive for **40% taxpayers** where full marginal-rate relief applies.
- **Employer brand:** Designed as part of your overall reward strategy and can be clearly positioned as a premium employee benefit.

Auto-Enrolment / My Future Fund

- **Default safety net** for those without any pension.
- **Fixed contribution structure** – simple, but inflexible.
- **Limited fund choice**, with a standardised lifestyle default.
- **Access at State Pension age** (currently 66) and no AVCs within the AE system (top-ups must be outside AE).
- **Better relative deal for many 20% taxpayers**, less so for 40% taxpayers.
- **Minimal design control** for the employer.

In practice, the optimal outcome for many businesses will be: A well-structured company scheme that exempts staff from AE for that employment, but sits alongside AE for casual or legacy roles where a full scheme is not appropriate.

Key FAQs you'll be asked in the coming weeks

1. When will auto-enrolment deductions actually start from our payroll?
From the **first payroll run after 1 January 2026** once NAERSA sends an Automatic Enrolment Payroll Notification (AEPN) for eligible employees.

2. Who exactly will be auto-enrolled?
Anyone aged **23–60**, earning **€20,000+** p.a. **without pension contributions recorded through payroll** for that employment.

3. What if we already have a pension or PRSA scheme?
If **any employer or employee pension contribution is paid through payroll**, that employment is treated as having pension coverage and is **not auto-enrolled**

4. Can employees opt out and do we still have to pay?
Employees can opt out during defined windows after joining or when contribution rates change. Once they opt out, your **employer contributions cease** until they are re-enrolled.

5. How are directors and the self-employed treated?
Self-employed individuals are **not** auto-enrolled. Company directors may be included **if they pay PRSI as employees**; those on Class S (self-employed) are excluded.

If you're an **employer, director or accountant**, now is the time to take action.

- Will AE simply "happen to you", with the State setting the default for your employees' retirement savings?
- Or will you **design a company pension strategy** that attracts and retains the people you need, while still satisfying your obligations efficiently?

We can help you:

- Compare **AE vs tailored company pension/PRSA structures** for your specific workforce

Don't wait for the 01st January payroll run to discover what AE means for your business, by then it'll be too late. Contact us now to review your options and put a deliberate strategy in place before My Future Fund goes live. If you would like to discuss how we can help you in this matter, then please get in touch. Email info@lifestylefinancialplanners.ie or call 096-75951 to reserve your complimentary **Discovery Meeting**.