Executive Pension Reform: Critical Changes Required by April 2026

If you hold an executive pension or company-paid pension established in Ireland before 2021, you face a mandatory deadline of 22nd April 2026 to restructure your retirement arrangements. This requirement stems from IORP II legislation, which fundamentally altered the regulatory landscape for occupational pension schemes and regulated by the Pensions Authority here in Ireland.

Understanding the Regulatory Shift

The IORP II directive, enacted into Irish law in April 2021, introduced substantially higher governance standards for occupational pension schemes. These regulations apply to all trust-based arrangements, including individual executive pensions schemes that were previously subject to relatively light-touch oversight.

The core issue is the burden of administrative compliance on the tens of thousands of one-member executive pension schemes we have here in Ireland. Pension trustees now face obligations including appointing key function holders with specialist qualifications, implementing formal risk management frameworks, maintaining detailed written policies, and producing annual reports with audited accounts within eight months of each scheme year-end.

For single-member executive pensions, these requirements are disproportionate. The cost and administrative effort of full IORP II compliance typically far and away exceeds any reasonable benefit to the member.

Your Available Options:

Trustees, often the company director themselves, must select from several paths forward:

Transfer to a Personal Retirement Savings Account (PRSA): This eliminates trustee obligations entirely, as PRSAs are individually owned and managed. Recent legislative changes have enhanced PRSA flexibility, allowing them to serve as whole-of-life pension vehicles where you can both accumulate and draw retirement income without switching products.

Move to a Master Trust: This Master Trust arrangement is a multi-employer occupational pension scheme governed by a single trust where professional trustees handle governance and compliance across multiple employers' schemes, spreading costs more efficiently.

Buy Out Bond: Suitable if you've ceased employment or contributions have already stopped, though this vehicle cannot accept future contributions.

Retire: If you're over 50 and have left employment, or have reached scheme retirement age, taking benefits immediately may be appropriate.

The Cost of Inaction

The Pensions Authority actively monitors adherence to pension legislation and non-compliance carries serious consequences.. Trustees found in breach face fines up to €5,000 (summary conviction) or €25,000 (indictment), with potential imprisonment terms of one to two years depending on conviction type.

Beyond regulatory penalties, failing to act simply isn't practical. Registered administrators cannot fulfil their statutory duties without trustee cooperation in providing information and supporting document preparation.

Action Required

This isn't optional restructuring, it's a legal requirement!

With just weeks remaining until the deadline, you should:

1. Review your current pension documentation to confirm it falls under IORP II requirements
2. Evaluate which restructuring option best serves your retirement objectives
3. Consider whether ongoing contribution capacity is required
4. Implement the chosen solution with sufficient time to complete paperwork

The complexity of comparing options, particularly regarding death in service benefits, contribution levels and drawdown flexibility demands professional analysis tailored to your specific circumstances.

While this regulatory change creates administrative burden, it also presents an opportunity to review whether your current pension structure remains optimal for your retirement planning needs. If this applies to you, then you need to take action without any further delay. Contact Lifestyle Financial Planners for a full review of your pension contracts, let us guide you towards the optimal pension solution for you where we also handle all the paperwork and heavy lifting. Reserve your Discovery Meeting and take the first steps to on your road to Financial Freedom. Email info@lifestylefinancialplanners.ie or call 096-75951

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