AZETS

My Future Fund
Pension Auto-Enrolment

- An Employer's Guide

What is it

- Pension auto-enrolment is a new retirement savings scheme designed to provide a pension fund for employees who don't currently have one.
- Each employee will have a pension fund known as My Future Fund.

When is it happening

- It will commence on 1st January 2026
- From the commencement date it will be gradually phased in over the course of a decade from that date.

Why is it being introduced

- It has been set up to provide a retirement plan for people without a work or private pension to save for retirement.
- To help people save towards their retirement and not to be solely dependent on the State pension. The purpose of auto-enrolment is to supplement the State Pension and not to replace it.

What employees are eligible ?

- All employees in Ireland who:
  - Earn over €20,000 per year.
  - Are aged between 23 and 60.
  - Are not already in a pension scheme.
  - Paying PRSI at class A, B, C, D, H & J.
- Eligible employees will automatically be enrolled
- If an employee is a member of an Occupational Pension Scheme, Retirement Annuity Contract (RAC) or has a Personal Retirement Savings Account (PRSA) or Pan-European Personal Pension Product (PEPP), where this is recorded in payroll, they will not be auto-enrolled.
- For the first few years of auto-enrolment, any pension contribution greater than zero paid through payroll, will be enough to exempt an employee.
- People who are self-employed and those who are not currently earning an income through an employer will not be enrolled and will not be able to opt in initially.
- If the employee has another employment for which pension contributions are not paid, they can be auto-enrolled or opt into the scheme in respect of that second employment.

How much will it cost

- The auto-enrolment scheme will be co-funded by both employers and the state. Employee contributions will be matched by their employers, with an additional top-up from the State.
- Contributions are based on Gross Pay, which includes items such as BIK and Share Based Remuneration.
- Employee Auto-enrolment contributions are not tax deductible; they are deducted from an Employee's Net Pay.
- Employer will match the Employees contributions, up to 6% and maximum salary is €80,000.
- Employer Contributions will be a taxable deduction as with all Employer Pension contributions.

Years from launch of system	Employer contribution p.a.	Employee contribution p.a.	Government Contribution p.a.	Total
2026 to 2028	1.5%	1.5%	0.5%	3.5%
2029 to 2031	3.0%	3.0%	1.0%	7%
2032 to 2034	4.5%	4.5%	1.5%	10.5%
2035 onwards	6.0%	6.0%	2%	14%

What is the Difference between Auto Enrolment and an Occupational pension scheme?

AE top up versus private/ occupational pension tax relief

Standard rate taxpayer - €100 net contribution

	Auto-enrolment Scheme	Tax Relief Equivalent	Occupational Pension	Tax Relief %
Net employee Contribution	€100		€100	
AE Top-up / Tax Relief	€33	25%	€25	20%
Invested	€133		€125	

High-rate taxpayer - €100 net contribution

	Auto-enrolment Scheme	Tax Relief Equivalent	Occupational Pension	Tax Relief %
Net employee Contribution	€100		€100	
AE Top-up / Tax Relief	€33	25%	€67	40%
Invested	€133		€167	

Sample illustration of employee on €50,000 p.a.

Auto-enrolment	
After-tax contributions	€159,644
Employer's contributions	€159,644
State top up (25%)	€53,215
Total savings	**€372,502**
Project net investment returns	€443,118
Total projected fund	**€815,620**

Occupational Pension Scheme	
After-tax contributions	€159,644
Employer's contributions	€159,644
State tax relief (40%)	€106,429
Total savings	**€425,717**
Project net investment returns	€506,420
Total projected fund	**€932,137**

Assumptions

Enrolled from age 22-66.
Assumed salary growth of 1.5% p.a.
Investment growth of 4.0% per annum after expenses
Variance on €50k salary 116,517
Variance on €80k salary 188,292

** Information provided by Moneycube.ie*

What do Employers have to do:

- If you do not have an Occupational Pension scheme in place for staff, then weigh up the options of Occupational Pension scheme versus State auto-enrolment scheme.
- An occupational pension scheme may be more beneficial for your employees and time is running out to get an Occupation Pension scheme set up before Auto-enrolment commences on 1st January 2026.
- If you already have an Occupational Pension scheme in place, then assess if it needs to be adapted to ensure compliance with the new legislation.
- All eligible employees must be automatically enrolled if they are not already in an Occupational Pension scheme.
- Employers need to be prepared and start advising employees on how the scheme will operate, including details on eligibility, rates and tax implications.
- Ensure your HR / Payroll department are ready for these changes.
- If an Employer fails to meet their auto-enrolment obligations, they will be subject to penalties and possibly to prosecution.

How will auto-enrolment be operated

- Contributions will be collected through the payroll system and paid to the National Automatic Enrolment Retirement Savings Authority (NEARSA) through an online Employer Portal.

- NAERSA will administer the auto-enrolment scheme, and they will act as the caretaker of the employee's interests and savings.

- NAERSA will determine which employees are eligible for auto-enrolment using Revenue payroll data, and it will enrol them. NAERSA will send an Automatic Enrolment Payroll Notification (AEPN) to the Employer.

- NEARSA will collect all employee, employer and State contributions, and invest the money on your employee's behalf. Employees will keep one savings pot (My Future Fund) as they move from job to job – this is known as the 'pot-follows- member' approach.

- NAERSA will operate an online portal for employees, to manage employee opt-outs, opt-ins, suspension of contributions and re-enrolment.

- Employers can access the online portal, to facilitate the payment and monitoring of contributions.

- NAERSA will use Revenue payroll data to identify eligible employees. Where an employee within the eligible age bracket has a record of earnings, NAERSA will examine it to see if the employee has earned €20,000 or more in the previous 12 months.

- In determining if an employee has met the earnings threshold, a lookback period of up to 13 weeks will be used. If the lookback period indicates that an employee has earned the proportionate amount in that period, the employee will be enrolled.

- Auto-enrolment will be immediate for employees who have a clear earnings record of €20,000 or more.

  Enrolment may take some time (up to 13 weeks) if the employee has just started work in an employment for the first time or has a gap between their prior and current employment(s). Contributions will not be backdated for the time it takes to determine eligibility.

- There will be no waiting period in the auto-enrolment scheme, so employees will be enrolled as soon as they are deemed eligible. This means that if your occupational scheme has a waiting period; employees could be automatically enrolled before they can join your scheme. If this happens, and the employee later wants to join the occupational scheme, they will be able to do so.

  That employment will become exempt from auto-enrolment. Any overlapping contributions will be refunded, and the employee's auto-enrolment savings pot will continue to be managed by NAERSA.

- When the online portal goes live in mid-December 2025, employers will be required to register and provide their bank details.

Auto-Enrolment - Employee Opt-Out

- An employee will be able to opt out of the scheme at the following times:
  - six months after enrolment, in months seven and eight.
  - six months after a contribution rate change, in months seven and eight.
- In the first scenario, contributions will be refunded. In the second scenario, the employee will get a refund of the difference between the new and previous rate. The second option will only be available in the first ten years of auto-enrolment as contributions are phased in. In both of these scenarios, any previous employer matching contributions and State top-up contributions will remain in your savings pot as your personal property and will be made available to you at the age of 66.
- After two years, any employee who opted out of auto-enrolment and who still meets the eligibility criteria will be automatically re-enrolled.
- An employee will be able to suspend auto-enrolment contributions at any time. They can choose to suspend contributions for a period of one to two years. They will not receive a refund of contributions, as they will just be taking a break from paying them. If they choose to suspend contributions, they will not be able to resume saving before a minimum of one year.
- If an employee suspend contributions, any previous employer matching contributions and State top-up contributions will remain in their savings pot as their personal property.

Payroll Support Services

We manage payrolls for domestic and international organisations of all sizes. Our experienced payroll team provide cost effective and comprehensive payroll management services to a wide range of companies from small family businesses to large multinationals with multiple pay frequencies.
We can service all clients from a one-person payroll, up to several hundred staff. Our payroll team of dedicated payroll professionals are fully IPASS qualified with years of experience across a broad spectrum of clients. They provide critical support services to these companies on a fully managed service basis. We tailor our service to suit our clients' individual requirements.
Our client base has grown to over 250 clients, and we currently process payroll for over 7,000 employees every month.

Our Solution comprises of the following elements

Our aim is to provide you with a top-quality service for the provision of your payroll. We assure you of our commitment to bring the best of our resources together to service you and your company in the best way possible. Payroll is our business, and we pride ourselves in providing a quality service to all clients, big and small. The solution is where, in essence, we become your payroll department. All you need to do is to provide us with the raw payroll data and we will process it and pay your employees, as well as looking after BACS payments and third parties e.g., pension, health contributions.

Outsourcing to Azets will ensure that your payroll is operated in accordance with the most recent legislation.

Azets can also assist with the following:

- Advice on pension auto-enrolment
- Enhanced Reporting Requirements (ERR) submissions to Revenue
- Gender Pay Gap reporting
- CSO reporting
- Advice on issues such as global mobility

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Thank you

Please get in touch should you have any questions.

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