

# Auto-Enrolment Retirement Savings Scheme

**Auto-enrolment** is a new retirement savings scheme in which people will automatically be enrolled once they meet specific requirements. It has been set up to provide a retirement plan for people without work or private pension to save for retirement.

The introduction of the Auto-Enrolment Retirement Savings Scheme, called My Future Fund, will start on **30 September 2025**.

A new public body, the **National Automatic Enrolment Retirement Savings Authority (NAERSA)**, will be set up to administer the Auto-enrolment scheme.

The rules for auto-enrolment are set out in the [Automatic Enrolment Retirement Savings System Act 2024](#).

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## Enrolment

### Who will be automatically enrolled?

All employees will be automatically enrolled in the new pension scheme if they:

- are aged between 23 and 60
- are not currently part of a pension plan
- earn €20,000 or more per year

If an employee earns less than €20,000 per year or is not aged between 23 and 60, they can choose to join the pension scheme if they are not already part of a pension plan.

If an employee has been enrolled and their earnings go below €20,000 per year, they will stay in the scheme.

If an employee has more than one job, and the additional job(s) do not have a pension scheme into which they or their employer are contributing through payroll, then an employee will be automatically enrolled for those jobs if combined wages are more than €20,000

Suppose an employee is auto-enrolled and later starts contributing to a personal or occupational pension through payroll. That employment will become exempt from auto-enrolment, and any overlapping contributions will be refunded.

### Who is not eligible for the auto-enrolment scheme?

Participants of Community Employment, Job Initiative, Rural Social Scheme or Tús schemes will not be eligible for the auto-enrolment scheme.

Self-employed people will not be eligible. PRSI classes will be used to exclude self-employed people from auto-enrolment.

### Will new employees be auto-enrolled straight away?

There are no waiting periods for the auto-enrolment scheme. New employees with an earnings record with Revenue that earned €20,000 or more in a year will be automatically enrolled. For new employees who have no previous earnings record or a gap between their previous and new employment, enrolment may take up to 13 weeks while it is established if they will likely meet the earnings threshold.

### Do employers have to participate?

All companies with employees in Ireland, regardless of size or structure, will have to facilitate the auto-enrolment scheme for **employees** who meet the eligibility criteria and for those who wish to opt in.

Employers who prevent their employees from joining the scheme or force them to opt-out or suspend contributions may be prosecuted and subject to fines and penalties. Withheld or underpaid contributions will attract interest payments.

### **What happens if an employee already has a workplace pension?**

Employees will not be enrolled in the new auto-enrolment scheme if they pay into a workplace pension plan.

### **What happens if an employee changes jobs after being enrolled?**

Employees who change jobs after being automatically enrolled won't need to change their pension or join a new scheme. They will remain a member of the auto-enrolment scheme on a 'pot-follows-the-member' basis.

### **Is auto-enrolment better than a personal pension?**

Whether auto-enrolment or personal pension is better for a person depends on their situation and circumstances.

### **Opting out of the pension scheme**

After an employee is enrolled, they must stay in the pension scheme for at least 6 months. If they opt out 6 months after enrollment, their contributions will be refunded.

#### **Opting out after a change in contribution rates**

If an employee chooses to leave the scheme in month 7 or 8 after a change in contribution rates, they will get a refund.

This refund will be based on the difference between their contributions at the old and new rates during the previous 6 months.

This option is only available during the first 10 years of the auto-enrolment scheme, as contribution rates gradually increase (see 'How much do I pay?' below).

There will be no penalties for employees who continuously opt out of the scheme.

#### **Suspending contributions**

An employee can also suspend their contributions at any time. In this case, They will not get a refund.

#### **What happens to savings if an employee opts out?**

Contributions that are not refunded, including those made by an employer and the Government, stay in the savings pot and will continue to be invested.

If an employee stops working or moves abroad at any time before retirement, they will stay enrolled, but they will not make additional contributions. The existing savings will continue to be invested. This means an employee can still access a pension pot at retirement.

The auto-enrolment pot will not be guaranteed by the State. This is the same as any other pension or savings plan.

### **Automatically re-enrolled after 2 years.**

If an employee leaves the plan or suspends their contributions, they will be automatically re-enrolled after 2 years if they are still eligible for the scheme. However, they won't be re-enrolled if they have an alternative pension plan.

Employees can rejoin the plan any time before the 2 years pass.

## **Rates**

An employee's **gross earnings** will be assessed for the income threshold and contributions calculation. This means that anything included in the gross pay field on the payroll will be assessable.

An employer will match contributions, and the Government will contribute an additional amount. An employee cannot pay more or less than the set rate.

The State will top up contributions in the auto-enrolment scheme at a rate of €1 for every €3 the employee contributes.

The rate for an employee and an employer will be 1.5% of an annual salary in the first year. This will increase to 6% by year 10.

## **Rates**

The table below sets out the rates an employee, an employer, and the Government will pay:

<b>Year of the auto-enrolment scheme</b>	<b>Employee Contribution Rate</b>	<b>Employer pays</b>	<b>Government pays</b>
1 to 3	1.5%	1.5%	0.5%
4 to 6	3%	3%	1%
7 to 9	4.5%	4.5%	1.5%
10 and after	6%	6%	2%

## **Example**

The table below includes an example of a worker earning €20,000 a year:

Year of the auto-enrolment scheme	Employee pays	Employer pays	Government pays	Total payments per year
1 to 3	€300	€300	€100	€700
4 to 6	€600	€600	€200	€1,400
7 to 9	€900	€900	€300	€2,100
10 and after	€1,200	€1,200	€400	€2,800

### **Auto-enrolment contributions vs income tax relief**

One key difference between auto-enrolment and a company pension plan is that employee contributions in the latter are subject to income tax relief for most people.

Auto-enrolment employee contributions do not receive the same income tax relief, although the Government's contribution would be equivalent to income tax relief of 25%.

However, taxpayers at a higher rate are eligible for income tax relief at 40% on their contributions (subject to limits).

### **How will contributions be paid?**

Employers will pay employee and employer contributions directly to NAERSA. It is anticipated that different methods will be available, including variable direct debit. Employers will be able to set this up on the employer portal. More information will be made available closer to the launch date.

### **What is the maximum contribution?**

An employer's and the Government's contributions are capped at €80,000 gross annual salary.

For the first 3 years, the maximum amount an employer can contribute is €1,200 a year. This is because 1.5% of €80,000 is €1,200. The maximum amount the Government can contribute is €400 a year, which is 0.5% of €80,000.

If an employee earns over €80,000, they can still contribute, but their employer or the Government won't match their contributions on any income over €80,000.

### **Multiple employments**

**If an employee earns over €80,000 across multiple employments (for example, two employers paying €50,000 each), how does each employer know how much to pay?**

NAERSA will issue the Automatic Enrolment Payroll Notification (AEPN) through payroll software to both employers as normal. When the employee reaches the income threshold of €80,000 within the tax year, the payroll notification to both employers will be updated to reflect that no further contributions are to be paid. A new payroll notification will be issued at the start of the next tax year to restart contributions if the employee still meets the eligibility criteria.

**Sources:**

<https://www.citizensinformation.ie/en/money-and-tax/personal-finance/pensions/auto-enrolment>

<https://www.gov.ie/en/publication/c6d6a-auto-enrolment-your-questions-answered/>