Auto-Enrolment Retirement Savings System (AE)

HLB IRELAND

What Is Auto-Enrolment?

The Automatic Enrolment Retirement Savings System ("Auto-Enrolment") is a new retirement savings scheme being introduced by the Irish Government from January 2026.

It is designed to ensure that employees who do not already have a pension are automatically enrolled in a retirement savings plan.

- Scheme operated by the National Auto-Enrolment Retirement Savings Authority (NAERSA)
- Handles enrolments, contributions, investments, and account access
- Employees will receive access via MyGovID online portal or printed statements

Who Will Be Enrolled?

✓	Employees aged 23–60
✓	Earning €20,000+ per year
✓	Not already contributing to a pension/PRSA through payroll
✗	Employees outside the age/income limits are not auto-enrolled, but may opt in voluntarily.

How Contributions Work

Contributions will be shared between the employee, employer, and State.

- Employees start at 1.5% of gross pay, rising to 6% by Year 10
- Employers must match employee contributions (tax deductible)
- State provides a top-up: for every €3 employee contributes, employer adds €3, State adds €1

Contribution Schedule

Year	Employee	Employer	State	Total % of Gross Pay
Years 1–3	1.50%	1.50%	0.50%	3.50%
Years 4–6	3%	3%	1%	7%
Years 7–9	4.50%	4.50%	1.50%	10.50%
Year 10+	6%	6%	2%	14%

Example: Employee earning €20,000 per year

Year	Employee	Employer	State	Total Per Year
Years 1–3	€300	€300	€100	€700
Years 4–6	€600	€600	€200	€1,400
Years 7–9	€900	€900	€300	€2,100
Year 10+	€1,200	€1,200	€400	€2,800

Employer Obligations

Employers play a central role in making Auto-Enrolment run smoothly. While NAERSA manages the enrolment process, it is the employer's responsibility to ensure payroll, HR, and compliance systems are prepared. Early planning will help avoid errors, reduce the risk of penalties, and give employees confidence that their contributions are being managed correctly.

Employers:

- ✓ Must ensure payroll systems are AE-ready
- ✓ Make required employer contributions (tax-deductible)
- ✓ Sign up on the Central Processing Authority (CPA) portal (Q4 2025)
- ✓ Train HR/payroll on compliance, opt-outs, and record-keeping

✕	Cannot penalise employees for participating
✕	Non-compliance may result in penalties, fines, or prosecution

Payment Of Contributions

Once contributions are deducted from payroll, employers are responsible for ensuring they are passed to the Central Processing Authority (CPA) on time. The CPA provides two payment methods to give flexibility and ensure compliance with deadlines…

Options:

1	Direct payment (requires active Direct Debit; payment due by 22nd of following month)
2	Automated collection (auto-collect on chosen date; can be activated/deactivated anytime)

Key Considerations For Employers

- Assess financial impact of matching contributions
- Factor in administrative fees (0.5–1% of assets)
- Budget for payroll system upgrades
- Prepare clear communications for staff (eligibility, contributions, opt-out rights)
- Ensure compliance with Revenue Commissioners audit requirements

Taking the time now to review these areas will make the transition smoother and reduce the risk of costly errors. By planning ahead, employers can manage the financial impact, stay compliant, and give employees confidence in the new system.

Next Steps

Auto-Enrolment represents a significant change for Irish employers, but with the right preparation it can be implemented smoothly. HLB Ireland is here to guide you through each stage — from planning and payroll readiness to employee communications and compliance checks.

We can support you by:

- Preparing payroll systems for Auto-Enrolment compliance
- Advising on financial planning for employer contributions
- Drafting clear communications for employees
- Providing training for HR and payroll teams

By acting early, you can reduce risk, control costs, and ensure your organisation is fully compliant by January 2026.

Information for Employees

Employee Access & Capabilities

- Automatic – no sign-up required
- Access via MyGovID portal or app
- Can view contributions, fees, investment returns
- Can change investment strategy, opt-out, or suspend contributions

Opt-outs & Re-enrolment

- Employees can opt out at permitted windows (e.g. months 7–8, or after each increase)
- They will receive a refund of their own contributions, but the employer and state contributions will remain in their pension pot.
- Suspended members are re-enrolled every 2 years if still eligible

Investment of Funds

Employee pension pots are not State guaranteed – like any pension, they carry investment risk.

- Default low-risk investment option provided
- Regulated funds only
- Overseen by the Pensions Authority
- Managed by regulated investment companies
- Employees own their savings and retain full rights at retirement age