

Automatic Enrolment

Pensions Retirement Savings System



An Roinn Coimirce Sóisialaí
Department of Social Protection

A Supplementary Pensions Retirement Savings System Commencing in 2024

What is it?

Automatic Enrolment (AE) is a new savings and investment scheme for employees where financial returns are paid out to participants on retirement, in addition to the State Pension.

Why is it being set up?

Not enough people have occupational or supplementary pension coverage to help maintain a reasonable standard of living in retirement above the level of the State Pension.

Who will be automatically enrolled?

Approximately 750,000 employees who are aged between **23 and 60**, earning **over €20,000** across employments, and who are not already enrolled in an occupational pension scheme.

How much will it cost?

Contributions will be paid by employees, and matched by their employers, as a percentage of the employee's gross income. The State will top-up the rest. The rates of contribution will be phased-in gradually over a decade as follows:

| | Employee | Employer | State |
|--------------------|-----------------|-----------------|--------------|
| Years 1 - 3 | 1.5% | 1.5% | 0.5% |
| Years 4 - 6 | 3% | 3% | 1% |
| Years 7 - 9 | 4.5% | 4.5% | 1.5% |
| Year 10 + | 6% | 6% | 2% |

Employer contributions and the State top-up will be capped at a maximum €80,000 of an employee's gross salary. Employees may contribute on earnings greater than €80,000 if they wish.

Will it be possible to leave the system?

Opting out or suspending participation is possible under certain circumstances.

How will it be managed?

A Central Processing Authority (CPA) will be set up to ensure the best interests of participants and will:

- administer the system on behalf of enrolled employees, their employers and the State
- collect, pool and distribute contributions to commercial investment managers
- collect, pool and distribute financial investment returns to participants
- operate an online accounts portal where participants can see their savings pot grow
- facilitate a 'pot-follows-member' system whereby participants will benefit from owning one single AE pension pot across employments and throughout their working lives
- set standards for the commercial registered providers of AE investment products

How will investment work?

There will be a well-balanced and well-diversified default investment fund, plus three other fund options for employees who want to invest their money at different levels of risk.