

AUTO ENROLMENT PENSION SCHEME

GLOSSARY	
AEL	Annual Earning Limit
AEPN	Automatic Enrolment Payroll Notification
AEPS	Auto Enrolment Pension Scheme
AERSS	Automatic Enrolment Retirement Savings System
EE	Employee
ER	Employer
MFF	MyFutureFund
NAERSA	National Automatic Enrolment Retirement Savings Authority
TCS	Tata Consultancy Services

Automatic Enrolment Retirement Savings System (**AERSS**) is a new pension system that will be implemented in **January 2026** - Commencement Order confirming implementation date passed September 2025.

Under this law, employees who don't already have a private or company pension will be **automatically enrolled** into a new National Pension scheme.

Both, the employee and the employer will make **regular contributions**, and the State will also add a top-up. It's designed to make sure that everyone saves for retirement in addition to the State pension.

Act can be viewed at <https://www.irishstatutebook.ie/eli/2024/act/20/enacted/en/html> with commencement order at <https://www.irishstatutebook.ie/eli/2025/si/439/made/en/print>.

Key features

- Employees aged 23 – under 60 earning over €20,000 pa (or € 1,666.67 per month or €384.62 per week) will **be auto enrolled** – new employees from day 1 of employment
- Those aged under 23 (but at least 18), over 60 or who earn under €20,000 will be able to **opt in**
- Those who are already a member of an occupational pension scheme or a qualifying alternative will **not** be auto enrolled for that employment

Employee and Employer Contributions

- Rates to be introduced over a **10 year period** commencing with **1.5%** for employee and employer
- The aim is to increase the contribution level by **1.5% every three years**
- **After 10 years** (2036) the employee contribution will be **6%** with a matching employer contribution of the same amount
- Contributions will be calculated on every euro of income but capped for the employer to an annual salary of €80,000. This limit will be review every five years
- The employee may contribute on earnings greater than €80K if they wish

State Contributions

- The State will contribute **50c for each €1.50** the employee contributes on earnings up to €80,000
- This is equivalent to a **25% tax relief** – so better value for lower paid employees but not so good for higher rate taxpayers
- This State contribution will be **added directly** to the employee's fund – not part of the payroll calculation
- The current tax relief system remains for those making private and occupational pension contributions outside of auto enrolment

Planned Contribution Rates

Years	Employee	Employer	State
2026 – 2029	1.5%	1.5%	0.5%
2030 – 2032	3%	3%	1%
2033 – 2035	4.5%	4.5%	1.5%
2036 onwards	6%	6%	2%

Employee/Employer Contribution = Gross Pay @ 1.5%

Role of NAERSA

NAERSA is the **National Automatic Enrolment Retirement Saving Authority**, which:

- Decide which employees should be enrolled and inform employers
- Collect contributions from employers and the State and distribute them to Registered Providers for investment
- Operate an **online portal** where employees can log into their account, see their account balance, and make decisions such as opting out
- Provide printed statements to those who do not have digital access
- Facilitate the ‘pot-follows-member’ approach whereby employees will have only one account with NAERSA over their working life

MyFutureFund (MFF)

- NAERSA will oversee MyFutureFund, the automatic-enrolment pension savings scheme designed to enrol employees automatically
- NAERSA will oversee the scheme, ensuring that the program runs smoothly, collecting contributions from employees, and investing funds wisely
- NAERSA will also check enrolment eligibility and will manage an online portal for both employees and employers to access scheme-related information and services
- They have appointed **Tata Consultancy Services (TCS)** as a third party administrator, that will handle the enrolment of participants, manage their accounts, and facilitate the retirement savings process

Exempt Employment

Membership of the following will potentially create exempt employment:

- Membership of an employer occupational pension scheme
- Membership of a qualifying PRSA, trust RAC or PEPP (Pan European Personal Pension)

The enrolment process

- NAERSA will determine who exactly is to be enrolled
- They will do this by analyzing payroll submissions to Revenue to determine
 - Who meets the qualifications for auto enrolment and
 - Who in this category is not in exempt employment
- The employer having received such notice must then inform the employee of the determination they are to be auto enrolled
- Employee and Employer contribution rates must be at least equal to those prescribed for AERSS
- The employer must inform Revenue OOBP of the contribution amount paid

Multiple Employments

- NAERSA will check the €20,000 threshold as a combination of **ALL** employments
- If the sum total of income meets €20,000 AE will apply in each employment where there is no record of pension contributions
- NAERSA will be responsible for analyzing Revenue records to identify all AE cases
- **Employers will be told who to enroll** – the employer will NOT be doing this analysis!

Example – Sinead, aged 35

- Sinead holds the following employments:
 - 15 hours per week earning €15,000 pa with an occupational pension
 - 10 hours per week earning €10,000 pa with no pension
 - 10 hours per week earning €12,000 with an employee only PRSA
- Sinead will need to be auto enrolled in the second and third employments
- Her total earnings are €37,000 so she meets the income and age conditions
- Her third employment does not meet the condition of being exempt from AE because there is no ER contribution paid to the PRSA

Maximum Pensionable Earning

- The **€80,000** limit applies across ALL employments the employee holds
- The employer **cannot** make contributions on any earnings in excess of €80,000
- Where the employee holds 2+ employments, if the sum total of all salaries added together exceeds €80,000 contributions will cease for the rest of the year
- NAERSA will issue a notice to this effect to each employer instructing them to cease deductions
- NAERSA will be analyzing all employer returns to spot where this occurs

Opt-out and Suspensions

Opt-out

- Qualifying employees will be enrolled **from day 1** – no initial period free
- Members may opt out during a **two month window** (i.e. months 7 & 8) **after** they have been enrolled for **six months**
- Members may also opt out during a **two month window** (i.e. months 7 & 8) after a **contribution increase** has been in place for six months (only available until 2035)
- Such opt outs will receive a refund of any employee contributions made but the ER and State contributions will be left in the members pot

Suspensions

- Participants may also suspend their participation **after 6 months** membership
- **No refund** of contributions already made will be actioned during a suspension
- For both Opt-outs and suspensions the member must be re-enrolled at the latest two years after the suspension/opt-out
- Employer and State contributions also cease during an opt-out/suspension
- Employees who suspend their contributions must wait **12 months** before they can recommence them

EMPLOYER OBLIGATIONS

The 123 approach

- The employer must set up a profile on the **MyFutureFund portal** – the window for doing this runs **1st – 31st December 2025**
- Once the profile is created, a **payment method** needs to be created
- Once that is done, run payroll as normal and calculate the contributions due
- **Employer information** at <https://www.gov.ie/en/department-of-social-protection/publications/auto-enrolment-retirement-savings-system-for-employers/> and https://helpcentre.myfuturefund-nonprod.ie/guides/MyFutureFund_Business_Processes_Document_V1.1.pdf

The Employer Portal

- The MyFutureFund portal will be accessed using the login details currently held for ROS
- Employers can arrange this by their ROS PREM Cert
- Make sure your ROS login has been updated to allow access to the employer portal
- Agents will be able to access the portal using their Tax Advisor Identity Number (TAIN)

AEPN (Auto Enrolment Payroll Notification)

- NAERSA will identify a new employee from payslip data forwarded on from Revenue
- Eligibility tests are performed on a **13 week** look back basis to determine whether or not the individual must be auto enrolled
- AEPN's are produced on a nightly run – they should not be produced during the day
- Once an AEPN has been produced it **must** be used on the next available payroll run
- You **must** therefore always check for new AEPN's before you run a gross to nett

Where will these come from?

- The **MFF employer portal**
- Check with your payroll software provider as to how exactly this will work with your software
- AEPN's will **not** be re-issued each tax year the way that RPN's are
- AEPN's will be re-issued where details change, examples include: New contribution rates, Exceeding the Annual Earnings Limit, Opt-outs and suspensions
- AEPN's are issued with a sequential number – 1,2 etc.

PENSIONS

The assessment process

- Eligibility based on age and earnings from the **13 week** lookback. Where an employee has earned more than €5,000 in that 13 weeks, the employee will be Auto Enrolled.
- Any employee without a PPS number cannot be assessed by NAERSA
- It is also based on PRSI class – contributors in **classes A,B,C,D,H and J are eligible**
- Pensions income paid under **class S and M are not eligible**
- Community Employment participants are not eligible
- Once an employee has been determined eligible by NAERSA and been enrolled in MyFutureFund, fluctuations in income are **not** considered. The participant remains active even if the gross pay drops below the threshold

MFF Enrolment

- The AE Act requires employers to send notification of enrolment for those who are auto enrolled and for those who opt in
- There is no requirement for the employer to send notification on re-enrolment after 2 years
- NAERSA have issued template letters which will be sent to the employers secure mailbox on the employer portal
- They have also released a template to software providers
- Employers do not need to use the templates and can use their own format provided it provides the information required in ss 50(7) and 53(8) of the AE Act

CALCULATING MFF CONTRIBUTIONS

- NAERSA only use payslip data supplied by Revenue to ascertain eligibility – if an employee sets up details of employment via the Jobs and Pensions service this information is not used
- Once you receive an AEPN this will specify a contribution rate to apply against the employee – **no AEPN, no MFF contribution due**
- This must be applied against Revenue Gross Pay

Revenue Gross Pay

- This is the amount of pay as defined by Revenue as gross pay for the purposes of payroll reporting
- Includes: one off items such as bonuses and commissions, special items such as holiday pay, national pay for BIK, awards of shares and share option gains
- **It is NOT taxable pay** – <https://www.revenue.ie/en/jobs-and-pensions/calculating-your-income-tax/difference-gross-taxable-pay.aspx>

Using Revenue Gross Pay for the period

- Multiply the Revenue gross pay by the percentage of contributions due as notified on the AEPN
- The rounding rule on the calculation follows PRSI – if the third decimal is 4 or less round down, 5 or more round up
- A tolerance of up to 0.05c is built into the system
- Zero gross pay means no contributions will be calculated
- Negative gross pay means that no contributions will be calculated

Priority order of deductions

1. PAYE
2. PRSI
3. USC
4. MFF/Occupational Pensions
5. LPT/Court Orders
6. Voluntary Deductions

Contribution Calculation

- Once PAYE, PRSI and USC have been deducted the employee may be left with insufficient net pay to cover the MFF contribution
- Where this occurs, a reason code must be submitted to explain this
- The full employer contribution will still be payable by the employer
- The employee contribution shortfall can be corrected in a subsequent payroll run and submitted with the appropriate reason code to indicate this

Submission of Data

The following must be **submitted to NAERSA** via the employer portal:

- EE PPS Number
- Employment ID
- AEPN Download data
- EE Name
- Pay frequency
- Gross Pay
- EE and ER contribution

When must the submission of data be sent:

- On or before the **day of payment of salary** to the EE
- NAERSA will allow **corrections** to data submitted up to **18.30** on the day of salary payment. Once 18.30 is reached no further data corrections can be submitted and NAERSA commence collection of the contributions due
- They intend to transfer investment monies to the investment managers as soon as possible after 18.30
- If a payment file is submitted with a date in the past (i.e. it is late) then corrections can be made up to 18.30 on the day of submission, but the file will be flagged as being late and NAERSA may commence compliance measures

Leavers and PADLs

- NAERSA receives information regarding a leaver via the contribution submission by submission of a cessation date
- Once this happens the AEPN is “locked” for a period of 12 months
- This means that if the employer then makes PADLs during the 12 month period MFF contributions continue to be due at the contribution rate specified on the AEPN
- After the 12 months if the employer actions a “get AEPN” request, nothing will be returned and no contributions would therefore be due on a PADL paid then

Annual Earning Limit (AEL)

- The AEL is currently set at **€80,000**

- The intention is that all pay meeting the definition of Revenue Gross Pay will be subject to contributions up to the AEL
- Contributions will therefore be front loaded to the beginning of the year
- Once the AEL is breached contributions cease for the rest of the year
- And then commence again at the beginning of the next year
- Contributions may be calculated on earnings over the AEL. This is because the system is set to calculate contributions in full for the month that the AEL is breached
- Contributions will only cease in the month following the AEL breach
- Once the AEL has been breached, NAERSA will identify this and send a new AEPN setting the contribution rate at 0% for the rest of that year

Breach of AEL - Example

- Brendan's annual gross pay reaches €78,500 in July
- In August Brendan earns €4,000
- The YTD earnings are now €82,500 but the whole of the €4,000 is subject to EE and ER MFF contributions
- NAERSA will issue a new AEPN setting the contribution rate to 0% for use from September for the rest of the year
- A new AEPN will be issued in January re-instating the EE and ER contributions
- No refund of the contributions paid on the excess €2,500 over the UEL will be made

Does that mean any excess over €80,000 is subject to contributions?

- Yes. It doesn't matter how much over the €80,000 limit the YTD gross pay value is
- In the month that the AEL is breached **all** of the pay is subject to contributions
- Only the issue of a new AEPN will "switch off" MFF contributions
- And there are no refunds planned on the excess over AEL of €80,000

Example

- Edel earns €5,000 per month and has been auto enrolled
- In June she exercises a share option which generates a €75,000 gain

- The total income of €80,000 generated in June is all subject to MFF as this is the month that the revenue gross pay for the YTD exceeds the AEL of €80,000
- A new AEPN will be issued by NAERSA ceasing contributions from July
- There will be no refund to either EE or ER, even though income of €105,000 has ultimately been assessed for MFF

Impact on reward packages

- Where MFF is being utilized, one off payment items are best paid after the AEL has been exceeded
- Consider the previous example – share option gains are not subject to ER PRSI but they would be potentially subject to ER MFF
- In Edel's case it would have been unavoidable given her basic salary would only come to €60,000 over a year
- But if she had been earning say €8,000 a month, the share option gain exercised in either November or December would avoid the MFF contribution

Paying the contributions

- Payments will be made via the **NAERSA employer portal**
- You will need to set up a payment method when the portal becomes available. The most likely method is expected to be by variable direct debit
- You must pay the contributions to NAERSA at the same time as you pay your employees
- Delays can result in penalties and interest charges with NAERSA taking compliance action

UPCOMING KEY DATES

- **November 2025:** Employers should ensure that any eligible employees are enrolled in an existing occupational pension scheme or PRSA by the end of November

- **Early December 2025:** The employer portal is expected to launch, at which point employers can register and submit their company and payment details for future contributions. The first Auto-Enrolment Payroll Notifications (AEPN) will be issued to employers around this time
- **January 1, 2026:** This is the official "go-live" date for the scheme, when contributions to the My Future Fund will begin for any payroll with a pay day on or after 1st January

USEFUL LINKS

- [Official Auto Enrolment Information Page](#)
- [Official Auto Enrolment Videos \(YouTube\)](#)
- [Business Process Guide](#)
- [Legislation](#)