

Auto-Enrolment (AE) in Ireland – Key Highlights for Employers and Employees

What is Auto-Enrolment?

Auto-Enrolment is a new retirement savings system launching in January 2026. It automatically enrolls eligible employees into a pension scheme to help them save for retirement. A pension is a tax-efficient savings account for retirement, designed for all employees aged 20 to 60 earning over €20,000 annually (including single director/employee companies).

Company Pension vs Auto-Enrolment – At a Glance

Feature	Company Pension	Auto-Enrolment (AE)
Retirement Earliest Age	50	66
Fund Choice	✓ Yes – Broad investment options	✗ No – Limited/default options
Top-Ups Allowed	✓ Yes – Voluntary extra contributions	✗ No – Fixed structure only
Portability Abroad	✓ Yes – Fully portable	✗ No – Restricted to Irish system
Tax Relief	✓ Yes – Up to 40% income tax relief	✗ No – 25% State top-up only
Access to Financial Advice	✓ Yes – Professional guidance included	✗ No – Not included
Contribution Flexibility	✓ Yes – Adjustable by employer & employee	✗ No – Fixed % increases every 3 years
Member Engagement	✓ Yes – Active engagement, reviews, updates	✗ No – Passive enrolment
What Happens on Death	✓ Passes to beneficiaries, often tax-free	✗ Taxed as income in beneficiaries' hands
Opt-Out Option	✓ Not applicable – voluntary scheme	✓ Limited: can opt out in months 7–8; auto re-enrolled after 2 years
Payroll Setup	✓ Flexible and customisable	✓ Mandatory via payroll if no existing pension scheme

Contributions for full Gross Salary for employee and employer

Year	Employee Pays	Employer Pays
Year 1	1.5%	1.5%
Year 4	3%	3%
Year 7	4.5%	4.5%
Year 10	6%	6%

Opt-Out Rules

Employees are auto-enrolled immediately on joining company. They may opt out during months 7–8, receiving a refund of their contributions (Employer and State contributions remain invested). Additional opt-out opportunities are available upon contribution rate changes during the first 10 years.

Why Retain or Enhance Your Existing Workplace Pension?

- Provides better tax efficiency (especially for high earners).
- Offers greater flexibility, control, and member support.
- Competitive employee benefit and retention tool.
- Mitigates risk of AE defaulting to a less tailored solution.

Employer Responsibilities

- Assess AE Gap and evaluate current pension scheme.
- Communicate clearly with staff.
- Review contracts, update policies, and payroll systems, ensuring all HR requirements are updated.
- Ensure training and ongoing support/compliance.