WEBINAR

My Future Fund

Payroll's Role in Ireland's New Auto-Enrolment Scheme

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Before we start.....

- **Recording:** This session will be recorded and shared, including the slides, after the webinar.
- **Q&A:** Please use the Q&A button to submit your questions. Our team will be answering live during the session, and all answered questions will be visible to everyone. All Q&As will be shared after the webinar also.
- **Scope:** We are not NAERSA or DSP and cannot answer every query – particularly those about individual circumstances or why certain rules are in place.
- **Focus:** Today's webinar will cover the basics of the Auto Enrolment scheme and MyFutureFund, what you can expect, and how Big Red Book Payroll will help make the process simple and straight forward.
- **Disclaimer:** We may share suggestions, but for company decisions, please always seek professional advice from an accountant, pension advisor, or financial advisor.

What is MyFutureFund?

Ireland's Auto-Enrolment Pension Scheme – My Future Fund

- Represents a significant step towards improving retirement savings and financial security for workers in Ireland.
- As the initiative evolves and expands, it is expected to play a crucial role in ensuring that individuals are better prepared for retirement.
- Go-live date: Payments begin January 1st, 2026.
- A statutorily independent National Automatic Enrolment Retirement Savings Authority (NAERSA) will act as the scheme operator.

Key Principles:

- Pot-follows-member approach to savings
- Minimal administrative burden on employers

Why is it needed?

- CSO figures show that 56% of employees have active pension cover (**Pension Coverage Survey 2021**). When the private sector is considered on its own, this figure drops to less than 35%.
- Due to this low rate of pension cover, many people may see a drop in their living standards when they retire.

Launch Details

- MyFutureFund deductions will commence for pay dates from **January 1st 2026.**
- NAERSA will review employees' records in the run up to January 1st in order to deem who will be eligible for MyFutureFund enrolment.

Eligibility

- Based on information shared with **NAERSA** by Revenue, employees will be automatically enrolled if they meet the following conditions:
  - Aged between 23 and 60
  - Earn more than €20,000 gross pay per year across all employments
  - Not currently paying into an occupational or personal pension through payroll (or only paying into a pension outside of payroll)

Additional Notes:

- Employees remain enrolled even if earnings later fall below €20,000.
- For multiple jobs, eligibility applies only to roles without payroll pension contributions (if other criteria are met).

Will New Employees Be Auto-Enrolled Straight Away?

- **No waiting periods** apply for auto-enrolment.
- **Process:**
    - NAERSA identifies new employments via payslip data shared by Revenue.
    - An **Automatic Enrolment Payroll Notification (AEPN)** is if the employee is eligible for MyFutureFund.
    - Eligibility tests are conducted on a **rolling 13-week lookback** basis.
- **Scenarios:**
    - Employees with prior earnings records likely to exceed €20,000 per year may be enrolled immediately (subject to other criteria).
    - Employees with no prior record or a gap in employment may wait up to 13 weeks while eligibility is established.

Deductions and Contribution Rates

- Eligible employees must have contributions deducted from **net pay**.
- **No tax relief** applies for the employees.
- Deductions are a fixed **% of gross income**.
- For every **€3 contributed by the employee**:
  - Employer adds **€3**
  - State adds **€1**
- Result: **€7 added to the fund for every €3 saved**.

Years	Employee Contribution Rate	Employer pays	Government pays
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%

Can Employees Opt-Out?

- Auto-enrolment is not fully mandatory – employees can opt out at:
  - 6 months after enrolment (during months 7 and 8)
  - 6 months after a contribution rate change (during months 7 and 8)
- **Refunds:**
  - First scenario: full refund of employee contributions.
  - Second scenario: refund of the difference between the new and previous rate.
  - Second option available only in the first 10 years as contributions are phased in.
- **Important:**
  - Employer contributions and State top-ups remain in the employee's MyFutureFund pot.
  - After 2 years, opted-out employees who still meet eligibility will be automatically re-enrolled.

Can Employees Suspend Auto-Enrolment?

- Employees can suspend contributions at any time outside of the initial six-month mandatory participation period.
- Suspension can last from 1 to 2 years.
- No refunds will be given – contributions remain in the pot, treated as a break in payments.
- Once suspended, employees cannot resume contributing for a minimum of 1 year.

Big Red Book Payroll's Role

- Big Red Book Payroll will allow users to check if any employees are enrolled via an **AEPN Lookup feature** (similar to the RPN Lookup).
- Once an employee is confirmed as eligible via AEPN, the deduction will be automatically applied each time a timesheet is processed.
- If an employee becomes ineligible, they will be excluded only once the AEPN Lookup returns that status.
- The flow for making Payroll Submissions will include the option to also make the required Auto Enrolment Submissions.
- Payroll will also provide the ability to run checks on previous submissions to NAERSA, similar to the ROS Checks for Revenue submissions.

How Will Contributions Be Paid to NAERSA?

- Big Red Book Payroll will send the amounts for the employee and employer contributions via submission to **NAERSA.**
- After submission, employers will pay these contributions directly to NAERSA.
    - Payment methods will include options such as variable direct debit, set up via the NAERSA employer portal.
- Payment becomes due with each auto-enrolment submission.

⚠️ **Note:** This differs from settling Tax, USC and PRSI liabilities by a particular date each month.

Corrections to NAERSA Submissions

- Alterations to records submitted to NAERSA will not follow the same correction process as Revenue.
- NAERSA will only accept changes to contribution submissions up to 18:30 on the participant's pay date.
- Any attempts to alter records after 18:30 will not be accepted.
  - After this time, NAERSA will commence the relevant collection processes.
- This ensures monies will be transferred to Investment Managers as soon as possible to ensure participants' MyFutureFund pots have the best opportunity to grow.

Employer Considerations

If availing of Auto-Enrolment for employees:

- Low administrative burden
- No need to engage pension fund providers/managers
- Must still offer a **PRSA**
    - Employees taking up this PRSA will become ineligible for Auto-Enrolment

Employer Considerations

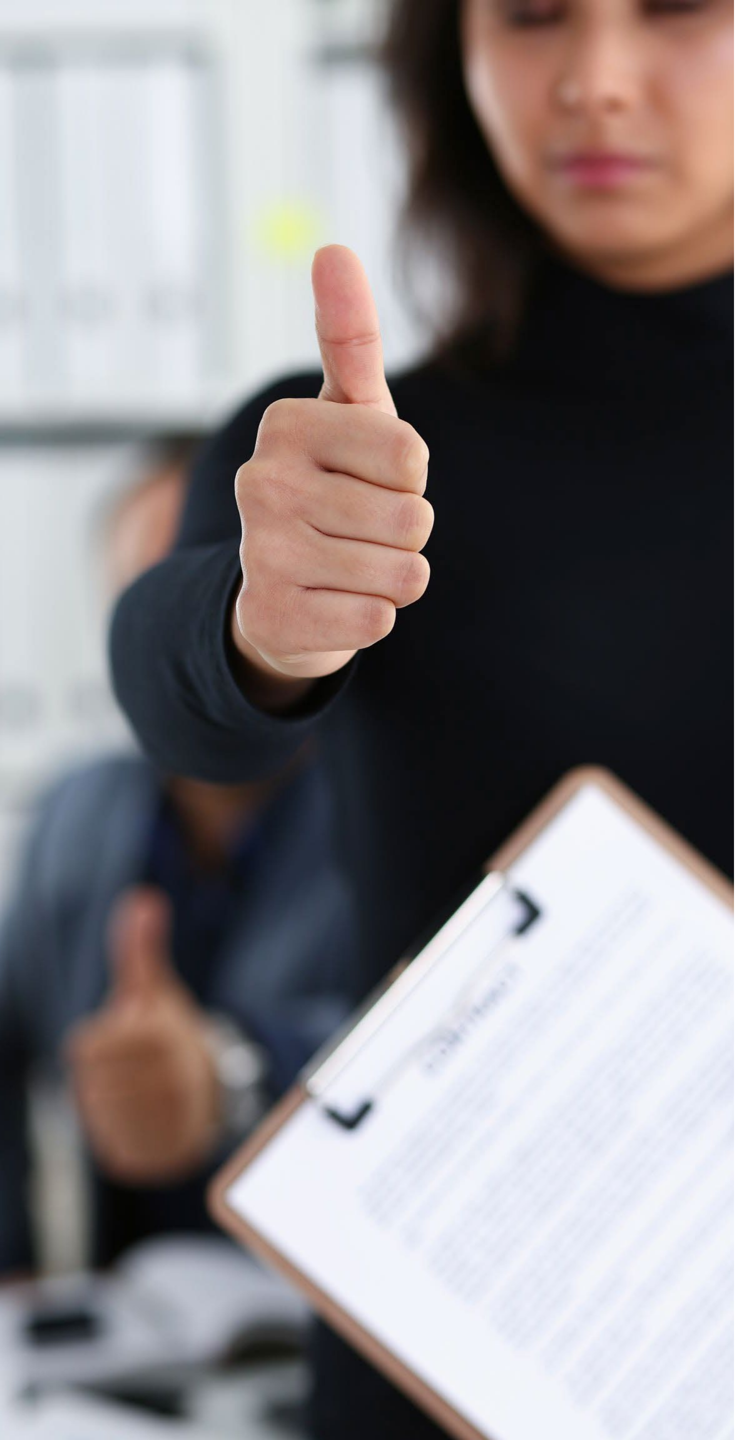
Scheme administration:

- NAERSA will determine employee eligibility and applicable rates
- **Big Red Book Payroll** will use NAERSA data to handle calculations and statutory submissions
- No pay = no employer contribution
- Employer contributions are **deductible for corporation tax**

Employer Considerations

Other considerations:

- Employers wishing to implement an occupational pension to avoid auto-enrolment must ensure pension reporting via payroll is in place **well in advance** of Go-Live
- Cutoff date (likely November) – exact date **TBC**



Pre-Implementation Review

- Identify employees **aged 23–60** earning **€20,000+** who are not already in a qualifying payroll-linked pension.
- Review **exemptions** on offer (e.g., existing occupational schemes, PRSAs with payroll contributions).
    - If you offer an occupational pension after 6 months' service, employees may still be auto-enrolled during their first 6 months.
- Understand **opt-in rules** for employees under 23, over 60, or earning less than €20,000 per year.

Financial & Strategic Preparation

- Discuss options with internal and external advisors.
- Consider the cost of offering occupational pensions to all employees versus Auto-Enrolment.
- Forecast the financial impact of phased employer contributions:
  - Starting at 1.5%
  - Rising to 6% by Year 10
- Update payroll budgets accordingly.

Registration & Compliance

- Register with the NAERSA Employer Portal (statutory requirement).
- A secure employer (and agent) portal will be released in Q4 2025 for registration and payment setup.
- Active ROS certs are required to log in.
- A major NAERSA communications campaign will be undertaken in advance.

Exceptions for Employers in Financial Difficulty

- No exceptions will be made under the scheme.
- Employers in financial difficulty should contact NAERSA.
- Failure to make contributions is an offence under the AE Act.

Future Plans for Auto-Enrolment

The Auto-Enrolment Pension Scheme and its rules will evolve as it matures. Potential future developments include:

- Lump sum contributions
- Minimum occupational or personal pension cover
  - By the end of **Year 6**, a minimum required level of pension cover will be introduced to deem an employee ineligible for auto-enrolment.
  - This will be developed with the support of the Pensions Authority.
- Auto-enrolment for the self-employed

State Pension Continuity

- The Government has confirmed that the State Pension will remain in place, describing it as the “bedrock” of the new system.
- Auto-Enrolment is designed to increase retirement savings.
- It provides workers with a new way to save for their future.
- Its purpose is to supplement the State Pension, not replace it.

FAQ 1

Q1. What is Deemed Gross Pay?

Anything included in the gross pay field on payroll will be assessable, such as:

- Basic pay / salary
- Holiday pay
- Employer sick pay
- Benefits-in-kind (BIKs)
- Share options
- Lump sum payments
- Commission
- Overtime
- Bonuses

Q2. Who is Considered an Employee?

- For auto-enrolment, an employee is the same as for **tax and PRSI purposes**:
  - Works for and is paid by an employer
  - Not self-employed (PRSI classes used to exclude the self-employed)
- **Eligible PRSI classes:** A, B, C, D, H & J (and relevant sub-classes)
- **Exclusions:**
  - Community Employment (CE) participants
  - Income from pensions (typically PRSI class M)

FAQ 2

Q3. Will Company Directors Be Enrolled?

- Depends on the **PRSI class** contributed as a company director.
- If paying PRSI as an **employee** and meeting eligibility criteria → **enrolled**.
- If registered as **self-employed** → currently **not eligible**.

Q4. Do Employers Need to Inform Employees?

- Employers are **legally obliged** to inform employees when they have been enrolled, including the **date of enrolment**.
- **Big Red Book Payroll** will provide options to generate **emails and/or PDFs** to share with employees.

FAQ 3

Q5. Employee is Eligible for Auto-Enrolment but Joining a Pension Scheme

- After joining an occupational or personal pension scheme that is paid through payroll an employee will be deemed ineligible for the pay period after the first period in which pension is paid through payroll.
- This does mean that such an employee may have an occupational or personal pension deduction as well as a MyFutureFund deduction when the occupational or personal pension is made for the first time.

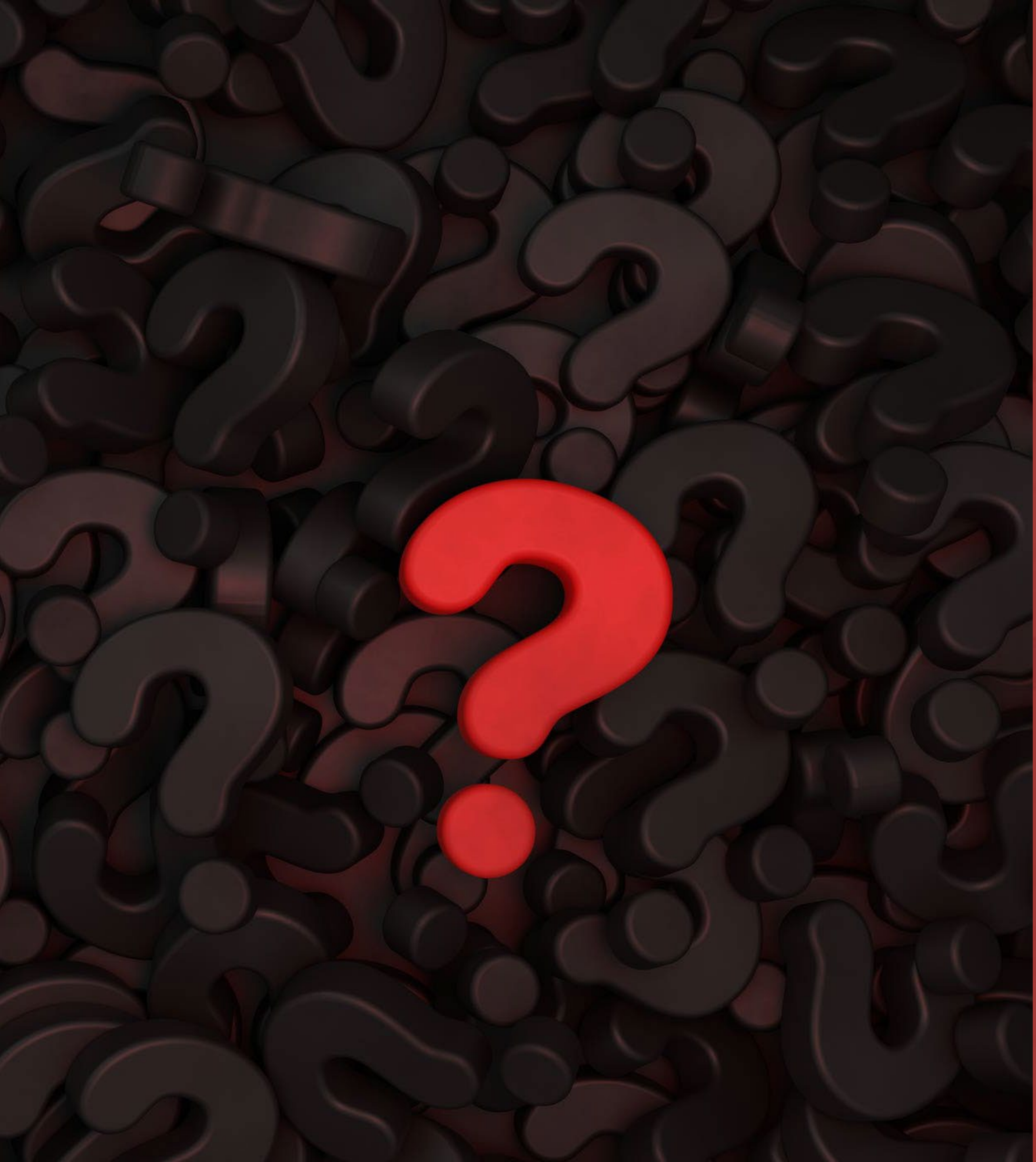
FAQ 4

Q6. Are There Contribution Caps?

- There is a €80,000 cap for contributions, based on gross pay in a calendar year.
- Once the cap is reached, contributions stop after the pay period in which the cap is breached.
- This may result in contributions (employer and employee) being paid on gross pay above €80,000.
- No refunds will be made on contributions paid above the cap.

Contribution Cap Example – Contributions Paid on Over €80,000

- Employee earns **€79,500 gross to date** in September.
- October gross **pay = €2,000** → total annual gross = **€81,500.**
- NAERSA will take and invest contributions on the **€2,000 October pay.**
- **A new AEPN is then created:**
  - Contribution rate set to 0% for the remainder of the year.
  - At the start of the new year, a new AEPN is issued with the prevailing rate.



Any Questions?

We’re here to help.

Feel free to ask your questions using the Q&A button at any time during the session.

Our team will be answering live, and responses will be visible for all attendees.

Thank You

We appreciate your time today – let's stay connected for updates, resources, and support.

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