

Firmer timescale sought for autoenrollment scheme

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The Government's new pension autoenrollment scheme will "become a reality in Ireland in 2025", the Department of Social Protection told IRN this week.

There had been hopes that the scheme will be implemented early next year, but the need to get the necessary institutions up and running, as well as plans for other increased employer costs from next January, such as higher minimum wage and sick pay entitlements, mean the later part of the year – or even into 2026 – is seen as more likely by observers.

The Irish Association of Pension Funds (IAPF), in its pre-Budget submission last week, was supportive of the autoenrollment concept, but said that "vague dates" which are "constantly moved without any formal consultation", are unhelpful and "risk undermining" the scheme, which needs "widespread understanding and support".

IAPF added that it was "impossible for employers and employees to plan" for a vague date and given the range of actions currently outstanding, it was hard to see a start date in early 2025.

"We believe it would be helpful for the ultimate success of Auto-enrolment if it was confirmed in the budget that Auto-enrolment will not commence in 2025 (or confirm with absolute certainty the date it will commence in 2025), and that a firm date will only be confirmed when a deliverable plan for all the outstanding issues has been agreed."

TO-DO LIST

The association listed the steps yet to be completed before implementation as follows:

- The signing of contracts with an administrator to run the system.
- The establishment and staffing of the National Automatic Enrolment Retirement Savings Authority (NAERSA) to oversee the system.
- The building and testing of an administration system that will cater for over 800,000 members operating on a different basis to all other pension schemes in Ireland.
- The commencement of the tender process for the investment managers.
- The commencement of the detailed engagement that will be needed with payroll providers to allow them to implement and test the necessary changes to payroll software systems.
- The preparation of processes and procedures to identify the correct population of employees to be auto-enrolled.
- The commencement of a comprehensive engagement and communication strategy with employers and employees that will ensure they understand Auto-enrolment and are ready for its commencement.

The Department of Social Protection told IRN this week that following the passing of the necessary legislation in July – and the selection of Tata Consulting Services as the preferred bidder to administer the system on behalf of NAERSA, it was now focussed on arranging implementation plans and timelines of administrative service, including the ICT infrastructure.

“In parallel”, it said, “work is ongoing to resource and establish NAERSA and to conduct the procurement of investment managers as soon as possible. Precise timelines will be made available as this work progresses.”

NOTICE NEEDED

Shane McLave, managing director of Excel Recruitment, agreed with the IAPF call for more certainty on the implementation date, adding that the Government should allow at least six months between the official start date and the date by which employers need to have the scheme in place.

He noted that when autoenrollment was introduced in the UK, employers were given up to 12 months’ notice of their staging date, allowing them to prepare.

Mr McLave also called for Ireland to follow the UK example of a one-month grace period for employees, during which they can opt out and get any money paid into the scheme back out, which would be important for seasonal workers in particular.

PUBLIC AWARENESS

Paul Murray, director of Quest Retirement Solutions, also backed the IAPF call, adding that a budget of €5 million should be allocated to support a comprehensive public awareness campaign around the new pension scheme.

He cited the success of the €3 million public awareness campaign for the introduction of Lifetime Community Rating (LCR) for health insurance, which started 12 months before the deadline for people to sign up to a health insurance provider.