

Auto-enrolment firmly on track for January, says key figure

## **COLMAN HIGGINS**

**Strong confidence that the ‘My Future Fund’ pension auto-enrolment scheme would go ahead as scheduled from January next was expressed by Tim Duggan of the Department of Social Protection this week.**

Mr Duggan, the Department’s assistant secretary for pensions, was speaking at the Summer Conference of the Irish Association of Pension Funds (IAPF), giving delegates a progress update on the scheme, the development of which he has played a leading role in over recent years.

He described the move in the effective date from September 30, 2025, to January 1, 2026, as a “rescheduling” rather than a “postponement”, as he believed they would have been ready from September 30 if the Government had wanted to keep that date.

The reason for the later date, he said, was “logistics”, after employers, accountants and payroll providers/software developers said it would “help them enormously” to align the start of My Future Fund to the tax year and its Budget changes.

For the investment management tenders, they got eight bids “from almost everyone you would expect”, with three preferred bidders selected: BlackRock, Amundi and Irish Life Investment Managers.

## **LETTERKENNY BASE**

The new National Automatic Enrolment Retirement Savings Authority (NAERSA) will be based in Letterkenny, where the Department already has property holdings and where the administrator for the scheme, Tata Consulting Services (TCS) has a base.

Applications for the chief executive of NAERSA close this Friday, May 30, while applications for board members close on Friday, June 6 – on which date senior management posts in the new State agency will then also be advertised.

Mr Duggan said they have done “a huge amount of work on all that plumbing behind the scenes”, with specifications agreed with payroll software developers. Everything should be finalised later in the year, due to aligning with the Budget. The three investment managers will interface with TCS once their contracts are in place.

## **WEEKLY PAYROLL DATA**

NAERSA will get payroll data from Revenue on a weekly basis, enabling it to decide who is eligible for the scheme, which will be updated each week. Once an employee’s eligibility has been identified, that will generate an Automatic Enrolment Payment Notification (AEPN), which fulfils the same function for the pension scheme as a Revenue Payment Notification (RPN) fulfils for tax deductions.

Their preference is for employers to pay NAERSA by variable direct debit, which will be fully automated and therefore the easiest for all concerned (although other payment methods will also be accepted). Employers will just have to enter their bank account details and a mandate on an employer portal later this year – a one-step process.

NAERSA will be self-financed by the participants of the scheme, without any State subvention. Scheme member fees will be capped on an annual basis, to protect those with multiple

employments, but these will not be charged to those who are not currently contributing to the fund.

Mr Duggan expressed confidence that the combined administration fee and investment fee for funds under management will not exceed 0.5%.

No special arrangements will be made for those who have stopped contributing to an occupational pension scheme because they are close to the Standard Fund Threshold. This means that some of them may be automatically enrolled if they meet the criteria – but none of them will be worse off as a result.

### **‘NOT A COMPETITOR’**

He said he did not expect as many as 800,000 plus employees being in My Future Fund next year, because he believes many employers will significantly increase registration into their own occupational or PRSA schemes instead. The scheme is not a competitor to existing schemes, it is a “sweeper” to ensure they have adequate provision.

He added because there is only one provider – NAERSA – unlike many other jurisdictions, there is no employer administrative or managerial cost.

On the question of tax relief, he said that their focus group research showed people “understand far better the value of money that is given to them rather than the value of money that is not taken away from him”.

Also, three-quarters of those targeted by automatic enrolment either pay no tax or tax at 20%, so would gain little from tax relief.