

AUTO- ENROLMENT



An employer's guide





What is Auto-Enrolment?

Auto-enrolment is a new retirement savings system. In 2025, eligible employees will be automatically enrolled.

Why is Auto-Enrolment being introduced?

Not enough people have occupational or supplementary pension coverage to help them to maintain a reasonable standard of living in retirement when they rely on the State pension alone.



Only **1 in 3** private sector workers have supplementary pension coverage.



Individual retirement savings.



Leading to a reduction in living standards in retirement.



Who is being Auto-Enrolled?

Employees in Ireland who:

- Earn over €20,000 per year.
- Are aged between 23 and 60.
- Are not already in a pension scheme.

What does it mean for employers?

All of your employees who meet the eligibility criteria will be enrolled.

- Contribution collection will be managed through payroll software.
- Employer contributions will be deductible for corporation tax purposes.
- You will be required to match employees' contributions up to an eventual maximum of 6%, applying to employees' gross salary up to €80,000.



ALL YOU NEED
TO KNOW



CONTRIBUTIONS

Contribution rates will be phased in so that employers and employees are given time to adjust to the system.

| Year 1 to 3 | Year 4 to 6 | Year 7 to 9 | Year 10+ |
|-------------|-------------|-------------|----------|
| 1.5% | 3% | 4.5% | 6% |

Failing to meet your auto-enrolment obligations may result in penalties and prosecution.

Case study example of worker earning €20,000 a year

| | Employee Yearly Contributions | Employer Yearly Contributions | State Yearly Top-up | Total Yearly Contributions |
|-------------|-------------------------------|-------------------------------|---------------------|----------------------------|
| Year 1 to 3 | €300 | €300 | €100 | €700 |
| Year 4 to 6 | €600 | €600 | €200 | €1,400 |
| Year 7 to 9 | €900 | €900 | €300 | €2,100 |
| Year 10+ | €1,200 | €1,200 | €400 | €2,800 |



AUTO ENROLMENT V OCCUPATIONAL PENSION SCHEME

| | Auto-enrolment Scheme | Occupational Pension Scheme |
|---|---------------------------|--------------------------------------|
| Implementation Cost | No | Yes |
| Employer contributions tax deductible for corporation tax | Yes | Yes |
| Advisory support provided | No | Yes |
| Investment range | Limited to 4 funds | Extensive |
| Tax relief for members | Equates to 25% tax relief | At marginal rate of tax (20% or 40%) |
| Investment Cost | TBC | Relative to size of scheme |
| Ability to structure | No | Yes |
| Ancillary benefits for members | No | Yes |
| Retirement support | No | Yes |
| Annual benefit meetings with members | No | Yes |
| Meet minimum requirements for pension access | Yes | Yes |
| Tax free lump sum on retirement | TBC | Yes |
| Ability to switch funds | Limited | Yes |
| Ability to make additional voluntary contributions | No | Yes |
| Goodwill generated by employer | No | Yes |
| Ability to claw back employer contributions | No | Yes |
| Recruitment & retention employee benefit | No | Yes |
| Ability to apply to all staff | No | Yes |
| Online access & tools | Unknown | Yes |
| Fund management | Unknown | Transparency |



We are here
to help!

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pensions advice in Ireland.*

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Support for employees:

A good financial advisor will also support your employees as part of their pension service. Some services you should also consider are:

Full range of services we provide:

- 1-1 financial advisory consultations
- Pension consolidation services
- Investing lump sums
- Regular savings
- Life assurance
- Income protection
- Approaching retirement advice

Moneycube
is for you!

FINANCIAL ADVICE FOR EMPLOYEES

Access to financial advice is a key benefit for many employees. It need not cover pension matters only. It can also cover life assurance, savings and investments, and estate planning.

ADVICE AT RETIREMENT

Retirement brings changes to your employee's finances.

There are important decisions to be made on how to draw down pension savings, and planning future income.

By working through these options with retiring employees, a financial advisor can help ease the transition from staff member to retiree, and reduce the burden the former employer.

At retirement, employees have a range of options on how to draw the benefits of their pension savings. **Moneycube can help your staff work through these options and plan their retirement income.**

