Auto-enrolment– is your company ready?

Company pension schemes pip Auto Enrolment to the post

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Auto-enrolment (AE) has been big news in the pension industry, and with its imminent arrival in Jan 2026, we want to make sure you have all the necessary information to make the right decision for you and your employees.

A recent report revealed over two-thirds of Irish companies are concerned about auto-enrolment, with a quarter worried about the associated increased costs and complexity.

40%

Worryingly, nearly 40% said they do not have sufficient information about the scheme in advance of its launch.

We will outline what auto-enrolment is, how it affects you as the employer, and the alternatives available, such as an occupational (or company) pension scheme.

To find out more about Pension Schemes, call our Employee Benefits Specialist Dermot on 086 1647306 or email dermot.feeney@campion.com

What is auto-enrolment?

Auto-enrolment is a new Government mandatory retirement savings system for employees that will be introduced on 1 January 2026. This new pension scheme is designed for employees who aren't already paying into a company pension scheme or PRSA. Under the scheme, the Employer, as well as the employee and the Government, will pay into the pension fund.

The onus is on the employer to make the auto-enrolment scheme available to their employees. To ensure a smooth transition, it's essential for employers to implement the changes ahead of January 2026, particularly for new joiners and those in their probationary periods, so that they can be seamlessly enrolled in the scheme once they become eligible.

What does auto-enrolment mean for employers?

Employees who meet the requirements for auto-enrolment - aged between 23 and 60, are not currently part of a company pension scheme or PRSA and earn €20,000 or more per year - will be automatically enrolled in the scheme. Employers will be obligated to ensure payroll can take instruction for enrolment, calculate and pay employee and employer contributions to the National Automatic Enrolment Retirement Savings Authority (NAERSA), and match members' contributions up to an eventual maximum of 6% subject to an earnings threshold of €80,000. Employer contributions are deductible for corporation tax purposes.

Contribution rates

Year	Employer Contribution	Employee Contribution	Government Top-Up	Total Contribution
1-3	1.5%	1.5%	0.5%	3.5%
4-6	3.0%	3.0%	1.0%	7.0%
7-9	4.5%	4.5%	1.5%	10.5%
10+	6.0%	6.0%	2.0%	14.0%

Employer contributions are to start at 1.5% of gross pay, which will increase to 3% by year four, 4.5% by year seven, and reach the cap of 6% by year ten. Contributions are fixed and neither employee nor employer can contribute more or less than the set rate.

Employers who fail to comply with their obligations will be subject to penalties and possibly prosecution.

What is a company pension?

An occupational – or company – pension is facilitated by the employer, to provide a regular income after retirement. While there is no legal obligation for employers to provide a company pension, many larger employers do, although many smaller employers often do not.

If a company pension is not provided, employers must provide employees with access to a Personal Retirement Savings Account (PRSA).

Benefits of company pensions for employees

There are many benefits to a company pension scheme for employees including contributing at source, receiving tax relief on contributions, and that investment gains are not taxed. There is also a tax-free lump sum available on retirement (subject to certain limits), and it will likely be set up to provide for dependents upon the employees' death.

In addition, many companies will match employee contributions to a set percentage, making it very attractive.

A company pension is more tax efficient for an employee with tax relief of up to 40%, while auto-enrolment is beneficial for those with a 20% tax relief.

Why provide a company pension?

For employers, there are many benefits to providing a company pension. From talent attraction and retention, showing employees that the company cares for the longevity of their career with the business as well as their quality of life now and post-retirement, companies offering an occupational pension tend to report a higher level of employee satisfaction.

Making the choice

If choosing between implementing a company pension scheme or the auto-enrolment scheme, our advice would be to implement a company pension scheme. Not only is it more beneficial for your employees, who can avail of higher tax relief on contributions, but they can also pay in additional voluntary contributions to top up their pension, which is not an option with the auto-enrolment scheme.

The choice of funds available is also limited within the auto-enrolment scheme, while a company pension can facilitate a wider range of schemes.

Here's what our industry leaders have to say...

> The pensions landscape in Ireland is evolving rapidly, and with increasing life expectancies, the need for robust retirement planning has never been more critical. The pension gap in Ireland is huge, according to a survey by the Central Statistics Office, 47% said they never got around to organising it or would organise it at a future date. These statistics underscore the importance of comprehensive pension schemes to ensure financial stability and security for our future. Whether it's for an individual or company pension scheme, at Campion Insurance, we do the research to offer the most appropriate plan for our clients. With so many variables to consider, having an expert with your best interests in mind can make all the difference."
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> — Robert Tyrrell, Director General Manager, Ireland

> Company Pension schemes offer significantly better tax advantages for higher rate taxpayers due to the increased employee contribution incentives. Both companies and employees benefit from greater flexibility around retirement options and investment control, along with the ability to make one-off lump sum contributions or add AVCs. It's crucial to note that both parties can also contribute at higher rates in Company Pension Schemes compared to the relatively low levels offered by the Auto Enrolment Scheme. And most importantly, when setting up a group pension scheme for your employees, you'll receive ongoing advice & support from our financial services experts throughout the life of the pension scheme."
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> — Ivan Dunne, Head of Financial Services

Auto Enrolment vs. Company Pension Schemes

Criteria	Auto Enrolment (AE)	Company Pension Schemes
Contribution Rates	Starts at 1.5% for both employer and employee, rising to 6% each by year 10	Typically higher, e.g., 5% employer and 5% employee from the start
Tax Relief	33% uplift from the state replacing traditional tax relief	Higher rate taxpayers get tax relief at 40%; basic rate taxpayers at 20%
Flexibility	Limited investment options and fund choices	Greater flexibility in fund choice and investment options
Administrative Support	Basic administrative support	Comprehensive support from Campion Insurance and Pension Scheme providers
Customisation	Standardised for all employees	Tailored to company and employee needs
Employer Commitment	Mandatory compliance	Voluntary but often more generous
Employee Engagement	Low initial engagement and contribution rates	Higher engagement due to tailored benefits and higher contributions

Auto Enrolment vs. Company Pension Schemes

Who	Why	Benefits
Higher Rate Taxpayers	They can benefit from a higher tax relief rate (40%) compared to the proposed 33% in AE.	Maximises tax savings and boosts pension pot growth.
Employees Seeking Greater Contributions	Company schemes often offer higher starting contributions than AE	Faster accumulation of retirement savings.
Employees Wanting Investment Flexibility	Company schemes provide a wider range of investment options.	Ability to tailor investment strategy to personal risk tolerance and retirement goals.
Employees Looking for Comprehensive Support	Company Pension Scheme providers offer extensive administrative support and financial advice.	Ensures efficient management of pension and retirement planning.
Employers with Existing Schemes	Transitioning to AE might reduce benefits for employees compared to current schemes.	Maintaining superior company schemes ensures employee satisfaction and retention.

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