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**Sent:** Monday 6 November 2023 16:05

**To:** Denis Naughten <[Denis.Naughten@oireachtas.ie](mailto:Denis.Naughten@oireachtas.ie)>

**Cc:** O'Farrell, Shane <[Shane.OFarrell@irishlife.ie](mailto:Shane.OFarrell@irishlife.ie)>

**Subject:** Auto Enrolment Scheme

Dear Deputy Naughten,

As you may recall Irish Life Group made a submission last year and presented before the Joint Oireachtas Committee on Social Protection.

We have recently received some clarifications from the Dept of Social Protection on the proposed implementation of the auto enrolment scheme which would appear to indicate a change in direction from what was previously understood.

In particular, the two areas of real concern and which seem a public reversal of policy are:

1. *Could additional clarity be given on how the AE Retirement Savings System is to be structured as an IORP? Irish Life notes that the intention is that Head 71 will modify the Pensions Act so that the Board of Directors of the CPA must comply with the relevant disclosure and investment requirements of the Pensions Act. Is it intended that Regulations made under the Act (e.g., Disclosure of Information) requirements would also apply to AE? Will it be treated akin to an Occupational plan in this regard?*  
The AE retirement savings **scheme is not an IORP, neither is it a pension scheme or a master trust, and therefore no legislative provisions will be put in place** in relation to specific IORP requirements or similar. However, it is intended that the Board of Directors will ensure the CPA aligns with relevant best practice industry disclosure and investment processes.
2. *Legal basis for employers opting employees into pension: If AE is mandatory from the date of employment, then a similar provision needs to be implemented for DC schemes, to allow employers consolidate their pension arrangements rather than needing to run parallel systems. This legislative underpin is important where employment contracts are either silent or voluntary vis-à-vis joining the employer plan— otherwise employers would be forced to place employees into AE without the option to place in equivalent or better DC schemes due to employment contract constraint on one form of pension but not the other.*

There are no current plans to introduce legislation for this scenario. **Employers, it should be noted, will not be 'running' parallel systems.** The CPA will run AE and employers will make financial contributions via payroll.

I noted that the Pension Authority when it presented to the Committee, welcomed the fact that it would be fully regulated by the Authority as a occupational pension scheme under the IORP II rules. I also note the emphasis placed by the Committee in its Report of the system safeguards that need to be put in place key of which was that the CPA would be regulated by the Pensions Authority under the master trust framework. The current proposal where there is no proposed regulatory equivalence for AE members compared to occupational scheme members is therefore very worrying. It should be noted that the Minister for Social Protection was adamant of the need for all

schemes in Ireland, including One Member schemes needing to meet the IORP II requirements and would now seem to be excluding the largest pension scheme in the State from such provisions.

On the second factor, the complexity of running two parallel systems between the occupational schemes and the AE scheme was comprehensively reviewed with the Committee Report. The implications however of not applying the same rules to both as stated above means that any employer currently in the State that has a voluntary pension scheme for existing employees will not be able to consolidate their membership into one and even if one person decides not to join will have to also have an AE option. Hence, for very large employers who thought that AE would not affect them because they could put all employees into the current scheme will now either have to re-open employment contracts or put in place an AE payroll mechanism. Perversely, good employers that have put in place pension provision for their employees are now going to be impacted the an additional administrative burden. This will cause huge disruption to all employers in the State.

We would welcome the opportunity to meet with you to discuss the above and other clarifications we have received from the Dept of Social Protection.

Kind Regards,  
Terry

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