IPM Draper Financial Brokers
Hyde House, Stephen Street,
Sligo, F91 VR68
T: +353 (0) 71 9143742
E: adrian@ipmdraper.ie

Auto-enrolment v PRSA: A Comparison

By comparing some key features between the My Future Fund auto-enrolment (AE) pension scheme and Personal Retirement Savings Accounts (PRSAs), we can see why PRSAs may offer your clients a more suitable means to retirement saving.

There are many considerations to make when advising clients on the most suitable arrangement for them. This table highlights how the PRSA continues to provide flexibility and tax efficiency especially for higher earners:

Key features at a glance

Feature	Auto-enrolment	Employer sponsored PRSA
Employer contributions	• Fixed by law: starts at 1.5%, rising to 6% over 10 years • Capped at €80,000 gross salary p.a. • No option for additional voluntary contributions	• Up to 100% of employee's remuneration • Regular or lump sum contributions allowed
Employee contributions	• No option to contribute above set rate • Separate arrangement required for additional contributions	• Permitted within age-related limits
Tax relief	• State top-up: €1 for every €3 employee contributes • Equivalent to 25% relief	• Up to 40% for higher-rate taxpayers
Retirement age	• In line with State Pension age (currently 66) • No early access except for ill-health	• Access between age 60–75 • From age 50 if fully retired from PAYE/ self-employment
Fund choice	• 3 strategies in My Future Fund: low, medium, high risk	• Broad range of investment funds available
Death in service	• Full value of member's pot paid to estate	• Full value of PRSA paid to estate
Advice	• No advice provided	• Advice-driven options available
Charges	• Weekly flat admin fee + investment charge up to 0.5% (TBC)	• PRSA product charges
Transfers	• Transfers in and out not permitted	• Transfers in and out allowed in certain circumstances

When is a PRSA the better option?

Examples where contributing to a PRSA may be more beneficial than Auto-enrolment:

01 High earners

Scenario: An employee earning €100,000 annually.

Why PRSA? More beneficial for higher earners who can claim up to 40% tax relief (subject to age related limits) on personal PRSA contributions versus AE's flat State top-up equivalent to 25% tax relief.

In addition, AE contributions are capped at a salary of €80,000 where as a PRSA allows employer contributions up to 100% of actual salary, offering greater pension funding potential.

02 Early retirement

Scenario: A client planning to retire fully at age 55.

Why PRSA? PRSA benefits can be accessed from age 50 if the individual is fully retired, whereas AE ties access to the State Pension age.

03 Additional employer contributions

Scenario: A company wants to contribute more than the statutory auto-enrolment rate.

Why PRSA? Auto-enrolment doesn't allow extra employer contributions. PRSAs offer flexibility for both regular and lump sum employer contributions.

04 Advice

Scenario: A client wants tailored investment advice and fund selection.

Why PRSA? Auto-enrolment is non-advised with limited fund choice. PRSAs support adviser-led strategies and broader investment options.