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PRSAs – DUTIES OF EMPLOYERS

Employers are required under the Pensions (Amendment) Act, 2002 (“the Act”) to provide access to at least one standard PRSA for their employees where they do not already operate an occupational pension scheme or where there are certain restrictions which apply to an existing pension scheme. This obligation arises regardless of the size of the workforce.

Excluded employees are employees (regardless of tenure or status):

1. to whom an occupational pension scheme has not been offered by their employer; or
2. who are included in an occupational pension scheme for death in service benefits only; or
3. are prevented from joining the occupational pension scheme for six months from the date of commencement of employment; or
4. who are included in an occupational pension scheme which does not permit the payment of additional voluntary contributions (AVCs) by members.

There are two types of PRSA, a standard PRSA and a non-standard PRSA. A standard PRSA has maximum limits on charges on contributions paid and assets managed under the contract and investments are only permitted in pooled funds. A non-standard PRSA does not have any such limits. Where the Act applies, employers must enter into a contract with a PRSA provider and notify excluded employees that they have a right to contribute to a standard PRSA. Employers must permit the PRSA provider or intermediary access to their excluded employees at their place of work and allow employees paid leave to enable the standard PRSA to be set up. Employers must make deductions from payroll at the request of their employees and these contributions must be forwarded to the PRSA provider within 21 days of the end of the month in which the contributions were deducted. There is no obligation on employers to contribute to their employees’ PRSA, however, such contributions may be made if desired.