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EIOPA DC Roundtable Ireland: The Great Consolidation

How Ireland is reshaping its second pillar pension through Master Trusts and Auto-enrolment.

Grace Guy – Head of Master Trusts and Regulatory Affairs

A business of Marsh McLennan

The Lay of the Land

Pillar 1:

State pension

Universal safety net

Designed to guard against poverty in old age

Pillar 2:

Workplace pension

Approx 162bn in assets

Pillar 3:

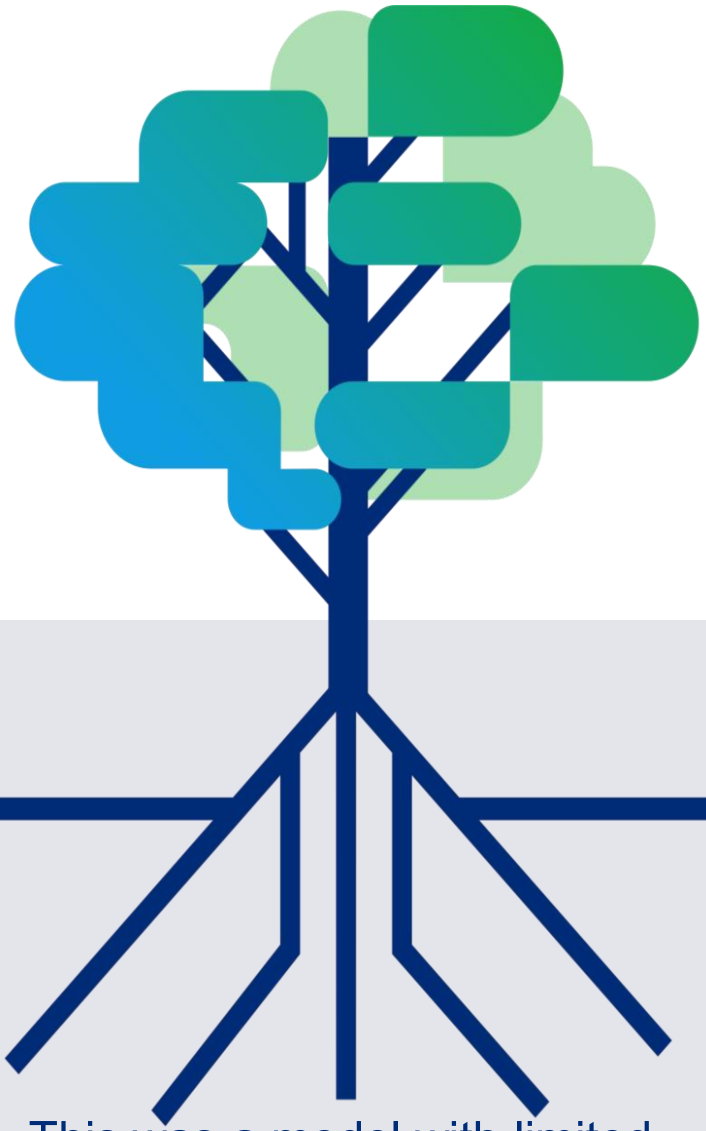
Personal Pensions

The Land of 150,000 plus pension plans

Once upon a time, Ireland had one of the most fragmented pension landscapes in Europe with over a 150k pension plans (many micro-one member).

This created high costs, governance risk and weak member protections.

The Origin Story



Coverage and adequacy gaps like EU counterparts - New AE MyFutureFund – January 2026.

Ireland operates a trust-based system where assets are held separately from employers.

DB was the dominant form for second pillar but in decline since mid 2000s and DC now standard model.

No formal pensions legislation until 1990.

This was a model with limited barriers to entry, which made it easy for any employer (regardless of size) to set up their own plan.

The Great Decree

IORP II

- IORP II catalyst for change making small plans no longer viable – transposed April 2021.
- Raised bar on governance, risk management, fit and proper standards for trustees.
- Regulator “comply or consolidate message”.
- Triggered windup of small standalone plans.
- Rapid consolidation of DC plans into Master Trusts (MTs).

Master Trust market

A New order emerges

New dominant vehicle for DC

- Multi-employer MTs - offered by existing commercial providers (17 in total)
- Professional governance through trustee boards

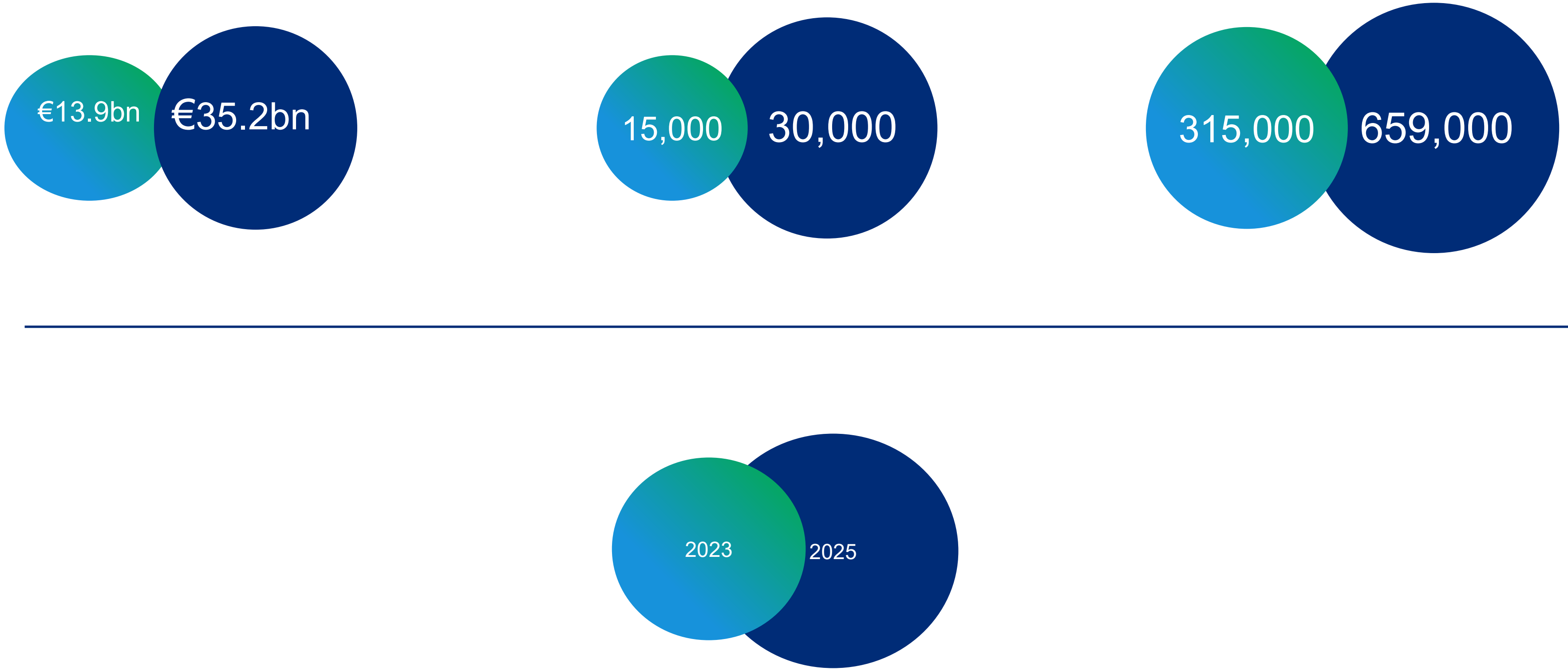
Scale advantages

- more efficient governance structures
- lower costs
- increased range of investment options
- ESG integration

Competition and innovation – drawdown, digital comms, value for money focus

The Rise of the Master Trust

Assets / Employers / Members



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The Decline of the Single Trust DC Plan

The Number of Group DC Plans in Ireland has fallen in recent years

1 January 2023

17,500

1 September 2025

9,135

Challenges of rapid change

- **Transition issues** – data quality gaps, member records in older plans incomplete and if not fixed before moving can cause problems down the line.
- **Governance capacity** –finding skilled trustees.
- **Strong competition -** resulting in lower fees. A positive for members but risk providers can't invest sufficiently in services and technology.
- **Sustainability -** Potential for too many MTs, like experience in the UK.
- **Regulatory concerns** - Regulator has highlighted conflicts of interest, service provider oversight, risk management, fees and charges and value for money, member experience, investment as all needing attention.

Auto-enrolment – MyFutureFund

Ireland will launch its soft mandatory auto enrolment scheme in January 2026

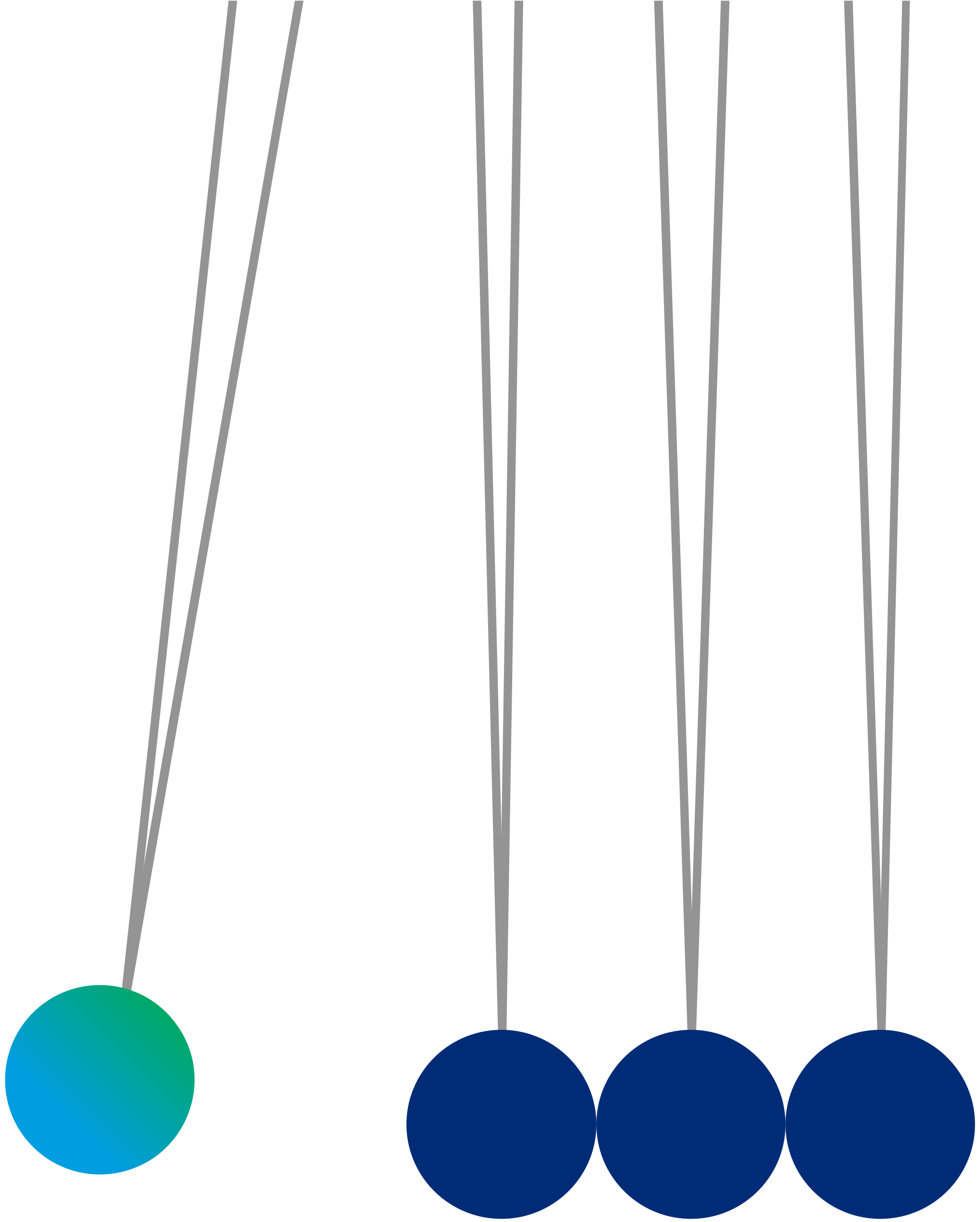
- Employees aged between 23-60 earning €20k plus will be included
  - expected to catch approx. 750k individuals.
- Contributions – employee + employer + state, phased from 1.5% to 6% over 10 years.
- Ireland is unique in introducing auto enrolment at the very moment its DC market is consolidating into MTs.
- The AE scheme guarantees a floor of coverage, while MTs offer choice, flexibility, and consolidation for employers that want more as well as more attractive tax benefits for many.

What lies ahead?

- How will the existence of strong commercial MTs shape the perception of AE?
- Conversely, how will the launch of AE reshape the role and growth trajectory of commercial MTs?
- Will there be consolidation among MTs?
- How should policymakers balance the role of commercial MTs and the public AE fund to ensure scale and diversity of provision?

Happily Ever After?

- Ireland is compressing decades of consolidation into a few short years – from the most fragmented pensions market in Europe to one built around large master trusts and a new state auto-enrolment scheme.
- Unlike much of continental Europe, Ireland's master trusts are trust based and commercially sponsored – that means independent trustee boards at the heart of governance, competing directly for employers.
- Together the State AE scheme and private master trusts are reshaping Irelands second pillar: The AE scheme guarantees a floor of coverage, while MTs offer choice, flexibility, and consolidation for employers that want more.



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