Policy Spotlight

The Future of Defined Contribution: Ireland

Introduction

The launch of Ireland’s auto-enrolment system, MyFutureFund, on 1 January 2026 marked a pivotal moment for the country’s retirement landscape, bringing nearly 800,000 more people into pension saving.[1]

However, increasing participation is only the first stage of Defined Contribution (DC) pension system development. As seen in more mature retirement markets, the focus must now evolve from access to pension schemes to outcomes for individuals. The success of the next phase will be defined by how effectively the system supports members in building adequate savings, navigating investment decisions, and ultimately converting pension pots into sustainable retirement income.

> **Ireland enters this phase with several structural advantages: a growing and increasingly institutionalised DC market, a strong regulatory framework, and the opportunity to learn from international experience. At the same time, continued consolidation, regulatory change and the introduction of auto-enrolment will focus attention on what the system ultimately delivers for members.**

Ireland’s reforms also sit within a wider EU policy agenda focused on improving retirement adequacy, mobilising long-term savings, and deepening household participation in capital markets. Through the Savings and Investments Union (SIU) and its supplementary pensions package, the European Commission is encouraging Member States to strengthen supplementary pension systems — including through auto-enrolment, pension tracking, and dashboards — reinforcing the relevance of Ireland’s next-stage priorities.

Against this backdrop, we believe the next phase of Ireland’s DC evolution will be shaped by five key themes: retirement income; market structure; value for money; integration of private markets; and tax transparency. This paper explores these key considerations in further detail, in the interests of a system that delivers better outcomes for savers over time.

Tim Hodgson
Managing Director
Head of DC, Platforms & Retirement Solutions, UK and Ireland

Martin Parkes
Managing Director
Government Affairs & Public Policy

Muirinn O’Neill
Director
Government Affairs & Public Policy

Ben Rees
Director
Head of DC Solutions, EMEA

Temi Onafowokan
Associate
DC, Platforms & Retirement Solutions, UK and Ireland

Nancy O’Neill
Vice President
Government Affairs & Public Policy

Five key themes shaping Ireland’s Defined Contribution future

Ireland’s DC system is entering a new phase. Whether it delivers better outcomes for savers over time will depend on how effectively the market evolves across five key themes:

1. **Retirement income:** Shift focus from pot-building to delivering sustainable, flexible retirement income.
2. **Market structure:** Scheme and provider consolidation, and scale, are reshaping how DC provision is delivered.
3. **Value for money:** Move beyond cost to assess net performance, design and member outcomes.
4. **Integration of private markets:** Broaden investment opportunity sets to support long-term returns.
5. **Tax transparency:** Improve efficiency of pooled structures to maximise net outcomes for savers.

NM0526U-5517063-1/4

The Future of Defined Contribution: Ireland

1. Retirement income

From BlackRock's perspective as a fiduciary, retirement income should be the first priority for the Irish DC market. As more of the population reaches retirement reliant on a DC pension pot, the decisions members face will be among the most significant financial decisions they make in their lifetime. Decumulation — when savers decide how to convert their accumulated pension savings into retirement income — is complex, highly personalised, and not well served by a one-size-fits-all approach. The policy challenge is therefore to build a framework that can support different retirement needs while helping members navigate the trade-offs between certainty, flexibility and bequest.

That has implications for scheme design. Accumulation and decumulation should not be treated as wholly separate policy questions, because retirement saving is a single journey and the shape of the accumulation phase will influence the range of outcomes available in retirement. Default pension plans will increasingly need to be built with decumulation in mind, reflecting the full savings journey and the diverse needs of members. Defaults will also need to place greater focus on retirement pathways, member needs, and the support people require when financial decisions become more complex.

The consultation by the Pensions Authority on in-scheme drawdown is therefore a meaningful development. By proposing that DC members could remain in-scheme after retirement, keep assets invested and draw down over time, it provides a more joined-up model in which retirement income is embedded more firmly into scheme design.[2] As the Irish pension market matures, this kind of approach should help ensure the focus is not only on building pension pots, but on converting them into better retirement outcomes for individuals.

This is not a challenge unique to Ireland's DC pension market. Policymakers in other developed DC markets, including the UK, Australia, and the US, are also considering how to help savers navigate the transition from pension saving to retirement income more effectively. Ireland has an opportunity to learn from their different approaches as it shapes its own framework for supporting retirement income.

2. Market structure, consolidation, scale

The continued consolidation of the Irish pensions market is reshaping how DC provision is delivered. Master trusts are becoming an increasingly important part of that picture, reflecting both regulatory developments and the benefits of scale. In recent years, assets and membership in master trusts have grown rapidly, while the number of standalone schemes has declined significantly.[3]

This shift is likely to remain a defining feature of the Irish DC market. Larger, pooled arrangements can offer advantages in governance, operational efficiency and investment capability. They are also better positioned to respond to increasing regulatory expectations and to deliver more sophisticated investment solutions over time.

As the market becomes more institutionalised, scale — when combined with strong governance and investment expertise — can enhance both efficiency and outcomes. Scale can support improved governance, more efficient administration and access to a broader investment opportunity set. It also creates the conditions in which more advanced investment approaches can be delivered in a consistent and cost-effective way across large member bases.

3. Value for money

Value for money should be another important part of the next phase of DC reform in Ireland. As the market grows, the focus should not be on charges alone, but on the value delivered to members over time. That means looking at the overall combination of net investment performance, scheme design, governance, member support and retirement outcomes, rather than treating lower cost as an objective in itself.

Ireland's debate is already moving in that direction. The Pensions Authority has made clear that trustees should understand the investment costs their schemes incur and be able to justify the value received for those costs. Its support for the Cost Transparency Standard is an important step, helping trustees benchmark costs and performance more effectively and improving the comparability of outcomes across mandates.

The European Insurance and Occupational Pensions Authority (EIOPA) is also actively promoting a value for money approach. Its recent work on benchmarks and support for the EU Retail Investment Strategy point to a wider European push for stronger consumer outcomes, better comparability and more effective supervision.

This matters in practice because an overly narrow lens on headline fees can discourage investment approaches or scheme features that may improve long-term outcomes. In our view, value for money should be assessed in context, with a focus on long-term net outcomes for retirees. The opportunity for Ireland is to build a value for money framework that is clear enough to drive accountability, but broad enough to reflect what good DC provision actually looks like.

4. Integration of private markets

From a fiduciary perspective, private markets can also play a greater role as Ireland's DC market evolves. For long-term savers, a broader opportunity set can support stronger diversification and broaden the range of return drivers within a pension portfolio.

Access to private markets needs to sit within a framework focused on member outcomes, supported by clear investment objectives, appropriate liquidity management, and strong governance and oversight. This is especially important given these assets can involve higher costs, longer holding periods and greater implementation complexity than traditional public market exposures.

Other markets are already adapting their frameworks in response. In the UK, the Long-Term Asset Fund (LTAF) has been an important step in creating a structure better suited to long-term, less liquid assets and making it easier for DC schemes to incorporate private markets within an authorised fund framework designed for that purpose. Ireland's recently launched framework for European Long Tem Investment Funds (ELTIF) could serve a similar purpose in channelling capital to private funds through an authorised fund.

The debate is also moving in the US. In March 2026, the Department of Labor proposed a rule designed to give fiduciaries a clearer process for considering alternative investments within 401(k) plans, reflecting a broader recognition that DC frameworks may need to evolve if savers are to access a wider investment opportunity set. Ireland has an opportunity to learn from these different approaches as it considers how best to support private market access in a way that remains aligned with member interests.

5. Tax transparency

Tax transparency should also form part of the discussion as the Irish DC market becomes larger and more institutionalised. As assets consolidate into larger pooled arrangements, the efficiency of the structures used to access investment markets becomes increasingly relevant to member outcomes.

For some segments of the market, tax-transparent vehicles can offer meaningful advantages. Common Contractual Funds (CCF), for example, can support efficient access to diversified investment exposures in a way that is well suited to large, pooled pension arrangements. Where scale is sufficient, these structures can help reduce friction and improve implementation efficiency over time.

That does not mean one structure will suit every part of the market. Operational considerations, including dealing cycles, liquidity and pricing, will continue to shape how different vehicles are used in practice. But as the Irish DC system evolves, tax transparency is likely to become a more important consideration in how schemes seek to deliver efficient long-term outcomes for members.

Conclusion

Ireland's DC pension system is entering a new phase. Auto-enrolment has the potential to transform participation, but the real test will be whether the system delivers better outcomes for savers over time.

That will depend on how effectively the market evolves across retirement income, market structure, value for money, investment design and implementation. Ireland is not starting from scratch: it can draw on both international experience and continued development of its own pensions market.

The opportunity now is to build a DC system that not only expands coverage, but delivers stronger long-term financial security in retirement.

NM0526U-5517063-3/4

About BlackRock

BlackRock is a fiduciary investment manager focused on helping clients achieve better long-term financial outcomes. Our purpose is to help more and more people experience financial well-being. With more than 15 years of local presence in Ireland, everything we do is focused on helping our clients achieve their financial goals, inspiring our employees, and supporting our local communities. In Ireland, our clients include Institutions, Pension Schemes, Insurers, Banks, Wealth Managers, Family Offices, Charities and individuals saving for retirement.

With global scale combined with local market insight, BlackRock works with clients and policymakers to support resilient retirement systems, effective investment design and better outcomes for savers over the long term.

Endnotes

1. Department of Social Protection, February 2026.
2. The Pensions Authority, October 2025.
3. Master trusts now account for around 50% of Irish DC assets, with membership rising from 315,000 to 659,000 and assets from €13.9bn to €35.2bn between June 2023 and June 2025, September 2025.

BlackRock.