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**Press Release**

# How do I navigate pension options for entrepreneurs?

**I'm in my early 40s and have been running my own business for 15 years. It's been a profitable business and I'm currently drawing a salary of around €100,000 a year from it. I've neglected my pension though and so am considering setting up a PRSA as I understand this can offer considerable tax advantages. I've heard the rules governing pensions are intricate and inflexible and that it can be confusing to set one up. Any advice on how I can navigate the various options on pensions so I go about it the right way?**

**Answer: Mark Reilly, Pensions Proposition Lead, Royal London Ireland**

While navigating various pension options might seem like a daunting task, Personal Retirement Savings Accounts (PRSAs) are amongst the most straightforward and easy-to-understand pension options.

If you opt for a PRSA, you will need to decide between a Standard PRSA and a non-Standard PRSA. With a Standard PRSA, there is a limit on the charges on your pension. You cannot be charged more than 5pc on the contributions paid into your PRSA – or more than 1pc of the value of your PRSA fund each year. With a Standard PRSA, you are only allowed to invest in pooled funds such as unit trusts and life company unit-linked funds. This may suit you if don't have that much investing experience as these are funds selected and managed by experienced fund managers.

Charges on non-Standard PRSAs are not capped and will vary, depending on the PRSA product and PRSA provider. The charges you pay on non-Standard PRSAs often come down to how your money is invested – and how much you invest. Charges on non-Standard PRSAs can be higher but also lower in some circumstances than they are on Standard PRSAs.

As non-Standard PRSAs don't restrict your investments to pooled funds, you have more flexibility around investments – and a larger selection of assets to invest in. Non-Standard PRSAs may also give you the option to have complete control over your investment strategy

– which may suit you if you are investment-savvy. While a non-Standard PRSA may offer the potential for higher returns on investments, it is crucial to be fully informed and comfortable with the associated risks before committing your pension savings. It is important to remain cautious of promises of superior investment returns, as past performance does not guarantee future results. Be sure too to understand and be comfortable with the charging structure on a non-Standard PRSA and to discuss this with your Financial Broker.

You are correct that PRSAs offer considerable tax advantages. As a company director drawing a salary, your company can pay contributions to a PRSA on your behalf. Employer contributions paid to a PRSA are now capped at a maximum of 100pc of salary. This change came into effect from January 1, 2025. So, if you opt for a PRSA, it is important that you pay yourself a salary that will allow you to maximise your pension contributions.
As an entrepreneur running your own business, PRSAs are not your only option. Other options include company pensions (also known as 'Retail Master Trusts') and personal pension plans (also known as 'retirement annuity contracts').

And finally, as a business owner, you may have heard of Auto-Enrolment ('AE'). Ireland is set to see the launch of AE from 1 January 2026. Its primary goal is to address the low level of private pension coverage in the country and ensure that more employees have an additional income source alongside the State Pension in retirement. The Government "top-up" in AE is equivalent to a 25% tax relief. For every €3 you contribute, the government adds €1. With a salary of €100k per year, you are subject to a higher tax rate (40%). Considering to enrol in the AE scheme has probably been taken out of your hands given there is an €80k salary cap on AE scheme enrolment.

Pensions are a complex area, so it's important to seek financial advice before choosing a pension product. Bear in mind too that you will usually need to go through a Financial Broker when opening a PRSA, personal pension plan or company pension as it is often not possible to do so with a life assurance company directly. The advent of AE will also mean that you will have to factor that into your decision-making process, but a form of private pension might offer you more in terms of tax relief and flexibility in how and when contributions are paid to it. Either way, you should make it your priority to set up your pension as soon as possible.

**ENDS**

## Notes to the Editor:

### About Royal London Ireland:

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