

In-scheme drawdown (ISD)

Consultation paper

20 October 2025

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Consultation on in-scheme drawdown

Introduction

The Pensions Authority is seeking views on the introduction of in-scheme drawdown (ISD), which would give DC members the option to remain in and draw down benefits from their pension scheme after retirement.

Retirement savings that are accumulated in occupational pension schemes are managed by trustees who have a fiduciary responsibility to safeguard those savings and to act in the best interest of members. Trustees are subject to a high standard of governance and must invest member savings prudently. The Authority believes ISD would offer choice and simplification for members and that trustees are well-placed to continue to manage retirement savings during the drawdown phase.

Background

The Government's *Roadmap for Pensions Reform* tasked the Interdepartmental Pensions Reform and Taxation Group (IDPRTG) to review the ARF option and the potential introduction of in-scheme drawdown. Following its review, the IDPRTG concluded that legislative amendments should be progressed to enable in-scheme drawdown and to advance proposals to allow drawdown-only schemes. As part of implementing the conclusions of the Report, the Authority is developing and advancing proposals on the regulation of in-scheme drawdown to advise the Department of Social Protection, and this consultation is a step in this process.

Existing rules

Tax law and scheme rules determine how members can take retirement benefits. Briefly, after taking a lump sum, DC members can use the balance of their retirement fund to purchase an annuity or transfer the remaining assets to an ARF (depending on the lump sum taken).

Please note, this consultation explores the ISD-related amendments that may be required to the Pensions Act, its related Regulations and the Pensions Authority's regulatory and supervisory framework. Tax law amendments related to ISD are not addressed in this consultation.

Proposal

The Authority proposes that ISD would be an additional option at retirement for DC members, who would be permitted to retain the balance of their fund in the scheme after taking a lump sum, where their scheme provides this option. It is expected that members who have chosen ISD could subsequently avail of an annuity or ARF if they wish.

Model of ISD

The Authority proposes in-scheme drawdown would have the following features:

1. it will allow DC members to retain the balance of their fund in the scheme after taking a lump sum, to keep those assets invested and to draw down from their 'pot' in retirement;
2. it will not be compulsory for schemes to provide ISD;
3. it will be an additional option at retirement for eligible members – it will not replace any existing options available to members;
4. the balance of the fund that remains in the scheme would be a vested retirement benefit;
5. it does not involve the provision of any guarantees by the scheme;
6. it will not require a separate fund ring-fenced for ISD members; and
7. the member remains a scheme member until all of their fund has been drawn down and trustee obligations, where relevant, remain until the member is no longer a member (i.e., there are no assets in respect of that member remaining).

Question 1. Please provide your views on the proposed features of in-scheme drawdown.

Regulation

ISD providers

It is envisaged that ISD will be provided by authorised master trusts. However, some large authorised single employer schemes may also want to provide ISD.

Question 2. Please provide your views on which schemes should be eligible to provide ISD.

General trustee duties

Section 59 of the Act imposes duties on trustees that would apply to the provision of ISD, including to:

- where appropriate, make arrangements for the payment of the benefits as provided for under the rules of the scheme as they become due, net of any taxes and transaction charges which may be applicable;
- ensure that proper membership and financial records are kept; and
- to provide for the proper investment of the resources of the scheme in accordance with section 59AB and in accordance with the rules of the scheme.

Question 3. Should any additional duties be imposed, specifically in relation to schemes providing ISD?

Default investment strategy

Trustees are required under s59(2)(a)(ii) of the Act to determine how the scheme resources are to be invested in cases where the members give no direction (i.e. a default investment strategy (DIS)). The DIS must be reflected in the statement of investment policy principles, under s59(1B)(a) of the Act.

Therefore, trustees of schemes providing ISD will need to ensure that its default investment strategy takes into account members that may decide to keep their assets invested after taking a lump sum at retirement.

Question 4. What, if any, additional guidance would be useful for trustees of schemes in relation to the default investment strategy and ISD.

Disclosure of information

Trustees are required to provide members of the scheme with a Pension Benefit Statement (PBS). Members availing of ISD will continue to be entitled to the disclosures provided for under the Act and related Regulations, including a PBS. A PBS for an ISD member will need to reflect that the member is now drawing down from their fund and provide a projection of benefits that is based on information and assumptions relevant to decumulation rather than accumulation.

While the projection of benefits in a PBS before retirement aims to illustrate how much the fund might be worth at a future point in time (retirement age), for an ISD member,

the aim of the projection should be to illustrate how long the fund might last (i.e., to show bomb out risk to the member).

Also, the assumptions prescribed by the Authority to be used by trustees in preparing the PBS will need to be updated. Relevant assumptions to project members fund value over time would include withdrawal rates, costs, investment returns.

Question 5. Please provide views on the additional information that should be contained in the PBS for ISD members.

Question 6. Please provide any other views on ISD member disclosures.

Communications and advice

Currently, advice is not mandatory for members availing of any option at retirement. In submissions to the IDPRTG consultation, some stakeholders suggested members should be required to obtain financial advice before being able to avail of in-scheme drawdown. While the Authority agrees that financial advice is important, we do not at this point propose making advice mandatory as part of an ISD proposal.

However, the Authority welcomes views on the topic of improving communication and member engagement, including but not limited to, the decision on how to take benefits at retirement. Some schemes already provide good support to members in relation to taking benefits at retirement. Some schemes arrange a 1-1 session with financial advisor before retirement, and have online calculators and tools to help members make decisions.

Question 7. Please provide your views on the provision of advice at retirement, including, whether it should be mandatory, how the cost of the advice would be met and who would provide it.

Question 8. What other legislative or non-legislative initiatives would, in your view, help members make good decisions about taking benefits?

Decumulation default

The Authority would welcome views on the question of defaults in decumulation.

Question 9. Should trustees offer 'default' drawdown for ISD members?

Question 10. What would default drawdown for different members look like?

Question 11. What member information would trustees need to obtain in order to design default drawdown?

Question 12. What guidance from the Authority would be useful for trustees in this regard?

Drawdown-only schemes

Members cannot join a scheme without an adhering employer. As part of its review of the ARF, the IDPRTG noted that ISD could be a solution for individuals with personal pension products, via ‘the establishment of trust-based drawdown-only schemes (or Group ARFs)’. This arrangement could also cater to members of schemes not providing ISD or members who wish to move from one ISD provider to another.

Notwithstanding current TCA rules, the Authority would welcome views on the potential categories of ISD membership and how this might work in practice.

Question 13. Please provide your views on the establishment of drawdown-only schemes.

Question 14. Should an employer operating a single-employer scheme (that does not offer ISD) be able to adhere to a master trust for drawdown only, so that scheme members can avail of ISD?

Question 15. Should an individual member of a scheme that does not provide ISD be able to access ISD in a master trust, without an employer adhering to the master trust?

Question 16. Should an individual ISD member (i.e., already taking benefits from the ISD scheme after retirement) be able to transfer from one ISD scheme to another, with or without their former employer’s involvement?

Member costs and charges

Currently, employers generally contribute to the costs of running a DC scheme, during the accumulation phase, up to the point of the arrangement of payment of benefits. After a DC member takes their benefits, either via purchase of annuity or ARF, they are not a member of the scheme and employer no has any role in that member’s

retirement benefits. In the case of ISD, some employers may or may not wish to cover the same level of costs that they cover in accumulation, meaning members availing of ISD may be subject to different charges during accumulation and the payout phase. Some employers may agree to cover costs for both accumulation and payout phases.

The Authority will expect trustees providing ISD to have in place and implement a policy in relation to costs and charges, and this will be assessed by the Authority as part of its supervisory review (under section 26J of the Act). The Authority's code of practice for master trusts states that costs and charges should be disclosed transparently and be reasonably understandable to members/employers. The Authority may develop guidance on ISD member costs and charges.

Question 17. Please provide your views on how ISD is likely to impact charges for members.

Question 18. Please provide your views on how ISD is likely to impact employer-level charges within a master trust. For example, how likely are employers to contribute to costs for former employees in the drawdown phase, or would the cost of ISD be met solely by members?

Pension adjustment orders

The Pensions Act and the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006, as amended, detail the information trustees are obliged to provide to persons specified in a pension adjustment order.

While the Authority does not monitor or regulate the Family Law Acts or the Civil Partnership and Cohabitants Act, it does issue guidance on the operation of those Acts in so far as they relate to pension schemes.

Question 19. Please provide any views in relation to in-scheme drawdown's potential impact on trustee duties in relation to pension adjustment orders.

Conclusion

The Authority believes the introduction of in-scheme drawdown would be a positive step for members and welcomes views on this initiative.

The Authority will develop proposals on the appropriate regulation of in-scheme drawdown for discussion with the Department of Social Protection.

Question 20. Please provide any other views on legislative or non-legislative changes that should be considered in the development of proposals for an appropriate regulatory framework for ISD.

How to respond to consultation

A submission form in Microsoft Word format is available on the [Authority's website](#).

Submissions not submitted in the form provided or received after the deadline will not be processed. Please send submissions by 5pm on 5 December 2025 by email to: consultation@pensionsauthority.ie

Appendix – Consultation questions

1. Please provide your views on the proposed features of in-scheme drawdown.
2. Please provide your views on which schemes should be eligible to provide ISD.
3. Should any additional duties be imposed, specifically in relation to schemes providing ISD?
4. What, if any, additional guidance would be useful for trustees of schemes in relation to the default investment strategy and ISD.
5. Please provide views on the additional information that should be contained in the PBS for ISD members.
6. Please provide any other views on ISD member disclosures.
7. Please provide your views on the provision of advice at retirement, including, whether it should be mandatory, how the cost of the advice would be met and who would provide it.
8. What other legislative or non-legislative initiatives would, in your view, help members make good decisions about taking benefits?
9. Should trustees offer 'default' drawdown options for members?
10. What would default drawdown for different members look like?
11. What information would trustees need to obtain from members in order to design default drawdown?
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16. Should an individual ISD member (i.e., already taking benefits from the ISD scheme after retirement) be able to transfer from one ISD scheme to another, with or without their former employer's involvement?
17. Please provide your views on how ISD is likely to impact charges for members.
18. Please provide your views on how ISD is likely to impact employer-level charges within a master trust. For example, how likely are employers to contribute to costs for former employees in the drawdown phase, or would the cost of ISD be met by members?
19. Please provide any views in relation to in-scheme drawdown's potential impact on trustee duties in relation to pension adjustment orders.
20. Please provide any other views on legislative or non-legislative changes that should be considered in the development of proposals for an appropriate regulatory framework for ISD.