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Employment (Contractual Retirement Ages) Act 2025

The Employment (Contractual Retirement Ages) Act 2025 was signed into law by the President on the 16th December 2025. Although the Act has been enacted, it has not yet commenced.

The Act introduces a statutory framework for employees who are subject to a contractual retirement age that is lower than the State pension age. The purpose of the legislation is to give employees the right to notify their employer that they do not consent to retire at the contractual retirement age and to remain in employment until a later agreed date or until the pensionable age which is currently 66 years of age.

To date there is no legislation that confirms a retirement age. Retirement ages are generally set by contract, pension scheme rules, workplace policies, or sectoral rules.

The 2025 Act does not create a retirement age but it does regulate the enforcement of contractual retirement ages that are below the pensionable age.

The Act applies to all employees who are subject to a contract of employment that specifies a contractual retirement age that is less than the pensionable age and to employees who have completed their probation period.

The Act does not apply to employees whose employment is subject to a maximum retirement age required by law at which the employee is obliged to retire or be retired.

The Act does not protect employees from retirement where another legislation specifically requires them to retire either at a certain age or after a certain period of service.

Where an employee is subject to a contractual retirement age that is less than the pensionable age and the employee does not consent to retire at the contractual age, the employee shall notify in writing to the employer:

1. Not less than 3 months but not more than a year before the date on which the employee reaches the retirement age
2. If the contract provides that the employee gives more than 3 months, the employee must either give the notice required by their contract or 6 months.

An employee may not notify the employer of their non-consent to retirement more than twice in any 6 month period.

Where an employee has provided notice the employer does have the right to enforce the contractual retirement age.

The employer cannot retire the employee before a date to which the employee consents or a date on which the employee reaches the pensionable age.

The employer shall not enforce retirement unless:

1. The retirement is objectively and reasonably justified by a legitimate aim by the employer.
2. The means of achieving that aim are appropriate and necessary.

Where an employer has received notification from the employee and proposes to enforce the contractual retirement age, the employer shall within one month of the notification provide a written response justifying their decision.

An employee may withdraw a notification of non-consent and where this occurs, the employee shall withdraw such notification within the employer notification period or the minimum period of notice calculated in accordance with section 4 of the Minimum Notice and Terms of Employment Act 1973 whichever is shorter.

For clarification, the “employer notification period” means the minimum period of notice specified by an employer as set out in a written contract of employment that an employee must provide when intending to terminate a contract of employment.

An employee can lodge a complaint of a contravention under this Act to the Workplace Relations Commission.

Where compensation is awarded, it must be fair and reasonable based on all the circumstances of the case. However, if the Complainant was employed and receiving pay, the compensation is capped at the higher of:

- a. 104 weeks pay (2 years remuneration) calculated using the employee’s weekly wages
- b. €40,000

Employers should review their existing contracts of employment and retirement policies to identify any contractual retirement ages that are lower than the pensionable age.

Employers should consider whether contractual retirement ages remain objectively justifiable and whether the retirement clauses or policies explain the process for employees who do not consent to retirement.

If we can be of further assistance please don’t hesitate to contact us on 01 8774608 or info@esa.ie