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Will the Government's new investment account work for you?

Updated / Tuesday, 13 Oct 2026 07:07



Up to €12,000 a year can be invested through the account, with the first €50,000 tax free. Photo: Getty Images

Analysis: Whether the new investment account is attractive to you will depend on a number of factors, including your demographic and ambitions

What do we know so far about the new account?

Minister for Finance Simon Harris announced in Budget 2027 that the Irish Investment Account will open for business on 1 July 2027. Up to €12,000 a year can be invested through the account, with no minimum amount. The money can go into shares, bonds, investment funds, exchange traded funds (ETFs) or insurance-based investment products, but not crypto. There are no limits on where the money is invested, so, despite the European Commission's aims for accounts of this kind, much of it may flow to US and other global companies rather than European ones.

Anyone aged 18 or over, resident in Ireland and with a PPS number can open one. The first €50,000 is tax free and the investor pays tax of 1% a year on the part over €50,000. The Minister for Finance's own example was an account worth €52,000, which would pay €20 tax for the year. This is based on the account's value not its profit, so a saver could pay tax in a year when their investments did not grow at all.



Government announces details of new personal investment account scheme

MON 31 AUG • 3 MINS • NEWS AT ONE

Political Correspondent Barry Lenihan has the details of the scheme and how it works.

00:00 00:00

From RTÉ Radio 1's News at One, Government announces details of new personal investment account scheme

The upside is that the usual taxes on investing do not apply. Profits on most funds outside of this account are taxed at 38%, falling to 35% in January, and deemed disposal taxes funds every eight years even if they are not sold. None of this applies to the new account. The provider handles all the tax and pays it to Revenue on the saver's behalf, so the saver does not have to work out or return any tax.

What questions were answered in the Budget?

Can savers get at the money? Yes. There is no lock-in and no minimum term. Whether money can be taken out and put back in the same year, without using up that year's allowance, has not been said.

What's the limit and is it fair? €12,000 a year, or €1,000 a month, which is well below Britain's £20,000 limit, so it's less of a tax break for the very wealthy. Still, few households can put aside €1,000 a month easily, so the benefit will flow mostly to people who already save.

Can savers keep cash in it? Only briefly, while waiting to invest. Unlike accounts in Britain and Sweden, it cannot be used as a savings account, so its value rises and falls with the markets.

Will it count against a means-tested payment? Still unanswered. Savings above €20,000 already reduce Jobseeker's Allowance. In Canada, money in the account does not reduce

federal benefits, but Ireland has not said whether it will do the same.



Who is the new investment scheme for?

WED 07 OCT • 11 MINS • DRIVETIME

Barra Roantree, economist at Trinity College Dublin and Barry Ward, Fine Gael TD for Dun Laoghaire

00:00 00:00

From RTÉ Radio 1's Drivetime, who is the new investment scheme aimed at?

Will the State put money in? No. The European Commission's guidance suggests governments could make a one-off payment when people open an account, but Ireland chose not to.

What will it cost? Every fund charges its own yearly fee, which varies from fund to fund, and buying or selling investments can carry dealing charges, as current broker price lists show. Providers may also charge a fee for running the account, and these fees may vary from provider to provider. No provider has yet published its prices for the new account, and no limit on fees has been set.

Is this scheme for me? It depends on your life stage

Young adults UCC research using the CCPC's 2023 survey of 1,505 Irish adults shows young adults are the most financially fragile group. They are more likely to struggle with monthly costs, to have little put by and to have lost money to scams. Studies elsewhere find financial knowledge is low among the young too, and research from Italy shows that building it makes people less financially fragile over time.

There is no lock-in, no tax on the first €50,000 and, over several years, it could grow faster than a savings account. For a short-term goal, though, the drawbacks are bigger but this new

account may suit a purchase that is still some years away.



How will Govt's new savings investment scheme work?

WED 07 OCT • 5 MINS • MORNING IRELAND

Peter Brown, Managing Director of Baggot Investment Partners, on how the new state-backed Personal Investment Accounts are likely to work in practice.

From RTÉ Radio 1's Morning Ireland, Peter Brown from Baggot Investment Partners, on how the new state investment accounts are likely to work in practice

Mid-career Here, the new account's main rival is a pension, and each has a clear advantage. A pension gets income tax relief, so for someone paying tax at 40%, a €100 contribution can cost as little as €60, and growth inside it is tax free (though tax is due when it is drawn down). The catch is access. Pension money is usually locked away until at least 50 or 55. The new account gives no relief on the way in, but money can come out at any time. That suits goals that come before retirement, such as a child's education.

For many mid-career workers, the pension is now arranged for them. Since January, auto-enrolment has signed up many employees without a workplace pension, with employer and State payments on top. Danish research covering millions of workers suggests this kind of automatic saving does more to raise saving than tax breaks do, because most people never act on a tax incentive.

Older adults For people in their fifties and sixties, the new account may be attractive. In the UCC analysis, older adults were the least financially fragile group, so many already have the cushion this account assumes.

Unlike a pension, money in this new account can be taken out at any time, and it can hold bonds as well as shares, so savers can choose lower-risk options. The limits are speed and

time. On balance, this new account may suit people nearing retirement who have savings they will not need for some years and are happy to hold lower-risk investments.



Is the investment scheme right for you?

THU 08 OCT • 7 MINS • DRIVETIME

Robert Whelan, Rockwell Finance

00:00 00:00

Share Open

From RTÉ Radio 1's Drivetime, Robert Whelan from Rockwell Finance on how to assess if the investment scheme is right for you

Gender gap. Using this new account well means (i) picking a provider, (ii) deciding how much risk to take, (iii) choosing investments and (iv) judging whether the fees are worth paying. Each depends on understanding how returns build over time and why spreading money across many companies is safer than backing one. Those are exactly the questions where Irish women score lower than men in the UCC research (even though women are now more likely to hold a degree). In the analysis, 57% of women got the compound interest question wrong, against 45% of men.

If the gap is not closed, the account's tax break may flow mainly to men. The Department of Finance's own evidence for the National Financial Literacy Strategy called for financial education tailored to women. The new account makes that work more urgent.

Who is left out?

Households on welfare face the biggest challenges. The same Budget raised most weekly welfare payments by €10 euro from 1 January. However, a family living on these payments is

unlikely to fill a €12,000 allowance and still does not know whether saving a little in the account will count against its payment.

Single parents, who show higher financial fragility in the UCC research, are in a similar position and the CCPC's own report found lone parents among the least likely to have savings to fall back on. Children cannot have an account. The Government says it will consider accounts for children in future years, but nothing has been promised.



Are there downsides to the Government investment scheme?

THU 24 SEP • 6 MINS • DRIVETIME

Daryl Hanberry, Tax and Legal Partner at Deloitte

00:00 00:00

Share Open

From RTÉ Radio 1's Drivetime, Daryl Hanberry, from Deloitte on downsides to the new investment account

What questions are still to be answered?

More detail will be provided in the Finance Bill, the law that turns Budget announcements into binding rules, and some of this may still change. Fees, providers, the welfare question and whether existing shares and funds can be moved in without a tax bill are all still open questions.

A step in the right direction?

Investing will be simpler, and the tax far lighter, than it has ever been, and a tax-free amount of €50,000 is generous. It is best seen as a tax-friendly wrapper and not a magic investment. Remember too that a State-designed account is not a State guarantee.

Is it fair? Partly. Larger accounts pay 1% on everything above €50,000. A couple can each open an account, though, giving them €100,000 of tax-free room between them. Sweden's experience shows that an account people must go looking for mostly reaches those with money to spare and the knowledge to use it. Without a top-up for low earners or clarity on welfare, the benefits of Ireland's account are likely to be equally uneven.

> ***This new account may suit people nearing retirement who have savings they will not need for some years and are happy to hold lower-risk investments***

Where should I start?

The CCPC's Investment Readiness Tool is a good starting point. With just eight questions, it provides a quick overview on pensions, investments or a simple savings account depending on your age, income, family situation and plans. Savers also do not need to wait until July to act. The CCPC's savings comparison shows which accounts pay the most, and pensions, with their tax relief, are available now.

Before anyone signs up, providers need to explain what the account will cost each year, that its value can fall and how it compares with a pension. The State has a part to play too. The National Financial Literacy Strategy is a start, but plain information that reaches people well before the account opens will matter as much as the tax rate.

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The UCC research described here is co-authored with Prof Olive McCarthy and is currently under review.

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