

Irish Savings and Investments Account: Potential Solutions and Considerations

Concept Paper

Background and introduction

Insurance Ireland (II) welcomes the publication of the European Commission (EC) Recommendation on Savings and Investments Accounts (SIA) which was published on 30 September 2025 and aims to provide EU Member States with a blueprint for savings and investment accounts and a tool for making investing simpler and more accessible for everyone.

II and its members also commends the Irish Government's commitment to develop a Roadmap on savings and investments in early 2026 with a view to addressing the complexity of the tax framework, encouraging stronger retail investors' participation in the capital market, facilitating the implementation of the Funds Sector Review Recommendations, and implementing the EC SIA Recommendation.

As evidenced in the reports prepared by Enrico Letta^[1] and Mario Draghi^[2], the level of retail investor participation in EU capital markets remains very low compared to other developed countries' economies, despite high individual savings rates in Europe. Accordingly, consumers may currently not fully benefit from the investment opportunities offered by capital markets, thus missing potential wealth creation opportunities in productive investments.

According to the European Commission, approximately 70% of household savings in the EU – worth €10 trillion – are held in bank deposits. Similarly, Irish households hold significant amount of savings - worth €168billion^[3] - in deposits. The most recent data from the Central Bank of Ireland^[4] also shows that Irish households hold 38% of their financial assets in cash and deposits and have one of the lowest levels of direct retail investments in capital markets in the EU through listed equity, debt securities and investment funds.

In our view, any measures which encourage retail investors to put their savings to more productive use and support the transfer of wealth from deposit accounts, for the benefit of consumers, businesses and wider society, are welcomed, especially given the need for investment in a wide range of areas that are of strategic importance for the EU and Ireland (e.g. digital and green transitions; infrastructure development, public services, financial support to start-ups and smaller companies, etc.).

Role of insurers

Based on this detail, we believe that currently there is a strong impetus both, at EU and domestic levels, to support retail investors and provide stronger incentives for their participation in capital markets and for channelling households' savings to more productive investments.

[1] Enrico Letta's [Report](#) on the Future of the Single Market, 10 April 2024

[2] The future of European competitiveness – A competitiveness strategy for Europe, [Report](#) by Mario Draghi, 9 September 2024

[3] CBI [Money and Banking Statistical Release](#), July 2025

[4] CBI [Retail Investor Participation in Ireland – Consumer Research and Analysis](#), December 2025

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We welcome the choice of the EC to propose a non-binding Recommendation on savings and investments accounts which will provide the necessary flexibility to member states in terms of the measures they need to take in this area domestically.

Although insurance undertakings and products are not explicitly mentioned in the text of the EC SIA Recommendation, we understand from our engagements with the Commission that it is up to the member states to define the eligible providers and products which will be in scope of the national savings and investments frameworks. We note from our engagement with the Commission that the aim of the Recommendation is to encourage investors to become comfortable with taking risk with investment. We believe that insurance-based investment products (IBIPs) in Ireland are ideal to deliver on this objective, due to the nature of the product that allows risk taking (in line with the investor's appetite) but also provides some protection through diversification of assets, allowing investors to build positive experiences of investing.

There is a perception across Europe and EU policy makers that insurance products are complex and do not provide the necessary flexibility and simplicity required for them to be eligible under the EC SIA Recommendation. We believe that this perception does not reflect the reality and the products that are already offered by the insurance industry (e.g. unit-linked products), including in the Irish market. Insurance-based investment products (incl. simple unit-linked products, typically with simple charges and easy access if customers wish to withdraw their investments) are already the main route for customers to invest in the capital markets in Ireland and, therefore, must form a central role in growing capital markets investment by Irish consumers.

It is also our view that strategic initiatives such as the Savings and Investments Union and the SIA should guarantee a level playing field for various providers and products thus encouraging innovation and competition which would ultimately benefit retail investors and cater for their diverse investment needs.

Accordingly, we strongly recommend that insurers should be recognized as eligible providers of savings and investments accounts in Ireland and consulted in the design and implementation of the national SIA framework. II members have extensive experience and positive track record in providing simple savings and investments products in the Irish market, including the past success of the Special Savings Incentive Accounts (SSIA) and the offering of Personal Retirement Savings Accounts (PRSAs) which provide simple structure (in terms of pricing), tax incentives, easy transferability across providers, and access to diversified investment portfolios.

In addition, the majority of Irish life offices provide one or more products which allow customers to invest a lump sum or on a regular basis, with customers being able to select from a range of diversified, multi-asset or single-asset funds, which are often managed by industry-leading investment managers.

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Most providers assign their funds a risk rating from 1 (low e.g. cash) to 7 (high e.g. pure, concentrated equity funds) which allows customers to tailor their investment choice to their attitude to risk, along with the guidance of their advisor and often using tools to help customers define their attitude to risk. The majority of customers fall into one of the medium- risk categories and invest in a multi-asset fund which would invest in a highly diversified mixture of equities, bonds, property and alternative assets.

This is far more suitable for the typical retail investor than them trying to select a small number of individual shares to invest their money or select from the many thousands of ETFs available to retail customers. In addition and in order to drive savings (currently in deposits) to more productive investments, the inclusion of the insurance industry will serve to significantly increase the reach of these products to Irish consumers through the large network of intermediaries who distribute insurance products. If the insurance industry is not involved, then the potential reach and scope of distribution will be far lower.

Based on the above arguments we believe that the Government should leverage on insurers' knowledge, experience, offerings, and well-developed distribution networks for the development of the Irish SIA.

Insurance industry's vision for an Irish SIA

The industry overall vision for an Irish SIA is as follows:

- Tax-free gains
- Annual contribution limit
- Provision of advice
- Multi-asset funds (not cash)
- Regulation and consumer protection.

The above key elements of the Irish SIA are discussed in more detail in the rest of the paper.

Irish SIA – considerations on key features

The design and specific features of an Irish SIA would depend on the policy objectives that the account/s would aim to address. In our view, to be successful, an Irish SIA should be simple and easy to understand for consumers and should be incentivised to encourage widespread take up.

The SIA should have clear objectives which are aligned with the SIU goals and aim at strengthening citizen's wealth accumulation and supporting investment in innovation, competitiveness, sustainability and defence/security.

Following examples from other countries which have already well-established incentivised frameworks for savings and investments accounts (e.g. United Kingdom (Stocks and Shares ISA, Lifetime ISA, etc.) and Sweden (Investeringssparkonto)), we recommend that a consideration should be given as to whether initially, in order to keep simplicity, only one SIA type is introduced, with access to a range of multi-asset funds, risk rated to match customers' own risk appetite. The investment funds could be unit-linked insurance funds or ETFs.

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At a later stage, and depending on market developments and consumer demands, different versions of the account can be introduced to accommodate specific savers and investor's needs. In order to provide more flexibility and choice to consumers, they should also be allowed to have different types of accounts with different providers.

Any proposals in relation to the SIAs should ensure that customers can access investments in line with their needs, objectives and attitude to risk. The investment funds will increase customer access to capital markets through investment in a wide range of underlying asset classes - equities, fixed income, real estate, etc. while tailoring the options to match a customer's individual risk appetite and investment objectives.

It is also important to stress that the investment proposition to support an Irish SIA is going to be critical and will likely need varying levels of risk options for customers to align to their risk preferences, while still aligning to the objectives of the SIA, namely encouraging risk taking for longer term savings and investments. Multi-asset fund ranges can provide this level of choice.

We recommend that a careful consideration should also be given to the advantages and disadvantages of having a very wide range of fund options. Consumers may find it easier to engage in a smaller range of funds, so that they do not face choice overload or choice paralysis and providers will need flexibility to address this. One way this could be addressed is by having a Default Investment Option within each risk rating for individual providers, so a customer can 'go along' with that, if they choose, and mitigate choice paralysis, but allow wider choice, if that is preferred.

Tax considerations and incentives

The announced reduction of the LAET rate from 41% to 38% in Budget 2026 is welcomed by the industry. However, the reduced LAET rate is still not aligned with the Deposit Interest Retention Tax (DIRT) (currently at 33%) which results in a significant advantage for retail bank deposits relative to life assurance policies or other unitised investment funds and products taxed under capital gains.

In addition, the 1% levy on life insurance savings and investments products, which was introduced in 2009 and is still in force, provides further disincentives for retail investors to opt for and invest in these products.

In order to ensure a level-playing field, the Government needs to urgently progress with the implementation of the rest of the Funds Sector Review recommendations (including the removal of the 1% levy) and rectify the material disincentive and costs for retail savers to invest or save in life assurance policies or unitised funds and improve the overall savings and investments' landscape.

Different studies and best practices of existing savings and investments accounts, both in Europe and internationally, demonstrate that properly designed tax incentives are key for the strong uptake of such accounts.

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In the context of the EC SIA Recommendation and its application in the Irish market, it will be key to define the tax incentivisation early in the process as this would ultimately require amendments to the tax legislation and would necessitate a robust impact assessment of the proposed changes.

In order to radically increase the level of retail participation in the market and following best practices from other markets with developed savings and investment accounts, the Irish SIA should be tax-free (i.e. no tax payable on gains).

In addition, to ensure that the SIA benefits small/medium retail investors, the level of annual contributions should be capped at an appropriate level (see further detail in the next section).

Many people will want to invest more than the proposed annual contributions limit which means that they will have a combination of 1) a smaller SIA which is tax-free plus 2) a bigger non-SIA investment which is subject to taxation. If the retail participation grows as expected, it could be expected that in the long term the loss of tax revenue on the SIA will be more than compensated for by the increased level of retail investors' participation in the capital markets.

Cap on investments

From a fiscal perspective and following the UK ISAs example, we believe that there should be a limit on the annual allowance to be invested in the Irish SIA which should not be exceeded by the retail investors. The government has the option of starting relatively small in terms of the annual allowance and increasing it in the future if there is concern as to how this will work and what the impact on the Exchequer will be.

In our view, the annual contribution limit could be relatively easily managed by all providers submitting annual returns to Revenue showing the amount invested by each PPS Number. Revenue could then aggregate this information from each provider to assess if any individual has invested more than their allowance. If they have, then the excess would be returned to the customer minus a tax on the gain and some penalty, as a potential disincentive.

However, consideration of a cap on investments would be only relevant where the Government is planning to provide specific incentives for citizens to invest, e.g. tax-free SIA as outlined above which will attract new retail investors into the market thus strengthening retail participation which is in line with the SIU objectives.

Role of advice

In order for this initiative to encourage retail investors' participation in capital markets, especially the younger generations, we believe that easy access and digitalisation are prerequisite requirements. In addition, for a simple investments and savings account, there should be an emphasis on engaging with consumers through their chosen distribution channel, whether this is online with digital advice tools or in person with a human adviser.

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Any measures which would form part of the design of an Irish SIA must recognise the importance and value which advisors deliver for consumers. The importance of access to advice is particularly valid for those with low level of financial literacy and little investment experience who are currently under-represented and under-invested in capital markets, as well as to ensure inclusion for vulnerable consumers.

Recent research^[5] undertaken by the CBI demonstrates the important role of advice in enabling retail investor participation and identifies knowledge and understanding gaps as barriers to investing by individuals.

Portability

Portability between providers should be allowed where savers can transfer all or part of their funds in their savings and investments accounts from one provider to another at any time. However, clear information should be provided to consumers in order to ensure that they have a good understanding of the different fees and charges that might apply to such transfers, as well as the potential benefits or disadvantages of same. Again, access to advice will be key in order to support informed decisions by retail investors.

Based on the above, we recommend that the Government should provide a clear information on how portability would work in practice, as well as a detailed assessment of the tax implications (if any) triggered by moving the SIAs across providers, so it is clear for consumers what the impacts of portability might be.

The main features and lessons learned from the individual savings accounts (ISAs) in the United Kingdom (UK) should be taken into account and reflected in the design of the Irish SIA. For example, if a tax-free approach is adopted to the SIA, along with annual contribution limits, then the main practical concern in terms of portability is that a transfer between providers does not impact the annual contribution limit. This could be easily managed by providers simply designating these as transfers and excluding them from the annual return to Revenue.

Regulation and supervision of SIAs

In order to ensure strong consumer protection, further analysis will be needed to assess the best approach to regulating the Irish SIA. Based on the outcomes of this analysis, the Government would be able to define if the new product should be subject to more streamlined/simplified regulatory requirements (e.g. whether the product should be subject to the overlapping requirements of the Life Assurance (Provision of Information) Regulations 2001 and the PRIIPs Regulation).

We propose the well-developed framework for regulation and supervision of retail investment products, as provided for in the CBI Consumer Protection Code, would apply to the SIA.

[5] CBI [Retail Investor Participation in Ireland – Consumer Research and Analysis](#), December 2025

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The role of financial literacy

It is not a coincidence that the EC SIA Recommendation was published together with an EU-wide Financial Literacy Strategy. By raising awareness about the SIA benefits and improving the levels of financial education and literacy, consumers will be more confident to invest and in a better position to make financially sound decisions. Equally important is to provide appropriate safeguards to retail investors, especially those that are in vulnerable circumstances.

It is also key to ensure that the Irish Savings and Investments framework provides incentives for participation from a younger age. For instance, following the UK example of Junior ISAs, the Government can consider in the future the introduction of a similar account (e.g. Junior SIA) in the Irish market.

Conclusion

The creation of an Irish SIA represents an opportunity for the Irish government to increase retail customers' access to capital markets, provide greater returns to customers and to be a catalyst for further economic growth.

The insurance sector is the primary means by which customers currently access investment funds, and insurance providers have an infrastructure in place which is immediately capable of increased customer demand for investment products.

Finally, the availability of simple, flexible and tax efficient SIA will positively contribute towards strengthening the savings and investments culture in Ireland and the insurance sector stands ready to support and contribute to the design and implementation of the framework on savings and investments in the country.