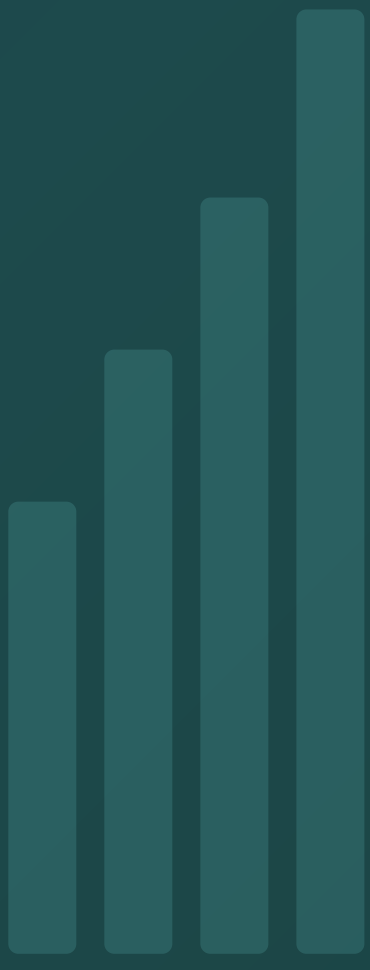
Agile Finance
DELIVERING VALUE AND CLARITY

BUDGET 2027 & FINANCE BILL · A PLAIN-ENGLISH GUIDE

The new Individual Investment Account (IIA)

What it does, what it doesn't, and whether it's right for you.



Updated for the Finance (No. 2) Bill 2026, published 19 October 2026.
Prepared by Agile Finance · Independent, Central Bank regulated (C550360).
General information, not advice. The value of investments can fall as well as rise.

The basics

What was actually announced

After years of talk, Budget 2027 and the Finance Bill have confirmed the detail. The plain-English version:

- Opens 1 July 2027. One account per person (18+, Irish resident, with a PPSN).
- Put in up to €12,000 a year (€1,000 a month). No minimum. Contributions are in cash only, and none while you are non-resident.
- Tax-free until the account is worth €50,000.
  Above that, a flat 1% a year on the excess, on the value (average daily value), not on your gains.
- Hold listed shares and bonds, UCITS funds (not structured), and some insurance products.
  No crypto, no derivatives, and no cash deposits held inside the account.
- The 1% is a final tax: no income tax, dividend tax, exit tax or stamp duty on holdings inside.
- Your provider calculates and pays the tax to Revenue. No return for you to file.

Mind the €12,000 limit

Go over the €12,000 annual cap and you, the account holder, pay an extra **1% a MONTH on the excess** (per KPMG's reading of the Bill), a steep penalty. Money you withdraw and then put back in counts as a new contribution, so it can push you over the cap. The provider also faces a €3,000 penalty. And you can only contribute cash: you cannot move existing shares or funds into the account.

It has a formal name

In the Finance Bill it is the “Individual Investment Account” (IIA), and the 1% charge is the “Investment Account Tax”. Earlier coverage called it the Savings and Investment Account or the Personal Investment Account. It is the same thing.

Worked example: a €52,000 account is taxed just €20 for the year, 1% of the €2,000 above the €50,000 threshold.

How it works in practice

Who offers it, and the fee catch

You open it with a provider, not the Government, and the provider does the tax for you.

Who will offer it

- Banks, life companies, investment firms, brokers and some trading platforms.
- Signalled so far: AIB and Bank of Ireland (via Goodbody and Davy), plus Trading 212, Lightyear, Revolut and IG.
  Stated intent, not yet confirmed.
- Providers must be Central Bank or EEA authorised and on a Revenue register you can check.
- Watch how the seller is paid: advisers, credit unions and An Post may earn commission for signing you up, and the Central Bank requires them to disclose it.

Who handles the 1% tax

- The provider values the account daily, works out the 1% due on value above €50,000, and pays it to Revenue. If they under-deduct, you can be left to pay the shortfall.

The fee catch, and why a pension often still wins

Financial Services Ireland (Ibec) expects providers to charge 0.3% to 1.3% a year (Business Post). But independent modelling (Cork University Business School) suggests the all-in cost must be about 0.75% or less just to break even at €50,000, and close to zero on anything above it. Many products won't clear that bar. A pension (40% relief, tax-free growth) carries no such double drag, and often still comes out ahead.

Finance Bill, 19 October

What's confirmed, and what's still open

The Finance Bill put the account into law and settled some of the detail. Some big questions remain.

Now nailed down

- It's law: the 1% is a final tax, with no other tax on eligible holdings inside the account.
- Holdings: listed shares and bonds, UCITS funds (not structured), some insurance products.
- Excess contributions: an extra 1% a month on the excess, and a €3,000 penalty on providers who knowingly accept ineligible money.
- Providers must be regulated and listed on a public Revenue register.
- Outside the account, fund exit tax drops from 38% to 35%, but the 8-year rule stays.

Still open

- The actual fees. No cap has been set, and no provider has published final prices.
- Which specific funds each provider will actually put on its shelf.
- How risk is assessed for “execution-only” savers who get no advice.
- Whether the €50,000 threshold and €12,000 limit ever rise, or stay frozen.
- Whether deemed disposal is ever scrapped for ordinary fund investors.

Our read

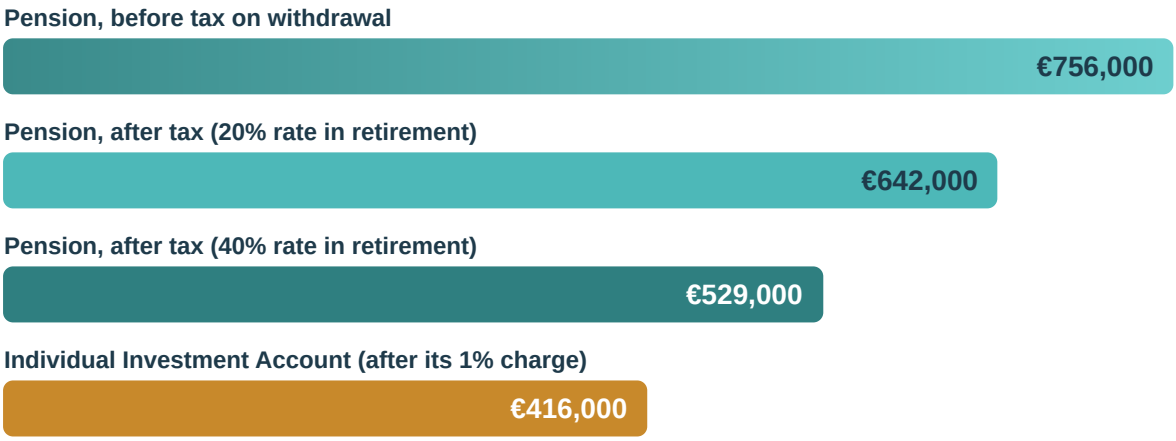
The law is settled; the economics are not. On the numbers in this guide, the account is hard to justify beyond €50,000, and the pension still comes first. We'll update this as providers publish prices.

The big one

For most higher-rate taxpayers, a pension still wins

If you pay tax at the higher rate (40%) and are not already maxing your pension, it usually still comes out ahead, even after tax on the way out. At the 20% rate the relief is smaller and the gap narrows.

Same €240,000 out of your own pocket, over 20 years



A pension turns the €240,000 you pay in into €400,000 invested (the extra €160,000 is tax relief). The account invests the €240,000 you put in. After tax on withdrawal, the pension is ahead by roughly **€110,000 to €225,000**.

For the account to match the pension after tax, it would need to earn:

≈ 8% to 10% a year, not 6%, before fees.

Illustration only: €240,000 net outlay over 20 years (about €1,000 a month into the account; about €1,667 a month gross into the pension), 6% a year net of fund fees, 40% income tax relief on contributions (this needs income taxed at 40%, contributions within age-related limits, and the €115,000 earnings cap). Account taxed 1% a year on value above €50,000. Pension after-tax figures assume a 25% tax-free lump sum (up to €200,000) and the rest taxed at 20% or 40%, before USC. Pensions are locked until retirement. Not a projection. Your figures will differ.

Weighing it up

The trade-offs, and who it suits

The pension is not perfect either

- It's locked until age 50 to 60, and is taxed on the way out,
  though usually with a 25% tax-free lump sum and often a lower rate in retirement.
- The new account, by contrast, is flexible, accessible any time, simple,
  and free of the 8-year deemed disposal rule. That is genuinely useful. But remember: money you take out and put back counts towards the €12,000 cap.

Who the account really suits

- People already maxing their pension who want to invest more.
- Anyone who wants accessible, long-term investing without the 8-year rule.
- First-time investors being nudged off deposits, if they understand the risk.

A word on behaviour

Don't chase “tax-free, higher returns”. There is no higher return without higher risk, and “tax-free up to €50,000” is not the same thing as the right investment for you. Getting the risk level, the time horizon and the fees right matters far more than the wrapper.

Risk and the real world

The questions people are afraid to ask

Three worries hold people back far more often than picking the “wrong” fund ever does. Good advice is mostly about answering them honestly. Here are the three we hear most, and what the evidence says.

“I'm afraid I'll lose money.”

Over short windows a balanced 60/40 portfolio certainly can fall. But stretch the horizon and the picture flips. Time, not timing, has done the heavy lifting:

1 in 4
six-month periods were negative
(the worst down 29%, in 2008)

None
seven-year periods were negative
across the whole 1990 - 2024 record

60/40 portfolio (MSCI World + Bloomberg Global Aggregate) via Davy, 1990 - 2024. Past performance is not a reliable guide to the future.

“The market is too concentrated in a few giant stocks.”

It nearly always has been. A small group of names has led the market in almost every era. Concentration is the norm, not a new danger, and the answer is unchanged: diversify, and stay invested rather than guessing when to jump in and out.

“Why should I pay for advice?”

Vanguard's research puts the value of good advice at roughly 3%. Not smoothly every year, but concentrated at the moments that matter: stopping you selling in a panic, getting the wrapper and the tax right, and keeping a lid on fees.

Why this matters here

Irish investors are famously cautious: around 38% of household financial assets sit in cash, only about 44% of adults invest at all, and 76% say the chance of losing money makes them uncomfortable (Central Bank and BPFI research). A tax wrapper will not change that. For most people, a steady plan they can hold through a downturn beats a clever one they abandon at the first red statement.

And one practical step before any of this

Match the investment to three things: how long you can leave the money untouched, how big a fall you could live with, and how much you could afford to lose.

Where we come in

Why advice matters, and what to do now

Most people don't lose money because they picked the “wrong” fund. They lose it by taking too much or too little risk, panicking in a dip and selling, choosing the wrong wrapper, or quietly overpaying on fees. Advice is mostly about avoiding those, and matching the plan to your family's real goals and timeline.

- Get your pension right first.
  It's the biggest, cleanest tax break in the country and needs no new account.
- Already maxing it? The IIA is a strong next step from July 2027, as long as you stay within the €12,000 cap.
- Either way, match the investment to your goals, timeframe and risk, and watch the fees.
- This account will suit some people well and be wrong for others.
  The only way to know is to look at your own situation.

Not sure where to start?

Book a free, no-obligation review. We'll look at your pension, your investments and whether the new account has a place for you.

agilefinance.ie/#prescreen

Sources: Finance (No. 2) Bill 2026 (gov.ie, 19 Oct 2026); KPMG Ireland (excess contribution charge); fee analysis per the Business Post (21 Oct 2026). Agile Finance (C550360).

General information based on Budget 2027 and the Finance Bill; not financial, investment or tax advice. The account is subject to the Bill's passage and final terms may differ. Figures are illustrative. Investments can fall as well as rise; past performance is not a reliable guide. Tax treatment depends on your individual circumstances and may change.