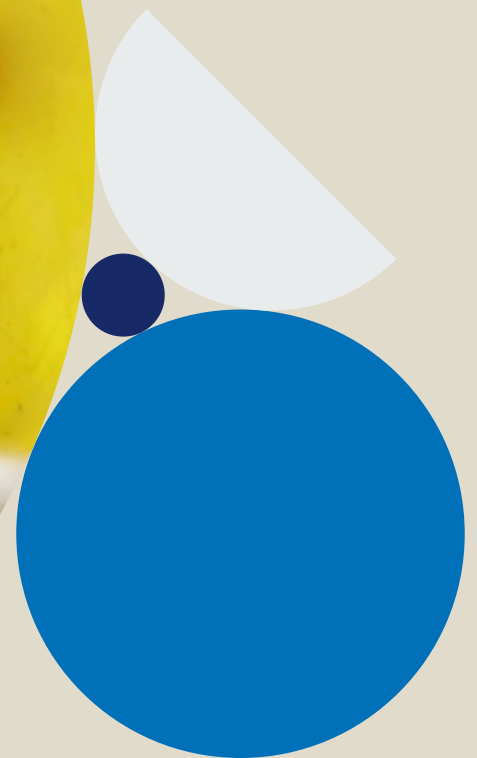


Extracting wealth by utilising the Small Gift Saver






Allow us to introduce ourselves.

We are Zurich. We are part of a global insurance group. We are one of Ireland's most successful life and pension providers.

We believe in building a life long trust with our customers. We are passionate about protecting our customers and the things they truly value.

At Zurich, you are at the heart of what we do.



Call us today and
see how we can
help you.

Saving for future generations in a tax-efficient manner

Over the last decade, it has become increasingly difficult for younger people to get a headstart on their lives. Rising property prices, stagnant salaries, and a general cost of living challenge has meant that people are more financially challenged than other generations.

Increasingly, parents and grandparents have explored options to give their children a financial start. While helping people out with short-term loans for house deposits is nothing new, what is new is the size and length of this helping hand.

Frequently figures of €30,000 to €50,000 are quoted, and for even the wealthiest family, this is a challenge. And what of the longer-term implications for inheritance amounts - anything gifted to a child or grandchild during their lifetime will directly impact on what they can potentially inherit in the future.

However, there are options for people to support their children and grandchildren in a tax-efficient way, simply make use of the annual 'small gift exemption'.



Understanding the small gift exemption

The Small Gift Exemption allows you to gift up to €3,000 each calendar year to another person, completely free from Capital Acquisitions Tax (CAT). These gifts also do not affect your lifetime tax-free thresholds for CAT.

For example, two people – such as parents or grandparents – can each give €3,000 per year to a child, for a total of €6,000 per year, in a tax-efficient way.

Estate planning can be complicated, but preparing in advance helps reduce the CAT burden for your loved ones and ensures you can pass on as much as possible. Setting up a savings plan is one way to make use of the annual Small Gift Exemption and gradually transfer wealth from your estate. It also allows you to potentially support your loved ones while you are still alive.



Options for using savings plans to take advantage of the small gift exemption

1. Zurich has developed the Small Gift Saver (Child Savings Plan), a unique savings plan which allows you to invest in our full range of investment funds. By saving through this plan, you can build up a fund for the child and by assigning the plan to the child, you can make full use of the annual Gift Tax exemption of €3,000 from any one individual (€6,000 from a married couple).

For example, if the current children's allowance of €140 per month is invested in a Child Savings policy from when the child is born, it could build up to a fund of just under €49,000* by the time the child reaches the age of 18. Your child could then access this fund and use it to give themselves a better start in life.

The Child Savings Plan is designed to enable you to save for the child in this way and this innovative product is available to parents, grandparents, godparents or any adult relation or friend.

2. If you have children over the age of 18, you can simply arrange for them to take out their own savings policy. Parents or grandparents can then elect to 'gift' money to them by paying a regular premium into the savings plan.

*An annual management charge of 1.35% and a contribution allocation rate of 101% with no surrender penalties has been allowed for.

A government insurance levy applies, currently 1% as at January 2026 and may change in the future. The contributions above are inclusive of this levy.

We have assumed a gross investment return of 4.1% per annum on your savings based on an investment in Prisma 4.

The return is based on an investment in the fund and does not represent the return achieved by individual policies linked to the fund.

It is assumed that on death, encashment, partial encashment, assignment of a policy or on the 8th policy anniversary, tax is deducted on the gains made at the current rate of taxation (38%).

These assumptions and figures quoted are for illustrative purposes only and are not an offer of contract.

The information contained herein is based on Zurich Life's understanding of current Revenue practice as at January 2026 and may change in the future.



Warning: The value of your investment may go down as well as up.
Warning: Benefits may be affected by changes in currency exchange rates.
Warning: If you invest in this product you may lose some or all of the money you invest.
Warning: These figures are estimates only. They are not a reliable guide to the future performance of your investment.

The Tax benefits of the using the small gift exemption



Capital Acquisitions Tax incorporates a Gift Tax and an Inheritance Tax.

- Gift Tax may apply when a person receives a gift from another.
- Inheritance Tax may apply when a person receives an inheritance following the death of another.

Gifts and inheritances up to a certain value or threshold can be taken without incurring any liability. The thresholds depend on the relationship between the person making the gift (the donor) and the recipient, and the total value of all gifts and inheritances received from all donors within that donor group.

The current thresholds for each relationship are as follows:

Capital Acquisition Tax Thresholds with effect from 1 January 2025		
Threshold	Group	Relationship of donor to the recipient (Donor Group)
€400,000	A	Parent
€40,000	B	Child Brother/sister Niece/nephew Grandchild
€20,000	C	Any relationship not listed above

In any year, the first €3,000 is not taxed and does not reduce the threshold. This is referred to as the Small Gifts Exemption. This applies from any one person to another so two parents can gift €6,000 to any one of their children.

Using the Small Gift Saver (for children under 18) or a Regular Savings Plan (for children over 18) is a means of availing of this Small Gifts exemption and investing it in a savings plan.

Provided you stay within the Small Gifts Exemption limit, the child will not incur any Gift Tax or have their threshold reduced, either when you make the contributions or when the plan is encashed.

1. How does the Small Gift Saver work?

The person providing the gift is known as the donor and the child receiving the gift is the donee or recipient. Zurich's Small Gift Saver (Child Savings Plan) is then set up in the following way, to ensure that the premiums paid are treated as gifts to the child.

- The "Donor" sets-up the Child Savings policy in their own name with a view to assigning the ownership of the Policy to a child beneficiary (the "Donee");

This is because legally, this type of savings plan (known as a policy of life insurance) cannot be sold to anyone under the age of 18.

- The Donor assigns the Policy to the Donee (the "Assignment") - after this assignment, the legal and beneficial title to the Policy (and thereby, the right to the proceeds of the Child Savings Plan on maturity / encashment) vest in the Donee.
- The Donor makes the premium payments in respect of the Policy after the Assignment, which are treated as gifts to the donee.
- Upon encashment / payout of the Policy, the Donee is entitled to the proceeds thereof. Benefit is payable to child once child reaches 18 - otherwise it is paid to the parent/ guardian but for the benefit of the child.

The child has no liability to Capital Acquisitions Tax on the value of encashment received. Exit tax will still be payable.

2. How does saving for adult children work?

Children over the age of 18 are legally entitled to take out their own Regular Savings policy, in their own name. However, the premiums can be paid for by someone else (donee) so, if you are a parent or grandparent, your premiums into that savings policy will be treated as gifts to that child - and will utilise the small gift exemption.

From the start of the policy, the adult child is the policy owner, yet the person paying the premiums is the donor. In this case there is no need for an assignment as the child already is the legal the owner of their own policy.

Similar to the Small Gift Saver, the premiums payable into the savings policy are treated as gifts to the child. Also, if the donor were to die, there is no need for the policy to cease as the adult child will continue to be the life insured. All that would be required is a new donor, or the child themselves, to invest further premiums, which brings an element of longevity to the savings policy.



Legacy in action



Tax efficient estate planning

A client approached a financial adviser requesting information on how to divert some wealth away from their savings and investments which had accumulated over time. The potential inheritance tax would have been very high for their immediate family, as they were widowed yet had children and grandchildren.

The financial adviser discussed the Small Gift Exemption and identified seven grandchildren, all who were under the age of 18 and advised that the Small Gift Saver would be a way of using the Small Gift Exemption and extract some of the wealth away from the client's estate.

Having considered the policy, the client set up seven Child Savings Policies, each of which were assigned to the minor children. The annual premium was €3,000 per calendar year, which meant that those premiums were gifts to the grandchildren so they would not have a gift or inheritance tax liability nor would their Group B Threshold of €40,000 be reduced by the value of the policy in the event the client died.

Some frequently asked questions

1. Must the annual €6,000 per couple be invested before tax year end.

Yes, Revenue state that the annual gift tax exemption applies in the calendar year.

2. Can you backdate for previous years if none taken previously.

No, there is no facility to back date to previous years if the exemption has not been available before.

3. Are funds at maturity taxed at exit tax on profits.

Yes, normal Exit Tax rules will apply to the contract.

4. What happens if donors fall out with donees, can they reverse their assignment on the Small Gift Saver?

Generally, Absolute Assignments such as the one being used for our contract cannot be reversed. The donors would have the option to stop contributing to the policy.

5. With the Small Gift Saver, if any payments are being out of the plan, say an encashment, do we make it payable to the parents/guardians when the child is a minor?

Yes, any encashment value is payable to the parent/guardian of the child, however the sum must be used for the child's benefit. The parent/guardian may not use it for their own benefit.

6. Can a donor set up a Small Gift Saver for a grandchild living overseas, for example in the UK?

Yes, it is possible to open a Small Gift Saver where the minor child is living overseas and is under the age of 18, as the initial sale would be to the donors who are resident in Ireland. The assignment or change of ownership passing to the child is allowable, even if the child is resident in the UK or indeed elsewhere, except where the child is a USA resident.

The Advantages of Zurich's Savings Plans



Excellent fund choice

Zurich has designed the savings plans to make investing simple for you. When you invest with Zurich, your money is placed in your choice of funds. Through these funds, you can access a broader portfolio of assets than could be achieved by an individual saver.

You can choose a fund which matches your investor profile, in terms of the level of risk you wish to take, however once you make your choice of funds, the fund choice applies for the life of the plan.

The value of your investment is linked to the value of the underlying assets in the funds you select, and it is important to note that this value may decrease as well as increase. Although investment returns are not guaranteed, you can rest assured that your investment is expertly managed by Zurich's investment team.



We aim to take the best active decisions within the parameters of individual funds.

David Warren,
Chief Investment
Officer

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Warning: Benefits may be affected by changes in currency exchange rates.

Warning: If you invest in this product you may lose some or all of the money you invest.

Start saving now!

The Small Gift Saver is an innovative option from Zurich which helps you to give a child a head start when it comes to financial matters. The Small Gift Saver allows you to maximise the Gift Tax saving for the child by enabling you to legally assign the plan to the child, thus making full use of the annual Gift Tax exemption limit of €3,000 from any individual (€6,000 from a married couple).



Take the next step

When it comes to your savings and investments, Zurich is committed to doing the best we can for our customers. So if you'd like to take the next step, get in touch today.



Talk to your Financial Broker or advisor



Email us at customerservices@zurich.com



Call our Financial Planning Team directly on 1850 202 102



Visit our website at zurich.ie

While this product is officially named Child Savings Plus, for the purposes of this document we refer to it as the Zurich Small Gift Saver to highlight how it helps to make the most of the small gift exemption when saving for a child's future.

This publication has been prepared for general guidance on matters of interest only and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice.

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