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# Effects of NISA Expansion on Middle-class Asset Income

**To realize a doubling of middle-class asset income, it is necessary to triple the tax exemption limit from the current status**

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## Summary

- By the end of this year, the government plans on formulating the “Doubling Asset-based Incomes Plan,” which includes a significant expansion of Nippon Individual Savings Account (NISA), and its policy is to boldly and drastically promote the shift from savings to investment. Nevertheless, some point out that household financial assets of about 2,000 tril yen that the government expects to use effectively include pension assets and business-oriented funds of sole proprietors, and are unevenly distributed to the wealthy and elderly. The claim is that working-age members of the middle-class still lack sufficient financial assets that can be invested.
- In this Report, therefore, we first estimated the amount of net household financial assets, excluding pension assets and sole proprietor business funds, held by the middle class in their active age. According to estimates, net household financial assets were 1,330 tril yen as of the end of 2019, of which about one-fourth was held by working-age members of the middle-class, a total of 340 tril yen or 11.5 mil yen per household.
- We then subdivide the working-age middle class into 39 cases according to the age of the head of household and household income, and estimate the amount of outstanding of securities holdings five years after the drastic expansion of NISA, based on the assets and annual income and expenditures in each case. According to our estimate, when all households without securities that intend to open NISA accounts use NISA and the tax exemption limit for NISA is increased by three times the current level, the total amount of securities held by the middle-class in their active age will increase by about twice the current level after five years, and income from securities will also increase by about twice the current level.
- Estimates suggest that in order to achieve a doubling of asset income in the middle class during their active age, the following two points are important: (1) making it easier for households willing to open NISA accounts to use NISA; and (2) providing tax exemptions that are more than three times the current level.

Attention

This report is a summary translation. The official document is only in Japanese.