



Advanced Asset Consultants

Chartered Financial Planners



Millennials willing to forgo inheritance

Harder to support bigger financial commitments of older generation parents

Many people want to do what they can to ensure they maximise the amount they leave to their family and minimise Inheritance Tax, but working out how much you can afford to give away during your lifetime isn't easy.

With finances being stretched in all directions, it can be incredibly stressful if you want to support your children in the short term, while making sure you don't find yourself struggling further down the line. New research has shown that the oldest of the millennial generation would prefer their parents to use their cash to fund their own, comfortable retirement, rather than receive it as an inheritance^[1].

COST OF LIVING

The research of 40-year-old millennials and their parents reveals disparities when it comes to financially planning. Nearly all parents surveyed (99%) intend to pass an inheritance on to their children or grandchildren, with almost two in five (37%) anticipating gifting more money to help their children with the rising cost of living.

However, a third (32%) of adult children would rather their parents kept it all to themselves, to support a comfortable retirement. The desire from each generation to financially support the other comes against the backdrop of financial challenges on two fronts: continued market volatility impacting pension pots and property prices on the one hand and rising living costs on the other.

FINANCIAL PRIORITIES

This makes it harder to support bigger financial commitments – of those older generation

parents that are worried about funding their whole retirement, over a third (36%) are specifically concerned about funding the cost of care^[2].

Juggling financial priorities makes communication and forward planning even more vital, but this does not always happen. Two in five (38%) of parents admit to not speaking to their children about their inheritance plans, and one in four have not developed a plan to protect their child's inheritance should their child go through a difficult divorce.

IMPORTANT TO PLAN

With cash required to go further than ever before, almost a third (31%) of the parents of millennials are worried about supporting their own immediate living costs, and one in five (19%) are considering downsizing.

Even though most children would be very grateful if their parents are able to pass on some inheritance while they're still alive, they wouldn't want them to have money worries in the future as a result. This is why it's not only important to plan, but also to include your family in any conversations – it can make such a difference and help remove some of the pressure many parents feel when thinking about how and when they'll pass on their wealth. ■

SPEAK TO US ABOUT YOUR FAMILY'S FINANCIAL PLANNING NEEDS

We understand the impact your wealth has today and for generations to come. That's why we work with you to help your investments create the future you want. We listen to you and build our service around your vision. To find out more, please contact us.

Source data:

[1] Censuswide data, unless otherwise specified, is taken from 2,000 consumers who turned 40 in 2021, who will turn 40 this year or who will turn 41 this year; and 2,000 parents of consumers who turned 40 in 2021, will turn 40 this year or will turn 41 this year. The 2,000 parents of consumers all had assets of at least £1m, including property. The 2,000 40-year-old Millennials are already investors, or have considered investing their money. Data gathered July 2022.

[2] 31% of parents surveyed are worried about funding their whole retirement. Of this 31%, 36% worry specifically about funding the cost of care.



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