

Increasing financial support for millennials

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The rising cost of living is cutting into even the most resilient saving pots and salaries, forcing many to re-consider their financial priorities, whatever their generation or income.

More than three in four (76%) 40-year-olds have already received some form of inheritance from their parents, with the majority putting this to use in savings and investments (30%), setting up their own business (20%) or buying their first property (18%).

Those millennials now turning 40 are facing very different challenges to when their parents were the same age; however, there is equal pressure on parents to step in and support where they can without eating into their own retirement funds.

Help with living costs

New research shows the impact of rising living costs on inheritance and retirement planning. Over a third of parents to 40-year-old millennials think they will need to give inheritance support to their children this year to help with immediate living costs.

After previously spending inheritance on property and starting a business, nearly all (94%) 40-year-old millennials would use any inheritance received now to help with living costs. As the eldest millennials turn 40 years old, the research shows parents are considering gifting them their inheritance early to increase support for living costs this year.

Further rising inflation

With the Bank of England's warning of further rising inflation, over a third (37%) of parents of 40-year-old millennials now anticipate gifting their inheritance this year to help their children more with immediate living costs, as opposed to bigger purchases like property.

The research also highlighted that almost two in five (38%) parents also expect to be more flexible in their support across the rest of this year, giving money early when needed rather than planning ahead.

Savings and investments

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savings and investments (30%), setting up their own business (20%) or buying their first property (18%).

However, if they were to receive that same inheritance this year, nearly all (94%) said they would use more of it on living costs – including bills, daily travel, food, clothing and healthcare. Of these, nine in ten (92%) earn £55,000 and over.

Increasing financial support

For those 40-year-olds who are set to receive an inheritance in the future, using the funds on living expenses (18%) comes second only to putting this into savings and investments (31%), showing the impact of the cost of living on financial priorities.

This research on parents of 40-year-old millennials showed that despite the cost of living and rising inflation, the majority (85%) are confident they will have enough to support their whole retirement.

However, over half of parents (57%) are worried Inheritance Tax will have a significant impact on their final estate due to increasing financial support for their children.

Want to discuss planning for your financial future with confidence?

It has always been important that families talk about financial planning with each other and their financial adviser, yet the impact of rising inflation makes having these conversations early even more crucial. If you would like expert advice on everything from Inheritance Tax to investments, we are here to discuss your options.

