

## **Schroders Personal Wealth: Four in ten UK adults never discuss later life planning with their children as conversations around money remain difficult**

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New research from Schroders Personal Wealth (SPW) has shown the difficulties many families have when it comes to talking about their future finances, with some 43% admitting they never discuss later life planning with their children.

The Schroders Personal Wealth Family and Finances report, which surveyed more than 1,000 parents over the age of 60, lays bare the gap in financial planning when it comes to passing on wealth.

An overwhelming majority, 78%, have no estate planning strategy in place. However, most over 60s plan to pass on their wealth to their children after death (72%), with just 13% saying they would do so during their lifetime.

It's a similar story for those passing on assets to grandchildren. More than half (53%) will do so on their death, only 12% say they plan to do so during their lifetime.

### **Family communication and money taboos**

One clear theme from the report was the seeming reluctance to discuss estate planning and the passing on of wealth with children.

Some 65% said they rarely or never discuss inheritance with their children. Of the fifth (22%) that do have an estate plan in place, less than half (48%) say their children know exactly what the plan is.

Just one in 10 (11%) say they've never spoken to their children about their plans in place.

When asked why 32% cited that they "don't think it's their business to know about my finances" while 30% said they wanted their children to be financially independent. Some 13% admitted they don't feel comfortable talking about money with their children.

While parents are reluctant to discuss estate planning with adult children, there's an appetite among them to teach their children about money matters in general when they are young.

Our report revealed that parents are most likely to talk to their children aged between 11-16 (28%) followed by 19% starting even younger at between 5-10. Some 16% say they broached the subject of money on the approach to adulthood at ages 17-18.

### **The impact of Covid-19**

The Covid-19 pandemic has – unsurprisingly - had an impact on the level of financial help needed. One in five (18%) over 60s say they have had to help adult children more in 2020, mainly to help fund the cost of essentials (48%). However, just over a quarter (26%) say they have had to help their children pay rent and 16% say their child has returned to live with them.

The figure is much higher for those with younger children (aged 18-24) with 30% reporting they've helped their children more financially since the pandemic. Again, the main reason is to help fund the cost of essentials (67%). 40% say their child has returned to live with them and 33% say they have had to help pay rent for this age group.

The pandemic could also affect what the children of parent's over 60 stand to gain when they die, with a quarter of parents (27%) reporting that it has made them rethink their finances and how they plan to pass on their wealth.

### **When roles reverse**

The report also sought the opinions of 1,000 UK adults aged 30-59 with at least one parent alive to see how they felt about handling their parent's finances when they are no longer able to do so.

While some are engaging with their parents about their financial future, many are daunted by the prospect of dealing with the unknown.

A third (32%) admit they are worried about the prospect of managing the finances of their parents if they are no longer able to do so.

The main concern is feeling overwhelmed by merely the thought of managing their parent's finances with 41% saying this was a worry for them. Other concerns are listed below:

- 32% say they are afraid they might do something wrong
- 22% are worried about disagreeing with siblings
- 20% are worried about making decisions that could lose money
- 18% say they don't know anything about finance and wouldn't know where to start
- 14% don't feel like they have the support they need

61% would consider enlisting the help of a financial adviser about managing their parent's finances.

### **Estate planning across the regions**

Our findings reveal that those who live in the East Midlands are the least likely to discuss the future of their finances with 60% admitting they never discuss later life planning with their children. This is followed by 46% of those who live in Yorkshire and Humberside. This compares to the national average of 43%.

East Midlands has the highest number of people – 82% - who do not have an estate planning strategy in place. Wales follow closely with 81%. The national average for this is 78% and only five regions fall below this; West Midlands (74%), South West (75%), London and Scotland (both 76%) and the South East (77%).

The South East is the most concerned (39%) when it comes to the prospect of managing the finances of their parents if they are no longer able to do so. Whereas those in the North West were least concerned at 19%. This compares to the national average of 32%.

Commenting on the survey results, **Mark Duckworth, Chief Executive at Schroders Personal Wealth** said:

*"Family conversations around managing wealth in old age and passing it on to the next generation have never been so important. Over £5.5 trillion will move hands between generations in the UK between now and 2055, peaking in 2035. Having a plan in place on how to handle this efficiently is crucial to pass wealth on smoothly, avoid family disputes and manage the tax bill.*

*But our research in this report shows the difficulties many families have when it comes to talking about money.*

*More needs to be done to encourage stronger engagement with long term financial planning. We believe that with some guidance and a plan in place, families can overcome the feelings of worry and start having the conversations they need to have to plan for their future."*

## **Ends**

### **For further information, please contact:**

Charlotte Banks, Head of Communications

[Charlotte.Banks@spw.com](mailto:Charlotte.Banks@spw.com) / 07764 747818

## **Notes to Editors**

Schroders Personal Wealth is a joint venture between Lloyds Banking Group and Schroders – two of the UK's largest names in banking and asset management.

We were created to help more people across the UK benefit from financial advice. We have the advantage of solid foundations and a strong heritage. But we take a fresh, transparent and personal approach to financial planning.

We aim to provide clients with clarity and transparency in everything we do. This includes using technology to explain how long-term financial planning can add value to people's lives; to give people access to information about their financial wellbeing; and to communicate with their adviser when it's convenient for the client. Our heritage may be 400 years old, but our approach is built for the future.

For more information visit <https://www.spw.com/>

### **About the survey**

We surveyed 1,009 UK parents aged 60+ between 27<sup>th</sup> October – 3<sup>rd</sup> November. To reach the sample of children of those aged 60+, we also ran questions on a nationally representative sample of 2,000 UK Adults which included 1092 x 30-59 year olds.

For more information visit [Family and Finances | Schroders Personal Wealth \(spw.com\)](https://www.schwab.com/uk/family-and-finances)

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