

Planning matters

4th July 2022

- Intergenerational wealth planning is becoming more prevalent in people's thoughts.
- It is important to have a plan in place.
- Balancing gifts with your own needs is an important consideration.

Sharing your wealth with your family is not a new concept, but the focus on it now has gathered pace as we all fear for our children's futures as a result of higher education fees, increasing house prices and greater levels of taxation.

There is often a debate to be had when it comes to helping children and grandchildren financially as to when is the best time to do it, what is the best way to go about it and how much is the right amount of money to set aside. Of course, all of this is subjective, we all have our own views on how to help our children and there is always a balance to be had to ensure that children will remain focused on their own careers, but while also giving them the appropriate help they need. Gifts when they are younger is likely to benefit them at the time they need it most.

Often parents have the wish to help out with school and university funding, helping children onto the property ladder or with weddings. Beyond this it tends to become a conversation balancing longer term inheritance tax planning with giving children too much too soon. When it comes down to it, I would say that there are certain rules and considerations to follow:

- Make sure your priorities are right. What is more important, helping your children / grandchildren or your own financial security? What about your likely income needs in later life and how are these going to be catered for?
- Once this has been established, what is the likely value of the gift / help going to be and when is it going to be needed?
- Do you already have the means, or do you need to save regularly in order to achieve the goals.
- How do you make the proposed gift?

With larger gifts it can become trickier because not only does it involve a greater level of wealth, there is a need to decide how much, when and how the gift is made with gifts made sooner providing more 'value' for the children than in later life when the course of their life is already set.

Fundamentally, helping out children for many people is a key financial goal and the sooner you start to plan for that goal the more successful it is going to be. Beyond this, greater levels of gifting can be made that will have a wider and more significant impact on

inheritance tax but there is normally a balance to be established to ensure that these priorities do not overtake your own needs and wishes especially now we are all living longer.

When the above has been established a plan can be put in place and there are many vehicles that can be used to achieve the goals, starting with junior ISAs or pensions at the simpler end and Trusts or Family Investment Companies which are more complex. We would work with other professional advisers to ensure the right approach and plan was put in place.