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## Intergenerational wealth transfer - you can't spend it twice!

**A major report from the Family Building Society and the Resolution Foundation**

A report published today on intergenerational transfer of wealth, sponsored by the Family Building Society, has found that fewer than one-in-three people expect to benefit from Britain's big inheritance windfall.

The value of inheritances is set to double over the next 20 years, but recipients are in the minority, with fewer than one-in-three (32 per cent) having benefited or expecting to benefit from an inheritance or gift in their lifetime.

Mark Bogard, CEO of the Family Building Society said:

"If you are lucky enough to be in a position to help the next generation financially, you need to think about your own considerations. The thing about money is that you can't spend it twice. If you decide to help your grandchildren, enjoy your retirement, take a cruise, buy a holiday home, how do you know that you won't need it in the future, to fund care, for example?"

"Despite the recent changes to the cap on self-funded care fees, who knows what will be in place in the future? The Treasury would really like for you to pay your own care fees but if you've already spent it, or given it away, they'll be disappointed."

"And what about addressing the crisis in the housing market? We are simply not building enough of the right types of homes for first time buyers and for those who wish to downsize and stay in their own communities. Past and present taxpayer-funded schemes to help buyers have tended to add to demand, push up prices, and do little for supply. We need to build more homes, in the right places that satisfy the needs of all the community. And we need an integrated, long-term housing policy; not the current higgledy-piggledy mess, overseen by 10 different Housing Ministers since 2010."

"As a mutual lender to first time buyers and those coming up to and in retirement, we, at the Family Building Society, saw years ago the growing pressure on the 'squeezed middle'. The generation that sees their children wanting to get on the property ladder while watching their elderly parents enter retirement. We developed products to use assets to best effect. People don't need to be super rich to use assets smartly. We have shown

that this can be done with creativity and with risk minimisation clearly in mind, both for the institution and the individual.”

The report by the Resolution Foundation called Intergenerational rapport fair? draws on a YouGov survey of 8,749 adults and examines the nature and scale of inheritances and gifts in the UK and how these intergenerational wealth transfers affect people’s behaviour.

The report concludes that wealthier and higher-income families are significantly more likely to be recipients, with the richest fifth of earners twice as likely to receive a significant transfer as the poorest fifth (50 per cent compared with 25 per cent).

These transfers of wealth, either gifts or loans have a significant impact on recipients’ lives. A third of gifts (33 per cent) are given in order to help with a property purchase, while six per cent of homeowners say that they would have been unable to purchase a property without the transfer, equivalent to 1.6 million households.

The linked phenomena of growing inheritances and home ownership challenges facing young people – just one-in-twelve of non-homeowners aged 25-to-34 have sufficient savings to afford a 10 per cent deposit on the average first-time buyer home in their region – are likely to increase the role of family wealth transfers in determining many people’s lifetime living standards and increase the pressure on older generations to pass on wealth, the authors say.

The report is available here: [www.familybuildingsociety.co.uk/wealth-transfers-research](http://www.familybuildingsociety.co.uk/wealth-transfers-research)

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**About Family Building Society**

The Family Building Society, launched in July 2014, is a trading name of National Counties Building Society.

1. National Counties Building Society is the UK’s eleventh largest building society, with over 60,000 members and £2.2bn of assets. Operating from its head office in Epsom, Surrey, the Society employs approximately 180 people and offers a range of competitive savings and mortgage products throughout the UK.
2. National Counties Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
3. Eligible deposits with Family Building Society are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK’s deposit guarantee scheme.