BALANCING FAMILY NEEDS AND YOUR OWN FINANCIAL FREEDOM

Supporting loved ones without compromising your future

The 'Bank of Mum and Dad' is a familiar concept to many families. But in today's economic environment, another form of financial support is emerging: the 'Bank of Son and Daughter'. High-net-worth individuals (HNWIs) are increasingly providing for both older and younger generations at the same time, and that can have a real impact on their own long-term goals.

New research from Saltus Wealth Index[1] highlights just how common this multigenerational support has become. While 73% of HNWIs help their adult children, 68% have also provided financial support to their ageing parents or grandparents. Some 12% are supporting both generations at once.

This evolution of financial responsibility presents a unique challenge: how can you help those you care about, without putting your own financial security at risk?

Generosity comes at a cost

Many people want to help their family, especially when loved ones are struggling with rising costs. According to the research, HNWIs are making average gifts of £7,500 per year to help relatives. While this generosity is commendable, it can create significant strain on personal finances, particularly when gifts are being made on an ongoing basis.

By making average gifts of £7,500 per year, many kind-hearted family members are helping parents or children who might otherwise struggle with rising costs

More than one in seven HNWIs have had to restructure their finances in order to continue supporting others. One in eight have even dipped into their pension savings to do so. Others are selling or using investments (30%) or cutting back on their own lifestyle spending (18%).

This level of financial strain can have long-term consequences. Drawing from pensions too early, selling long-term investments, or missing growth opportunities could affect your ability to maintain your lifestyle later in life.

Striking the right balance

Helping family members financially can be deeply rewarding, but it's important to do so in a way that doesn't compromise your own future. In the long term, sustainable giving is better than reactive generosity.

The right approach will depend on your circumstances, goals and family dynamics. That might mean setting clear limits on the support you're able to give, building gifting into your financial plan, or exploring more tax-efficient ways to pass on wealth.

You may also want to consider how your generosity fits into wider estate planning and intergenerational wealth transfer. The earlier you begin to structure this support and understand how it aligns with your own retirement plans, the better positioned you'll be to offer meaningful help without jeopardising your own goals.

Advice can make the difference

Financial planning isn't just about growing your wealth, it's also about protecting it and using it wisely. Working with a financial adviser can help you navigate complex questions, such as:

- Can I afford to gift this amount and still meet my retirement goals?
- What's the best way to support my family without triggering unnecessary tax?
- How should I prioritise between giving now and leaving an inheritance later?

Getting expert guidance allows you to support others confidently, without second-guessing your decisions.

If you're supporting loved ones financially, we can help you build a plan that keeps your goals intact too. Talk to a financial adviser today.

References:
1 Saltus Wealth Index, 2025