



Touchbutton

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Bank of Mum & Dad

It's hardly surprising that HSBC abandoned the idea of being the world's 'local bank' back in 2016, because it was, and still is, quite apparent that the world's truly local bank is literally right on everyone's very own doorstep – the Bank of Mum & Dad.

In the UK, a combination of tougher job prospects and a very high barrier to entry to the foothills of the property market, mean that many millennials are living at home for longer than they probably want.

This is where, when funds allow, the Bank of Mum & Dad steps in. In a tough mortgage market, despite incredibly low interest rates, parents are increasingly digging deep to help their children fly the nest.

"...parents are increasingly digging deep to help their children fly the nest..."

There are plenty of ways to do this, with outright gifts being an obvious and simple solution. Such handouts can take advantage of current legislation concerning lifetime gifts, but expert advice from a professional adviser is important.

There are other solutions too, which can be appropriate for parents with investment portfolios but little in the way of spare cash, or who perhaps do not wish to disturb a portfolio in these unsettled times, or for tax reasons.

"...a loan secured on an investment portfolio can be a tidy solution..."

In such cases, a loan secured on an investment portfolio can be a tidy solution enabling children to move forward and gain independence, without necessarily involving an outright gift.

The baby boomer generation apparently had all the good fortune in property, and a tailwind, for the second half of the twentieth century. It therefore seems fair enough to aspire to be the friendly face of a local bank manager in the twenty first!

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