

Keeping it in the family, to the tune of £35 billion a year

- Last year, UK parents helped their adult children with £29.6 billion of direct financial support.
- In addition, UK grandparents also contributed £5.6 billion, totaling £35.2 billion being passed down to adult children in 2014.
- The biggest single 'bill' for parents is supporting adult children onto or up the housing ladder (£8.3 billion).
- Over half (55%) of 25-29 year-olds say that they could not afford to buy a house without financial help from their parents.

As families start to look at their finances for 2015, the **Lloyds Bank Family Savings report** shows the huge demands placed on parents and grandparents to support their children financially. Last year alone, UK parents and grandparents passed £35.2 billion to adult children.

The majority of this came from parents, who helped with £29.6 billion of direct financial support. Annually, this equates to an average of £753 per head from parents alone, for all UK adults.

With rising house prices and corresponding deposit levels and stamp duty costs increasing, most parental support goes towards helping their children to buy a house. In total, UK parents transferred £8.3 billion to adult children for this purpose in the past year, with those that received this support benefitting from £13,281 on average.

Overall, just under a third (31%) of UK adults say that they could not afford to buy a house without financial help from their parents. As expected, this percentage is higher among younger adults, peaking at over half (55%) of 25-29 year-olds.

The second largest type of support is cash gifts and payments (£5.1 billion annually) and the third largest component is support for buying cars (£2.6 billion).

In addition, UK grandparents also contributed £5.6 billion last year

UK adults aren't just receiving support from parents when it comes to paying for key life events. Grandparents too are helping their grandchildren with over £5 billion of direct financial assistance. Again, most money was provided for the purpose of grandchildren buying a home, totaling just under £1.9 billion, with cash gifts coming second at £1.3 billion and £846 million being put towards help with rental payments.

Philip Robinson, Savings Director for Lloyds Bank said;

"Clearly, the financial demands on parents and grandparents are now huge with billions being given to children each year to purchase things like homes and cars.

“Now, more than ever, saving for the future is really important. Good savings habits like saving small regular amounts each month, particularly into tax free ISAs, can really help to build a savings pot over the longer term.”

The level of support is increasing

With more people taking on further education, and higher associated costs, rising house prices and a challenging job market for young adults, there is no sign of a slowdown in parental support for adult children.

Nearly four in five (78%) young adults (aged 18 to 30) now receive some form of financial help from their parents after the age of eighteen, compared to 60% during the 1980s. Similarly, over a third (36%) now also receive support from their grandparents, more than doubling from 15% in the 1980s.

A large majority of UK adults (70%) still say that they would feel they were letting down their family if they did not save for the future, and two-thirds (66%) feel that children cannot hope to achieve success in life without financial support from their parents. Close to three quarters (72%) now believe that parental financial support will become more important in future.

Overall, more than a quarter (27%) of UK adults say that they will be reliant on inheritance from parents to provide themselves a comfortable retirement. This percentage is highest among adults aged between 31 and 34, at 39%.

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For further information

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Notes to Editors:

Data sources:

Interviews were carried out online by Future Foundation in April 2014. In the UK, 2,057 adults aged 18-64, were interviewed. Broad quotas were set in order to ensure that the age-group and gender profile of adults aged 18-64 in our final dataset reflected those given by the Government Actuaries' Department.