



Building financial security across three generations

Ensure your financial plans support not only your future but also the generations that follow

In an era of rising living costs, longer lifespans and increasing tax pressures, many UK families are beginning to think beyond their own financial future. Increasingly, the focus is shifting towards building long-term financial security that can benefit children, grandchildren and even future generations.

Rather than treating wealth as something built and spent within a single lifetime, families are now exploring ways to structure savings, investments and estate planning so that financial stability can be passed on more efficiently and effectively.

WHY GENERATIONAL PLANNING IS BECOMING ESSENTIAL

Traditionally, financial planning has focused on retirement and later-life income. However, changing economic conditions have made it harder for younger generations to get onto the property ladder, build up savings and achieve financial independence.

At the same time, older generations are living longer and often hold significant wealth in property, pensions and investments. This combination has created a growing opportunity and responsibility for families to consider how wealth is passed between generations.

HELPING CHILDREN GET A FINANCIAL HEAD START

For many families, the first step in generational planning is to support children and grandchildren early on. This may include contributions to Junior Individual Savings Accounts (JISAs), pensions for children or regular gifting to build long-term savings.

Even modest contributions, made consistently over time, can grow significantly through compounding. Starting early allows investments to benefit from decades of potential growth, creating a meaningful financial foundation for adulthood.

Importantly, this approach can also help instil positive financial habits in younger family members, encouraging saving, investing and long-term thinking from an early age.

SUPPORTING RETIREMENT WHILE PROTECTING WEALTH

For the middle generation, typically those in their peak earning years, the focus often shifts towards balancing retirement planning with family support.

This can include maximising pension contributions, using ISAs efficiently and reviewing tax allowances to ensure wealth is structured effectively. It may also involve helping children financially while avoiding any compromise to personal retirement security.

Striking this balance is key. Supporting family members should not come at the expense of long-term financial independence in later life.

PASSING WEALTH EFFICIENTLY TO THE NEXT GENERATION

For older generations, estate planning becomes increasingly important. Without proper planning, a significant portion of wealth could be lost to Inheritance Tax, which is currently charged at up to 40% on estates above certain thresholds in the 2026/27 tax year.

Simple steps such as using gifting allowances, reviewing Wills and considering trust structures can help ensure more wealth is passed on to family members rather than lost to tax.

In many cases, early planning also provides greater flexibility, allowing individuals to transfer wealth gradually rather than making decisions at the last minute.

CREATING A LASTING FAMILY FINANCIAL LEGACY

Ultimately, building financial security across generations is not just about tax efficiency or investment performance. It is about creating long-term stability, opportunity and resilience for family members.

By combining savings discipline, thoughtful planning and professional advice where needed, families can ensure that financial wellbeing extends beyond one generation and becomes a lasting legacy. ■

TIME TO PROTECT YOUR FAMILY'S FINANCIAL SECURITY?

If you would like to understand how to build or protect your family's financial security, explore ways to pass on wealth more efficiently or review your current financial and estate planning strategy, please contact us for further information. A tailored approach can help ensure your financial plans support not only your future but also the generations that follow.

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH.

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"A PENSION IS A LONG-TERM INVESTMENT THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN. YOUR EVENTUAL INCOME MAY DEPEND UPON THE SIZE OF THE FUND AT RETIREMENT, FUTURE INTEREST RATES AND TAX LEGISLATION."

"AN ISA IS A MEDIUM TO LONG TERM INVESTMENT, WHICH AIMS TO INCREASE THE VALUE OF THE MONEY YOU INVEST FOR GROWTH OR INCOME OR BOTH. THE VALUE OF YOUR INVESTMENTS AND ANY INCOME FROM THEM CAN FALL AS WELL AS RISE. YOU MAY NOT GET BACK THE AMOUNT YOU INVESTED."

"HM REVENUE AND CUSTOMS PRACTICE AND THE LAW RELATING TO TAXATION ARE COMPLEX AND SUBJECT TO INDIVIDUAL CIRCUMSTANCES AND CHANGES WHICH CANNOT BE FORESEEN. THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAX PLANNING."

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