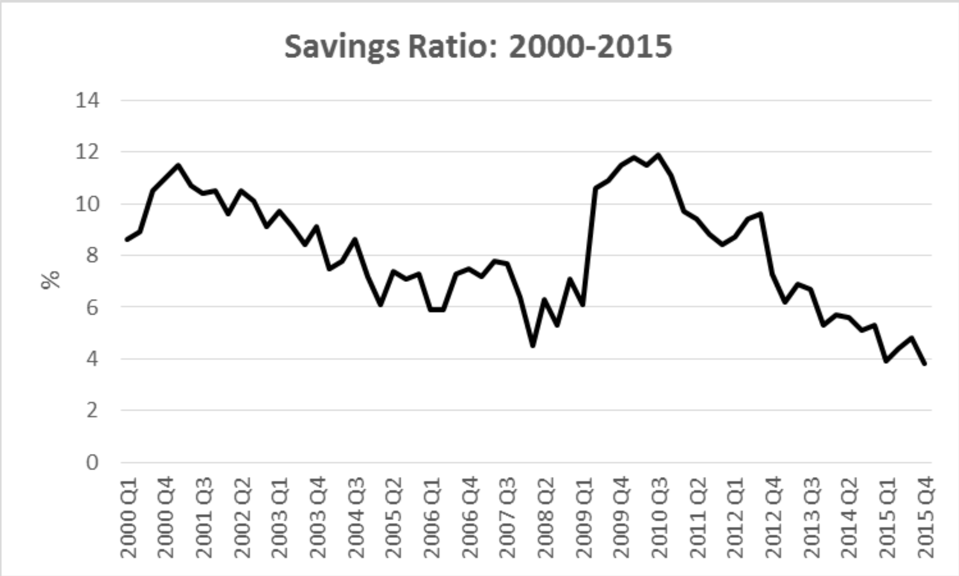
Are your children eyeing up their inheritance already?

Recent research shows that UK household savings are forecast to fall to their lowest rate in over 50 years.



Source: ONS

A report produced by the Centre for Economics and Social Research (CEBR) has forecast that UK household savings will fall to just 3.8% of disposable income this year, its lowest level since 1963. The ratio was nearly 12% as recently as 2010, as the graph above shows.

The same research found that nearly two thirds of the over-55s felt “confident and supported”, while just over a third of 35-44 year-olds felt the same way. The corollary was that 61% of the younger age group thought they were not saving enough for their future while 45% of the 55+ baby boomers took the same view.

The falling savings ratio has a variety of causes including the low/no wage growth many have experienced since 2008 and the increasing cost of housing. It helps to explain government initiatives, such as the Lifetime ISA, aimed at encouraging the under-40s to save.

If you are a member of the lucky baby boomer generation, then one reading from the research is that your children (and grandchildren) are relying more heavily than ever on an inheritance to bolster their finances. Increasingly, that is being accelerated to mean lifetime gifts – witness the importance of the bank of Mum and Dad in many first time buyer housing transactions.

All of which means that your estate planning has also assumed more importance earlier than you might have expected.

The value of tax reliefs depends on your individual circumstances. Tax laws can change. The Financial Conduct Authority does not regulate tax and trust advice.