

One in seven HNWs feel extreme financial pressure supporting multiple generations

- One in seven (14%) High Net Worths (HNW) who have children and parents either living with them or financially dependent on them, or both, feel under extreme financial pressure in looking after them,
- One in ten (9%) of the “squeezed middle” - those with children and parents who are financially dependent on them - say they’ll have to break into their pension to support them
- Four in every ten of the squeezed middle (41%) agreed that they will not be leaving their family any inheritance so they can fund any care needs themselves.

One in seven (14%) High Net Worths (HNW) who have children and parents either living with them or financially dependent on them, or both, feel under extreme financial pressure in looking after them, according to research from wealth manager Charles Stanley.

The current economic landscape means individuals - even wealthy ones - are having to navigate a higher inflationary environment, high interest rates, increasing care costs, as well as managing an increased cost of living. Many are feeling the squeeze on their finances, resulting in generations being financially reliant on one another for support, whether it’s living with family or being financially dependent on them in some way. Arguably this impacts the “squeezed middle” generation most - those who have both children and parents financially reliant on them for support.

When thinking about those financially dependent on them, 14% of those who have both children and parents reliant on them say they’ll have to dip into their savings to support them. A further one in seven (14%) say they feel stressed when thinking about it, and another 14% say they feel anxious when thinking about being financially counted on. Concerningly, one in ten (9%) have said they’ll have to break into their pension to support generations that are financially dependent on them. That said, 32% of the squeezed middle say they are proud to support those who depend on them.

While many may be supporting generations, the cost of financial dependency can derail the best laid financial plans. The research found that on average the squeezed middle are spending £1,438 on a monthly basis supporting their children, covering such things as mortgage, rent, school fees, bills, and food shopping, and £1,288 on parents. This means individuals could be left significantly out of pocket representing a potential £33,000 a year drain on finances that could be used to fund retirement.

In providing some form of financial support, whether it’s living accommodation or other financial help, there are financial repercussions that may be felt. According to the research, 41% of the squeezed middle agreed that they will not be leaving their family any inheritance so they can fund any care needs

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themselves. Almost two thirds (62%) say they expect financial support from their children when they reach retirement.

Harry Bell, Director of Financial Planning at Charles Stanley, comments: “In recent years it has become more commonplace for generations to be more financially reliant on one another. Whether that’s younger people staying at home for longer until they can afford to move out, or older generations needing help with later-life care, this results in the squeezed middle generation feeling the impact most. Crucially, while financial support may be priceless at the time of need, it can have huge consequences in the longer term.

“Maintaining multiple generations’ needs can be overwhelming, and a balance needs to be struck on whose needs come first - it may be a cliché, but one must put on their own oxygen mask before helping others. Proper financial planning can go a long way to ease any financial burdens over the long term, as well as help evaluate what are short- and long-term financial priorities. It’s vital that individuals therefore seek the right advice to understand the current state of their finances, and what this means for them in later life.”

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Methodology

Research was carried out for Charles Stanley by Censurwide. It surveyed 1,007 HNW respondents - with either £200k investable assets or £200k household income. Minimum 250 respondents aged 60+ and minimum 50 respondents from Northern Ireland. Survey conducted between 12.01.2024 and 17.01.2024.

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