JUST.

NEWS RELEASE

Tuesday 18 October 2022

Advisers predict increase in 'living inheritance' due to cost-of-living crisis

- **Price-squeeze set to drive up number of clients gifting cash to adult children.**
- **Two-thirds of advisers are braced to question financial generosity of Bank of Mum and Dad.**

Advisers are predicting that the cost-of-living crisis is likely to increase the number of clients seeking to give lump sum cash gifts to adult children.

Research among more than 200 adviser firms for the **Just Group Care Report 2022**[1] found that more than four in 10 (42%) thought the price-squeeze would increase the number of clients looking to give a living inheritance in the short term. Only 24% thought the cost-of-living-crisis would decrease the number of their clients looking to give a living inheritance.

Nearly all advisers (91%) reported having clients who had gifted or were planning to gift cash while they were still alive rather than bequeathing it through their will after death. The main reasons for making the gifts were for a housing deposit, education fees, for weddings and to help with the current cost-of-living crisis.

But two-thirds of those advisers said they would need to challenge some clients wishes. The key reasons for challenging clients were because the gift could leave them short of income in later life (64%), because they don't have enough to give away (52%), or because they had not considered care costs in later life (37%).

Stephen Lowe, group communications director at retirement specialist Just Group, said: "Understandably, people want to help their children financially, but advisers have an important role managing their clients' decisions to hand over cash if it could leave them short in the future.

"Our latest Care Report highlights the reluctance among many over-45s to plan for care and the important role advisers have in opening their eyes. It could lead to some difficult conversations because future care costs are what could be called a 'known unknown' that loom large but are currently impossible to quantify."

He said that the funding reforms due to be implemented in England in October 2023 are a big step forward due with the £86,000 cap on care costs giving people something solid to work with.

"The introduction of the cap on personal care costs is a good opportunity for advisers to talk to clients about potential care needs and costs. It will be important for clients to know that the cap won't be the limit of what they will be expected to pay because on top will be Daily Living Costs – food, utilities and accommodation in a care home – plus the cost of any extras."

Four in five (79%) over-45s have not thought about care, planned for it or spoken to family about it. A quarter (26%) of them said the main reason was that they were too young to think about it, a similar number (24%) thought it was too depressing to think about, and one in five said either it costs too much to think about (11%) or the system is too confusing (9%).

He said it was important that the reforms planned for next year go ahead. "The cap on care costs has broad support but the devil is in the detail – and it will need to be accompanied by a strong government communications campaign to help people understand their own responsibilities and the point at which the State steps in to help.

"The changes could start to shift the country from the current care crisis to a more stable and well-funded system the nation can be proud of. There is an important role for advisers to help people prepare for potential care costs, giving them peace of mind and saving them from what can often be a brutal shock of having to access very expensive professional care later life."

Enquiries

Media

Stephen Lowe, Group Communications Director

Lucy Grubb, Head of Media & PR

Telephone: +44 (0) 1737 827 301
press.office@wearejust.co.uk

Temple Bar Advisory

Alex Child-Villiers
William Barker
Sam Livingstone

Telephone: +44 (0) 20 7183 1190

Notes to Editors:

About the research

1: Just Group Care Report 2022 – Social Care: A decade in review:
https://www.justgroupplc.co.uk/~/media/Files/J/JRMS-IR/news-doc/2022/just-1863-10th-anniversary-2022-care-report.pdf

About Just

Just (Just Group plc) is a FTSE-listed specialist UK financial services company.

A leader in the individual retirement income, care and defined benefit de-risking markets, Just has been trusted to manage around £23 billion of customers' retirement savings and has helped customers release more than £6 billion from their properties.

Just provides the following wide range of products, advice and professional services to individual customers, financial intermediaries, corporate clients and pension scheme trustees:

Marketed Products

- De-risking solutions for pension scheme trustees who want to remove the financial uncertainty of operating defined benefit pension schemes;
- Individually underwritten retirement income products delivering a guaranteed income for life;
- Long term care plans that provide those people moving into residential care with peace of mind by knowing a regular payment will be made to the care provider for the rest of their life;
- Lifetime mortgages for people who want to safely release some of the value from their home.

Professional services

- Regulated financial advice and guidance services for individuals wanting help in using their pension savings and/or releasing some of the value from their home; and
- A range of business services tailored for our corporate clients, ranging from consultancy and software development to fully outsourced customer service delivery and marketing services.

The companies within Just Group are authorised and regulated in the United Kingdom by the Financial Conduct Authority and / or the Prudential Regulation Authority.

www.justgroupplc.co.uk

@wearejust_pr