



Planning for the Great Wealth Transfer

Specialists in investment management



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Intergenerational Wealth Transfer

Transferring wealth from one generation to another will impact every one of us at some stage of our lives.

Financial advisers help families navigate this complexity, planning for the inevitable and providing often invaluable support when it occurs. With the average age for inheritance now 61¹, individuals are not only faced with challenges planning how best to utilise any inheritance but are also planning for their own retirement and later life.

Given the value financial advice can add at this life stage, intergenerational wealth planning is a core part of many firms' advice proposition. The decisions advisers make alongside and on behalf of their clients will have significant implications for the families involved. It is therefore important to understand consumer expectations and how other advice firms are approaching this topic.

To help advisers navigate this topic, we commissioned finance industry consultants. The Lang Cat and YouGov to conduct both adviser and consumer research. We wanted to explore:

- How family dynamics impact the services that advisers are offering
- What consumer expectations are for giving and/or receiving an inheritance, and
- The services their adviser will offer them.

Advisers know that open communication and planning within families can help ensure that wealth transfers meet the needs of both the givers and receivers, fostering financial stability and reducing potential conflicts.

We hope our research shines a light on how other firms are approaching these challenges, and how consumers expect advisers to support them and their loved ones.



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Intergenerational Wealth Planning

Transferring wealth can be a complex and emotive process.

Wealth transfer is as complex as it has ever been. With the “Great Wealth Transfer” over the next 30 years estimated to be in the region of £5tn to £7tn, aspects that are expected to change include:

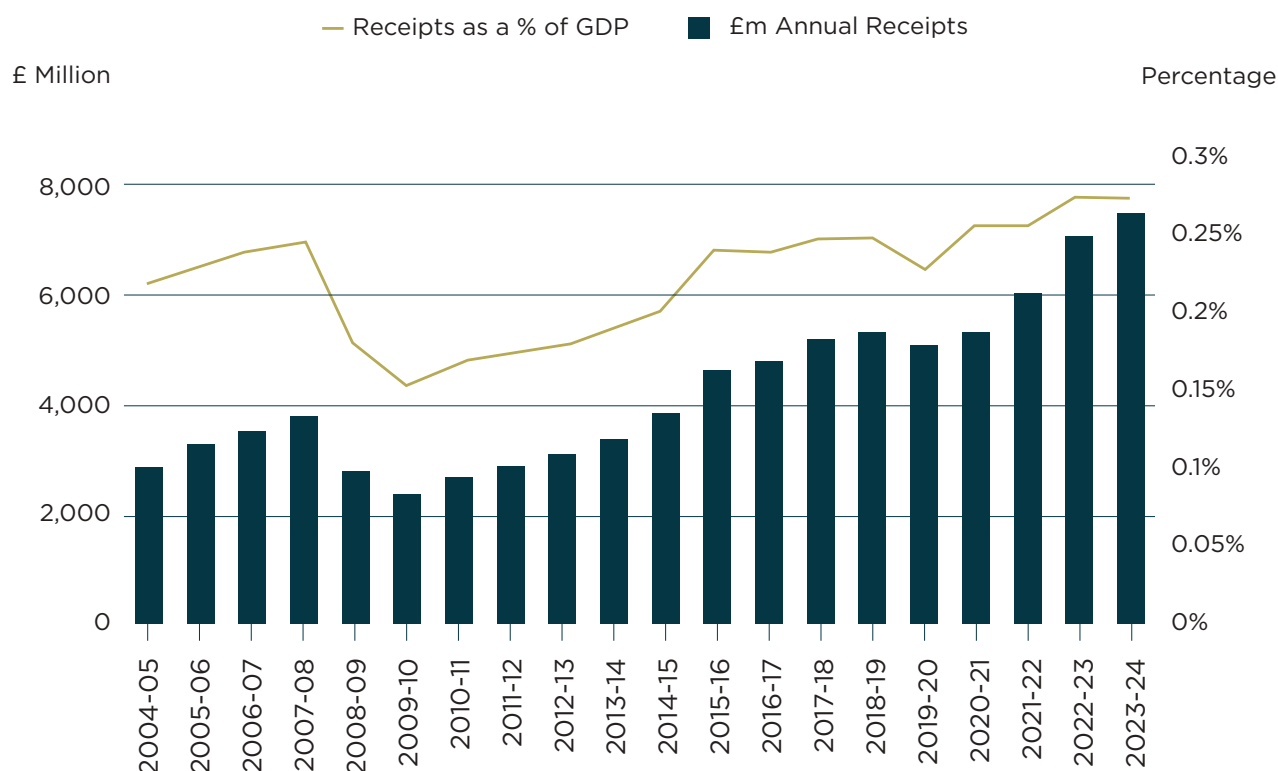
- When the transfer occurs
- What it is used for
- Who it moves to
- Where it comes from, and
- How much is available.

In the tax year 2021 to 2022, 4.39% of UK deaths resulted in an Inheritance Tax (IHT) charge, 0.66% more than in the prior year. Whilst IHT is payable on fewer than 1 in 20 estates, this proportion is now at its highest level since the 2016 to 2017 tax year.

Overall, the total number of UK deaths that resulted in an IHT charge has increased. In the tax year 2021 to 2022, there were 27,800 taxpaying IHT estates, an increase of 800 (3%) on the previous tax year.

Tax liabilities are now at their highest level on record, reaching £7.5 billion in the year 2023-2024 and nearly doubling over the last decade².

Figure 1 - Inheritance Tax liabilities



Source: HMRC



A changing population

The UK population continues to age, with the number of people aged 80 and over in England alone set to double from 3 to 6 million in the next 40 years². The average age at which people are having children is also rising³.

Research from the Resolution Foundation⁴ estimates that, based on their parents' life expectancies, **the most common age at which today's 20 to 35-year-olds will inherit will be 61**. This has profound implications for financial planning, with many people inheriting wealth much later, and gifting during the lifetime of a donor becoming more frequent.

ONS stats² show that:

- Those under 45 are the age group most likely to receive cash gifts or loans from friends and family to the value of £500 or more, and
- Those aged 55 to 64 are the most likely to receive an inheritance.

People born in the 1980s are expected to inherit, on average, five years later than those born in the 1960s. Many 'millennials' may not receive inheritances until they are at or in retirement.³



Cost of living continues to bite

Drivers for lifetime gifts include the need for housing deposits, help with rent or other day-to-day expenses. The cost-of-living crisis continues to bite, with more than half of adults having stopped saving or investing, lowering their savings amounts, or using their savings to meet their daily expenses⁶.

The cost of housing has become substantially more expensive as a proportion of income. **In autumn 2023, full-time employees in England could expect to spend 8.3 times their earnings purchasing a home**. The last time house prices were as expensive relative to average earnings was in 1876⁷, when Benjamin Disraeli was the UK Prime Minister.

Whilst today's parents and grandparents won't remember quite that far back, they were likely starting their careers and families in a very different financial environment. Adding to the pressures of housing and day-to-day expenses, their children and grandchildren may face substantial debt which they didn't incur, such as the almost 1.8 million people with student debts of more than £50,000⁸.

These pressures and the recent Budget changes are motivating the older generation to think about how they can provide financial support sooner rather than later.



The complexities of family structures

Since 2011, there has been a substantial increase in the number of people who are divorced, have never married or are living alone. For example, the number of people aged 50 and over who have never married has almost doubled in 10 years⁹.

This has implications for financial decisions, as surviving partners and any children will not have the same rights, or be subject to the same tax rules relating to inheritance, as those who are married or in civil partnerships. **Given that over half of UK adults haven't made a Will¹⁰, the potential for estates to be split multiple ways is high**, as are the costs of administering the process.

In general, women are living longer and are more likely to inherit from their husband or partner than vice versa. Although this isn't a new development, the complexity of modern pension arrangements means they may have to make more decisions than previous generations, who might have been the beneficiaries of a husband's defined benefit scheme and had little say in how it was invested or how they might benefit from it.



What is being passed down?

Property and retirement savings account for a significant proportion of the wealth available to be passed on. According to 2021 Census¹² data, the median total wealth amongst those aged in their early 60s was almost nine times as high as for those aged in their early 30s. Property wealth rises across all age groups and pension wealth peaks, as you might expect, as individuals approach State Pension Age.

It is notable that today's younger generations are less likely to own their own home than their predecessors.



Spreading the cost

At the last Census, households where **the head of the family was retired were the wealthiest age group, with average net wealth of almost £490,000¹³**. They had lower expenditure and the most stable primary income source, as might be expected when a proportion will be the beneficiaries of defined benefit pensions.

This does not mean that all wealth held by older generations will be available to pass on to others. Although life expectancy is significantly longer than it has been in the past, these extra years may not always be spent in good health. This means that the cost of care will need to be accounted for, either explicitly in the form of care home or carer fees, or in the opportunity costs of family members who give up paid employment to provide unpaid care.

With nursing home fees averaging around £1,078 a week¹⁴, even a few years in care could take a substantial portion out of any money available to pass on to future generations if plans have not been put in place for funding care.

How is the industry preparing to cope?

Given the clear and urgent need for advice in this area, the age profile of the advice industry itself is a cause for concern.

More than half of the advisers authorised to provide retail investment advice are over 50, which would not in itself be a worry, but the proportion under 30 has fallen from 8% to 6% in the last two years¹⁵, suggesting the pipeline of younger advisers is not as healthy as it needs to be.

Those who expect to inherit and those who want to transfer their wealth to future generations may therefore rightly have questions about how that process will be managed, and what level of continuity will be in place.

Adviser Research

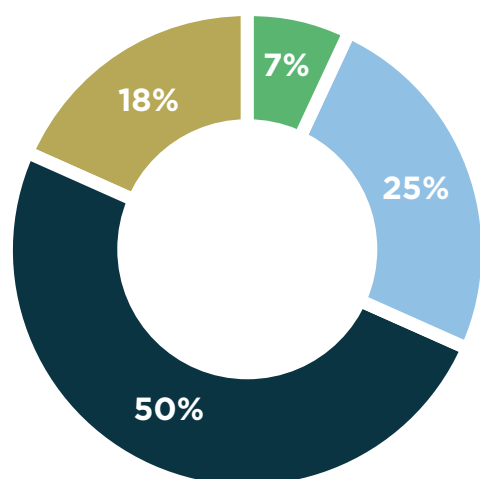
We wanted to understand how financial advisers are tackling wealth transfer, from the perspective of the services they offer, as well as shining a light on subjects such as adviser training and succession planning within the business.

Our adviser research was conducted in August 2024 through The Lang Cat's adviser research panel. The survey was completed by 151 advice professionals, and a dozen follow-up interviews were also held.

Of those responding, 74% are advisers, either employed or business owners. The remaining respondents are in compliance, paraplanning and administrative roles. Over three-quarters (77%) of respondents work for, or own, Independent firms, with the remainder being Restricted.

Who are the clients?

Whilst firms will typically serve a range of clients, both the mean and mode age sits at 60 - the average age that people can expect to inherit.



What % of your client bank sits within the following age segments?

● 18 - 35 ● 36 - 55 ● 56 - 75 ● 75+

Our respondents estimate that only **13%** of client assets are held within a trust

Whilst intergenerational financial planning is likely to be hard baked into the services offered to clients, **it is rare that an inheritance is the trigger for a new client to take advice.**

Over half of the advisers surveyed felt that only a minority of new clients are recent inheritors, and interestingly none said the majority of clients fall into this camp. It is clear that there are other drivers beyond inheriting behind clients deciding to engage a financial adviser.

Working with clients

We wanted to understand the services advice firms are offering and whether they engage a client's wider family.

When working with your clients, will you also serve the wider family unit?

77%

We will always try to include the wider family, and will suggest this to the client, but it is up to the client to decide

17%

Yes. As a matter of course

6%

Only if the client asks directly

When advisers do engage the wider family, it tends to span multiple generations including the partner/spouse. The anecdotal response below extends this multi-generational approach to the client's parents as well as in-laws and the wider family unit.

“ I’ve heard advisers say in the past, ‘I’m only going to deal with the husband and the wife.’ Well, who am I to dictate to people how they manage their affairs? You’ve got take into account whatever’s going on in individual family dynamics.”

Charging structures

Whilst most advice firms try to include the wider family in the advice process, when we asked how these clients and/or families are charged for their advice services, we see a range of approaches being adopted.

- Almost a third of respondents will treat each family member as a client in their own right, whereas
- Another third will charge the family unit as a single entity.

We also see firms charging family members a lower fee, or a more hybrid approach depending on the client circumstances and the nature of the services being offered.

“ We offer a client loyalty discount after 10 years. It encourages clients to stay as their focus is on the long term.”

“ If the parent passes, and the portfolio is split amongst the family into smaller pots, unless they have their own adviser, will always continue working with them. We look at the bigger picture, over time those pots will grow, they will start adding in their own assets.”

When advising on the wider family unit, how do you charge members for your advice?

32%

The wider family members are treated as **separate individual clients** in their own right and charged accordingly

33%

We charge the family as a **single entity**

17%

The wider family members are **charged separately**, but at a **lower charge** from the main client

18%

A different way

Wills and Power of Attorney

Given the ages mentioned previously, with such a strong focus on clients transitioning through retirement, and the involvement of their wider families, it is no surprise to see advisers are providing more holistic financial planning services, utilising external specialists as and when required.

How does your firm advise clients on Wills and the financial Power of Attorney process?

“We discuss clients’ Wills and check that they are in line with their intentions, usually with their solicitors. We recommend to most clients to set up a financial LPA and have many clients who are using them so we are very comfortable with that situation.”

“We refer to a couple of solicitors/Will writers who keep us in the loop with regards progress. We advise all clients whatever age to have Wills and Power of Attorney.”

“It is part of our basic fact find and recommendations. We revisit at review and remind client of the importance.”

“Definitely do not do equity release, if that’s part of the solution we’ll outsource. Happy to start the conversation around long-term care but then will refer out. Same with Wills and Power of Attorney cases, which get referred to one of three solicitor practices.”

“These areas can involve Financial Planners, but we have always involved professionals skilled in these areas working together with Financial Planners.”

Gifting

For many clients it might be appropriate to consider gifting as a potential way of reducing IHT liabilities, especially following last year’s Budget (Autumn 2024). Where gifting does occur, housing and education are the two main uses for the beneficiaries, indicating that the “Bank of Mum and Dad” is alive and well, passing on wealth to children (or grandchildren) to help them starting out in life.

When wealth is gifted before death, for what purpose are the clients and beneficiaries typically using these assets?



“ People are more circumspect about charitable giving... People want to be more certain they’ve definitely got enough money for the rest of their lives before they start doing that.”

“ First death tends to be more at front of mind for couples, ensuring that the surviving spouse is looked after.”

A continued relationship?

On the death of a client, advisers find themselves in the privileged position of being able to help and support families.

The importance of this support cannot be overstated, ensuring vulnerable individuals are able to navigate the financial situation, and manage the plans that have been put in place.

The value that advisers add can be seen through our research when we asked whether the family relationship is likely to end on a client passing away. For most respondents, it will vary by client/family, with only 3% saying the relationship ends most of the time.

“It can be very difficult for advisers when clients pass away. The best thing you can do is to make sure the family know you are available to help with practical stuff, for example liaising with lawyers. But tricky to get balance right between being there but not getting in their way.”

If client assets are lost it tends to be as a result of the beneficiaries spending their inheritance. The strength of the relationships advisers have with their clients and wider families means it is rare that clients will move to another firm.

“I’ve certainly had a couple of situations where I’ve thought: ‘This isn’t really going to be an ongoing client relationship.’ You kind of feel like you have an obligation to your ‘late’ client to help the children. The firm tends to do this at its own cost.”

“There is a wealth gap between generations – as monies are passed on, it is often diluted amongst the family, with property purchases/mortgages paid off. This will inevitably mean that the “AUA” is vastly reduced, but this is the right thing for the client.”

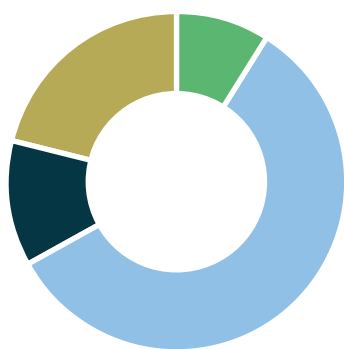
Delivering the advice

As we saw earlier, 77% of respondents work for or own Independent firms, with the remainder being Restricted - 75% of these firms have five or fewer advisers.

75%

of these firms have **five or fewer** advisers... reflecting a market dominated by smaller firms.

The average age of the advisers in these firms is 49: around 10 years below the average age of the clients being served. This raises questions about the advisers' own retirement and succession plans, with just over a third having formal succession plans in place.



If client assets are lost due to a client passing, where does the business tend to go?

- **58%** Beneficiaries spending their inheritance
- **21%** Don't know
- **12%** Beneficiaries saving and investing, but without advice
- **9%** To another adviser



Does your firm have any formal succession planning in place for advisers?

- **66%** No
- **34%** Yes

“ I'm coming up to 60 years old, so clients are starting to ask me what my plans are. They're not daft. The client may be 75 and thinking: 'He's going to retire during my lifetime, so what am I going to do?' **”**

“ If there are children in their 30s, they will be advised by younger associates in the business. So not dealing with the original adviser but still dealing with the firm. We try to match [the adviser] with the age and life stage of the client.” **”**

Most advice firms have a strong focus on delivering intergenerational advice to their clients. It is therefore perhaps surprising that over a third of respondents said they do not undertake any specific training in this area.

Does your firm undertake any specific adviser training and/or Continuing Professional Development (CPD) to help with intergenerational planning?

54%

Yes, but as part of our wider training and CPD

38%

No

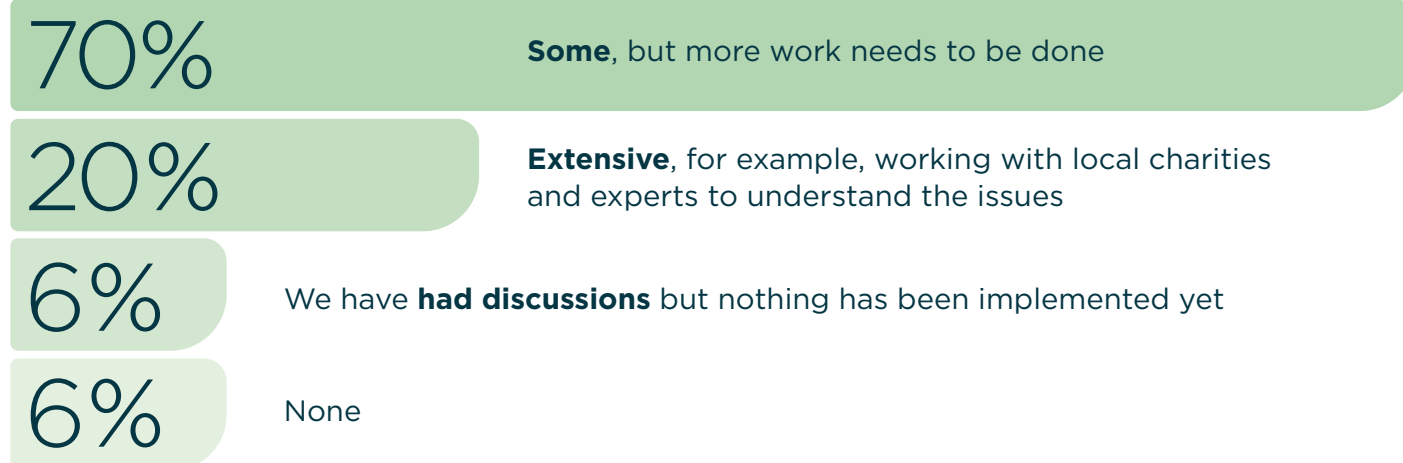
8%

Yes, we have regular training specifically on this subject

Where training does take place, three-quarters of firms will also cover the different needs that clients might have as they transition towards later life, and how advisers might need to adapt their services and communications when working with different family members.



What training does your firm provide to deal with expected issues of vulnerability for your target customers?



Whilst there might be a gap for specific training around intergenerational planning, it is encouraging to see what action most firms are undertaking regarding vulnerable circumstances for their target clients, especially with more FCA work expected on this subject soon.

“The impact of bereavement may not be apparent at the time – clients may look back in future and realise they were vulnerable and making poor decisions without realising.”

“We treat all clients involved in intergenerational wealth transfer as vulnerable, whether they consider themselves to be or not.”

Consumer Research



Having explored how advisers are tackling intergenerational advice, it is time to turn our attention to consumers.

This research is presented to you in three parts:

1

Planning and awareness - we wanted to understand how a sample of consumers are preparing to give or receive an inheritance

2

Receiving an inheritance - what these consumers plan to do if or when the wealth is passed along

3

Working with advisers - a look at those who have paid for advice in the last 24 months and how they found the experience of working with their adviser.

All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,003 adults. The survey was carried out online between 30 August and 5 September 2024. The figures have been weighted and are representative of all UK adults (aged 18+).

1 Planning and awareness



We started our research by asking whether our respondents are expecting to give and/or receive an inheritance.

43%

I am expecting to **receive** an inheritance

51%

I plan to **leave** an inheritance in the future

41%

I have already **received** an inheritance

7%

Don't know

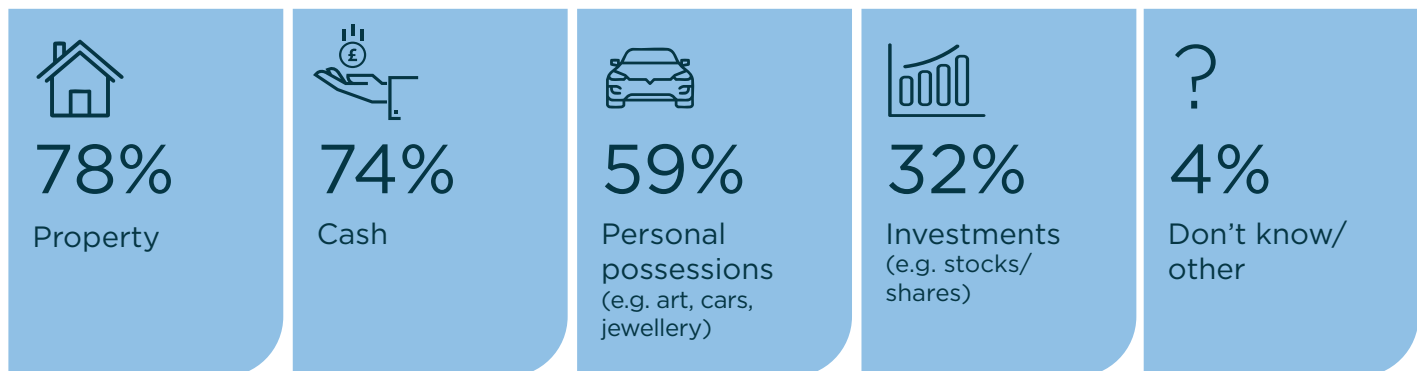
9%

I am **not** expecting to give and/or receive an inheritance in the future

Looking beneath these headlines reveals the kind of results you would expect; younger respondents are more likely to believe they are going to receive an inheritance, with the retired, married and those with children more likely to be planning to pass on an estate.

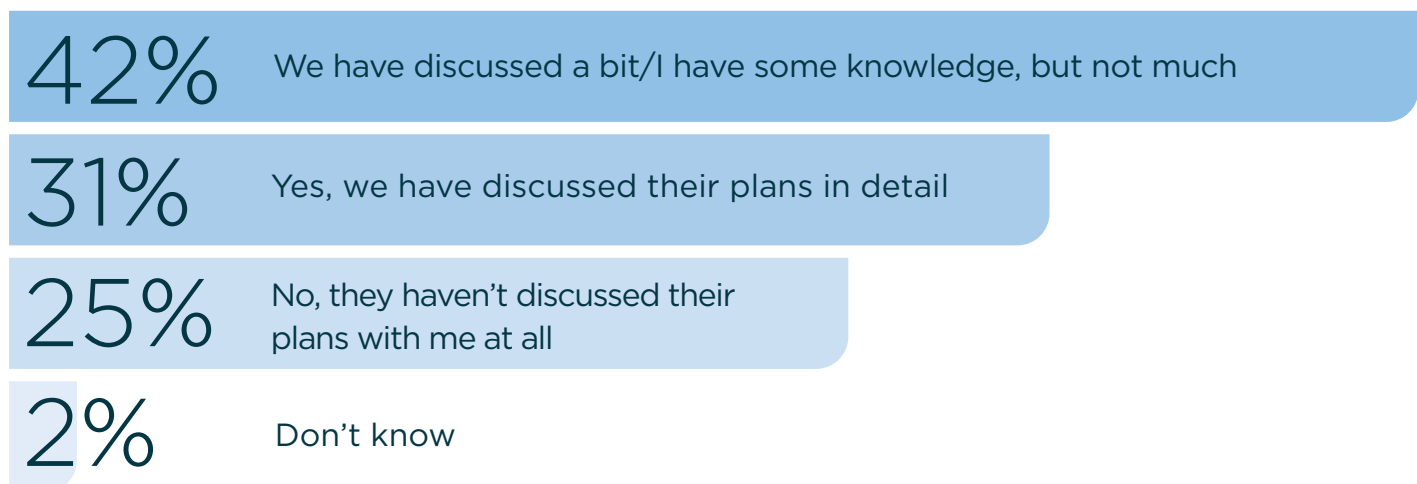
In terms of the asset types or belongings expected to form part of the inheritance, again this paints a familiar picture, with **property and cash being the most likely asset classes**. Investments are more likely for those living in London and the South East of England, and people with children.

Which types of assets/belongings do you expect to inherit in the future?



As every adviser will know, a key part of planning for inheritance is discussing the plans with the wider family. **Despite our research indicating that over half of the population are planning to leave an inheritance, over a quarter have not discussed their plans at all.** Women are more likely than men to have discussed in detail the inheritance they may receive, but conversely men are more likely not to know what plans are in place.

Has the person from whom you expect to inherit discussed their inheritance plans with you?



Whilst this lack of communication between wider families might seem alarming, most respondents view any potential inheritance as a “nice to have” in terms of their expectations for retirement income. Although **39% of respondents say they will be relying on inheritance come retirement**, pension assets (both state and personal) appear higher on the list.

What are the main sources of income you believe you will rely on once you retire?

State pension	62%
Company pension	59%
Independent savings	50%
Inheritance	39%
Working part-time to supplement your income	28%
Other investments (outside of your pension)	27%
Selling a property and/or downsizing	20%
Social security/state benefits	13%
Don't know	5%

The lack of communication amongst some consumers is potentially exacerbated by a lack of confidence, or in some cases overconfidence regarding Inheritance Tax rules. This has been amplified since the 2024 Autumn Budget.

Consumers are not expected to have the level of understanding of a professional tax adviser, however just over half say they are at least confident in their own abilities. This is an area where we see a noticeable gender split. Men are more likely to be confident in their own abilities, whereas women are not.

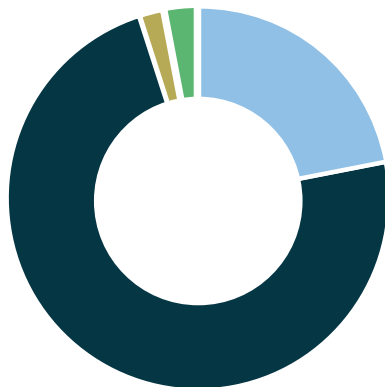
Thinking about Inheritance Tax, how confident are you in your understanding the rules and laws about inheritance tax?

52%
Confident

48%
Not Confident

This report explores how advisers may need to adapt and tailor their communications to different audiences, especially considering the Consumer Duty's 'consumer understanding' outcome. This is a good example of where the research highlights this exact need.

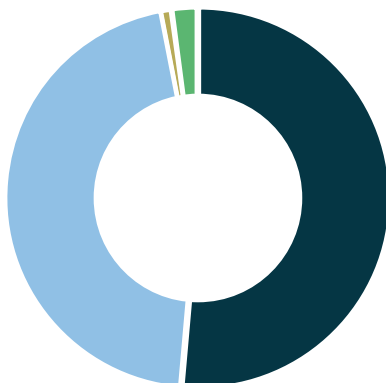
A vital part of inheritance planning is creating a Power of Attorney (POA) and ensuring there is a Will in place. For the former, only 22% of respondents have a POA in place. This does rise throughout the ages, however over one-third of over 55 and older respondents do not have one.



Do you currently have a Power of Attorney in place to manage your financial and legal matters if you are unable to do so?

- **73%** No
- **22%** Yes
- **3%** Prefer not to say
- **2%** Don't know

The picture is slightly better for Wills, however almost half of respondents do not have one. Again, there is a significant difference in age bands here, with 80% of the over 55s having a Will. Consumers who have paid for advice in the last two years are more likely to have a Will in place, however 1 in 3 of this cohort still do not have a Will in place, proving a need for further conversations amongst consumers and advisers.



Do you currently have a Will in place?

- **51%** Yes
- **45%** No
- **2%** Prefer not to say
- **1%** Don't know

2 Receiving an inheritance



The next part of our research investigated how consumers expect they will act when they receive an inheritance. Firstly, sticking with the theme we identified in the first section regarding confidence (or over-confidence) in understanding tax rules, we asked how confident consumers would be in managing the inheritance itself. This is another question where we see a noticeable gender split, again with males more likely to feel confident than female consumers.

How confident are you about managing the financial affairs related to your inheritance?

52%
Confident

48%
Not Confident

When asked what consumers expect to do with their inheritance, the most popular responses are new investments and settling existing mortgages/debt. Several consumers also identified property as a potential source for these investments, whether as a “Bank of Mum and Dad” purchase for children, a second home or home improvements.

Thinking about the inheritance you are expecting to receive, which of the following do you plan to do with it?

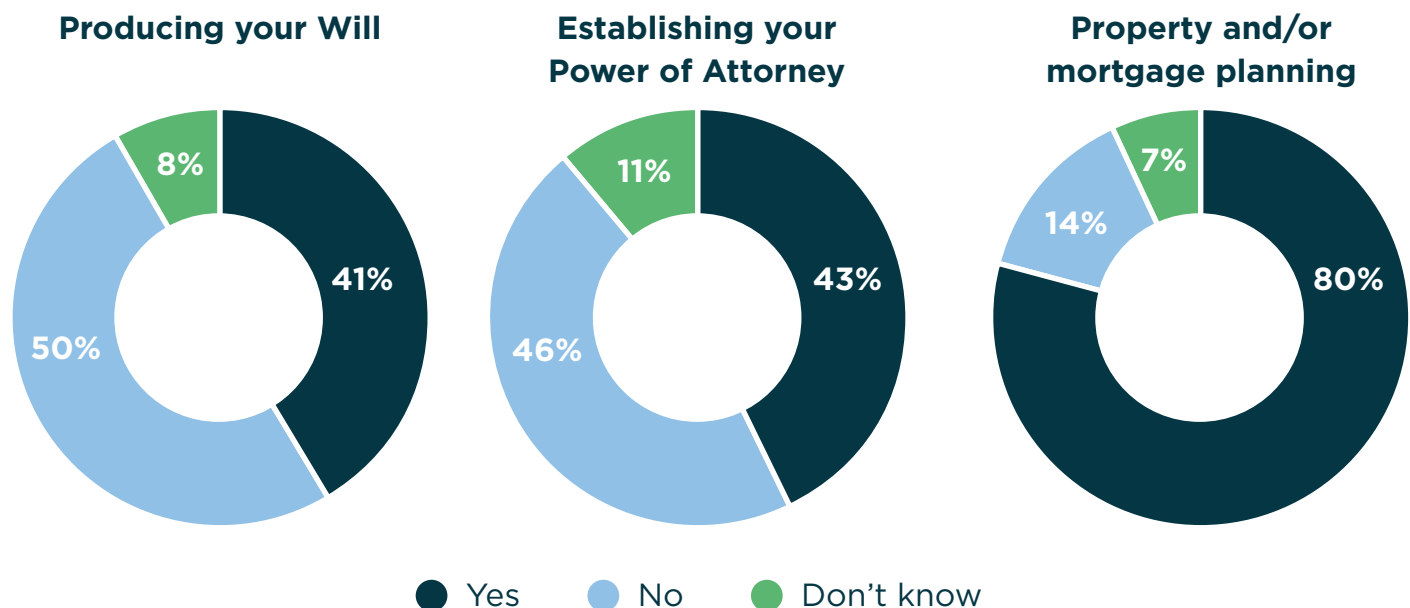


We also wanted to understand whether consumers would consider using a financial adviser to help when receiving an inheritance. **57% of respondents said yes, however these are more likely to use their own adviser than the adviser** used by whoever they inherit from. As we will see in section three, this reflects where advisers could do more to encourage direct referrals by working more closely with the wider family and beneficiaries.

If consumers do decide to use a financial adviser, there is a clear expectation that the advice will not only cover financial planning but also, if required, mortgage and property planning. However, most consumers do not expect Wills and POAs to feature.

Considering the number of consumers without either of these in place (as we saw above), this is an area where advisers can add considerable value and help avoid foreseeable harm.

Would you expect your financial adviser to also help with each of the following?



There is also a high expectation that the advice **should include any spouse and wider family** as part of the overall service. This expectation is higher amongst males (64%) and married couples (74%). Amongst households with three or more children an overwhelming 84% of respondents answered yes.

Whilst it is encouraging to see that there's demand for more holistic advice, it also comes with an expectation that it should be charged for "as standard". 39% of respondents said the wider family should be involved immediately, and with no additional cost.

When would you expect your financial adviser to start involving your spouse and/or family?

Immediately, with no additional cost – I expect them to advise my spouse and/or family as soon as they start advising me, within the same fee plan **39%**

After discussing my future plans – I expect them to involve my spouse and/or family only after we've had a discussion about my future plans and assets **32%**

Immediately, but with an additional cost – I expect them to advise my spouse and/or family as soon as they start advising me, but with an additional fee **20%**

After my passing – I expect them to involve my spouse and/or family only once I have passed and my family has received my assets **4%**

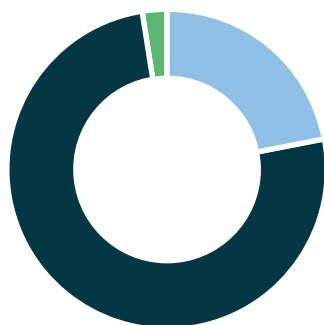
Don't know **4%**

3 Working with advisers



For the concluding section, the goal was to understand how consumers who have paid for financial advice feel about the outcomes and experience they are receiving.

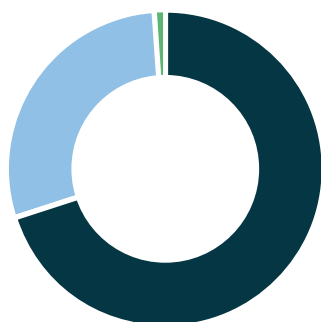
In terms of service expectations, **66% of respondents expect their adviser to include their spouse and/or wider family** as part of the advice being provided. This rises to 76% for those who are married, and 94% for those with three or more children.



Would you expect your financial adviser to also provide financial advice to your spouse and/or family as part of the financial advice service they provide to you?

● 66% Yes ● 26% No ● 7% Don't know

There is a similar response when we ask whether this has happened. For just over two-thirds of clients the answer is positive. Again, this rises amongst the married and with children segments, however 12% of married respondents and 16% of those with children say that their advice has not involved their wider family.

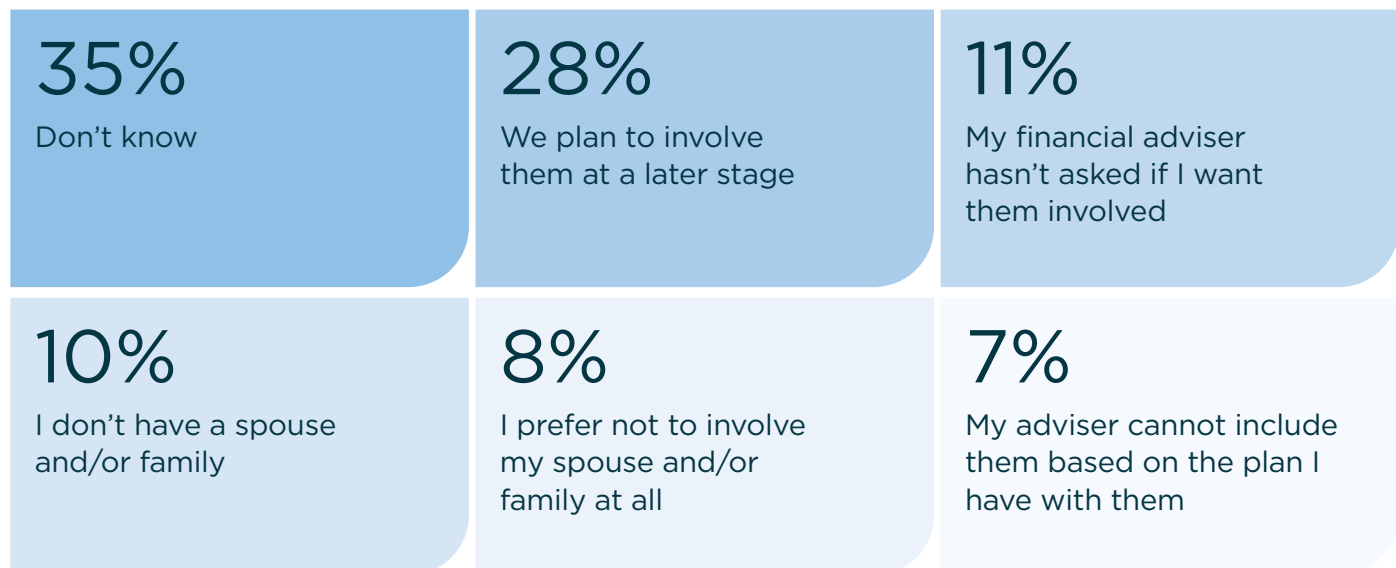


Has your financial adviser involved your spouse and/or family in the process?

● 70% Yes ● 29% No ● 1% Don't know / Can't recall

When we asked why the wider family have not been involved, for some respondents this is down to their own preferences or not actually having a spouse or wider family. **However, 1 in 10 respondents stated it is because the adviser has not asked**, with a further 7% indicating that it is not possible under their current service arrangement.

Which best explains why your financial adviser has not involved your spouse and/or family?



Wills and Power of Attorney

Of the advised respondents, **63% have a Will in place, with a further 29% having a POA**. This compares positively to the "all adults" respondents (51% have a Will, 22% a POA) which indicates advisers are helping clients avoid foreseeable harms with their financial affairs.

However, with 1 in 3 advised clients still not having a Will in place, there is room for improvement.



Talk to your local Business Development Manager about receiving your copy of the 'Financial Passport', a document where clients can note down key information such as National Insurance number, details of any assets and liabilities, and vitally, the information about executors of their Will.

Gifting

Another area where advisers could help clients is the question of gifting. Clearly this must be considered on an individual client basis, however amongst our advised respondents **only 22% have gifted some of their wealth**. This is a huge area of opportunity for advisers, especially following the Autumn 2024 Budget announcements.

When asked why this might be, for a quarter of respondents, it is a case of timing, with gifting planned in the future. However, over half of respondents stated this is not a subject their adviser has discussed with them, presenting a clear planning opportunity for advisers to improve engagement with their clients.

77%
consumers have
not gifted any of
their wealth



Are your clients keeping track of their gifting? It's more important than ever that clients make use of not just their ISA and Capital Gains Tax (CGT) allowances, but also the £3,000 annual gifting allowance.

Still thinking about gifting a portion of your wealth during your lifetime. Have you discussed this with a financial adviser you've paid for advice within the past two years?

No, my financial adviser has not discussed this with me **54%**

Yes, I have discussed this with my financial adviser and plan to do so in the future **25%**

My financial adviser has discussed this, but I do not plan to do it **9%**

Yes, I have discussed this with my financial adviser, and it is planned for after I pass **8%**

Don't know **5%**

Amongst those paying for advice, it is reassuring to see that they recognise the value a financial adviser can bring. **Over half of respondents would want their beneficiaries to use a financial adviser**, with fewer than 1 in 5 saying there would be no need to do so.

However, despite this desire for beneficiaries to continue to benefit from paid advice, only 20% of advised respondents have discussed their plans in detail, with 42% having no discussions at all. This appears to be another area where advisers could help, developing their own relationships with the wider family and helping all involved to understand the plans that are in place.

Finally, 26% of respondents said they have discussed their adviser's own retirement and succession plans with them. Despite this relatively low number, this doesn't appear to be something that many clients are worried about.

62%

Would want their beneficiaries to use a financial adviser

42%

Have not discussed their plans with beneficiary/beneficiaries

Are you worried about your adviser's retirement and succession plans?

Yes, I'm worried despite our discussions	3%
Yes, I'm worried because we haven't discussed this	5%
No, I'm not worried because our discussions eased my concerns	22%
No, I'm not worried even though we haven't discussed this	66%
Don't know	5%

What should you do next?

1

Initiate conversations

Proactively reach out to clients to discuss the benefits of gifting and how recent budget changes impact their wealth transfer plans.

2

Review client portfolios

Which clients could benefit most from gifting strategies? Identify the most tax-efficient assets to gift.

3

Develop a strategy

Work with your clients to create a tailored gifting plan that aligns with their financial goals and family dynamics.

What next?



This research was commissioned to provide advisers with insights into how your peers are dealing with intergenerational advice, and to help you further understand consumer expectations. We hope both of these aims have been achieved.

Inevitably, with a subject as complex as this, there are several conclusions that can be drawn, however, throughout the adviser and consumer research there is one theme that consistently comes through: **the value of advice is arguably at its greatest whilst planning for and dealing with intergenerational transfers.**

The good news is that consumers recognise this, and the demand for help and support during these times is strong. Consumers want to receive advice at the point of inheritance. The challenge for advisers is to help ensure robust plans are in place well before this occurs, and where possible to continue the relationships with the wider family.

57% of UK adults said they would use a financial adviser if they received an inheritance, however, this is more likely to be an adviser they have chosen as opposed to one they have been recommended by a family member. However, when recommendations have taken place, and the financial adviser is working with the wider family, these relationships tend to be maintained. Fewer than 1 in 10 advisers have lost assets to another adviser when a client passes away.

Whilst this research paints a positive picture for advisers, the ever-changing rules and regulations demand a constant review of procedures and processes to ensure the best possible outcomes are being delivered. This is especially true in light of the 2024 Autumn Budget, particularly the change which brings unspent pension pots into the scope of the Inheritance Tax regime.

However, stepping back from regulation a moment, our research has identified three simple steps advisers can take to futureproof their intergenerational advice propositions, creating better outcomes for their clients and themselves.

1

Avoiding foreseeable harms

Over a third of those surveyed aged 55+ do not have a POA in place, 45% of the population not holding a Will. These numbers improve for those who are taking advice, however, 1 in 3 advised clients still do not have a Will in place. Advisers can help families by ensuring these first vital parts of their financial plans are in place.

2

Facilitating communications amongst families

More than half (54%) of men and 58% of women are somewhat reliant on future inheritance for their financial security. However, 31% of men and 22% of women have not discussed what they may be set to receive at all, suggesting some might be in for a disappointment. Surprisingly, 42% of advised clients have not discussed plans at all with beneficiaries.

From a client retention point of view, our research shows the importance of encouraging referrals and ensuring the advice firm is serving the wider family. The consumer research shows that this is something the majority of consumers expect.

3

Identifying complexity and vulnerabilities

The third step is a combination of or by-product of the first two. By creating deeper relationships between the adviser and the wider family, the advice firm should be able to more easily identify and avoid foreseeable harms. However, the more complex the family situation, the more valuable the advice is likely to be. And as life events occur, advisers have an opportunity to truly demonstrate their value.

Looking at the consumer research we can see that:

- Only 10% of the separated and divorced have discussed plans in detail with the people they're expecting to inherit from, well below the total all adults figure of 28%.
- Furthermore, 44% of the separated or divorced don't want to involve spouse or family in their plans (compared to 10% overall).
- Given that 34% of them don't have a Will in place, there's a definite need for advice here, as they may not realise relatives may be entitled to inherit a specific proportion regardless of their wishes.

With the FCA's increasing focus on ensuring customers in vulnerable circumstances are identified and dealt with accordingly, there is not only a chance to demonstrate the value of advice but a regulatory imperative here.

How can we help you and your clients?

We have worked alongside financial advisers for over 25 years to generate results that bring their clients' financial goals to life. And we would love to do the same for your clients.

We have honed our services to complement your business' expertise and support your clients to grow and pass on their wealth.

Our services

Discretionary Portfolio Service

For clients who benefit from a portfolio tailored to their specific needs. With a dedicated investment manager, their portfolio will be built around their objectives, risk tolerance and any responsible investment preferences.

From £250,000

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A range of model portfolios constructed using Quilter Cheviot's innovative 'Building Blocks' approach to portfolio construction. A lower cost, fully active solution available in seven independently risk profiled strategies in Quilter Cheviot custody or on platform.

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AIM Strategy

The AIM Strategy is designed to make estate planning accessible and achievable by investing in companies listed on the AIM market that qualify for Business Relief.

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Climate Assets Funds

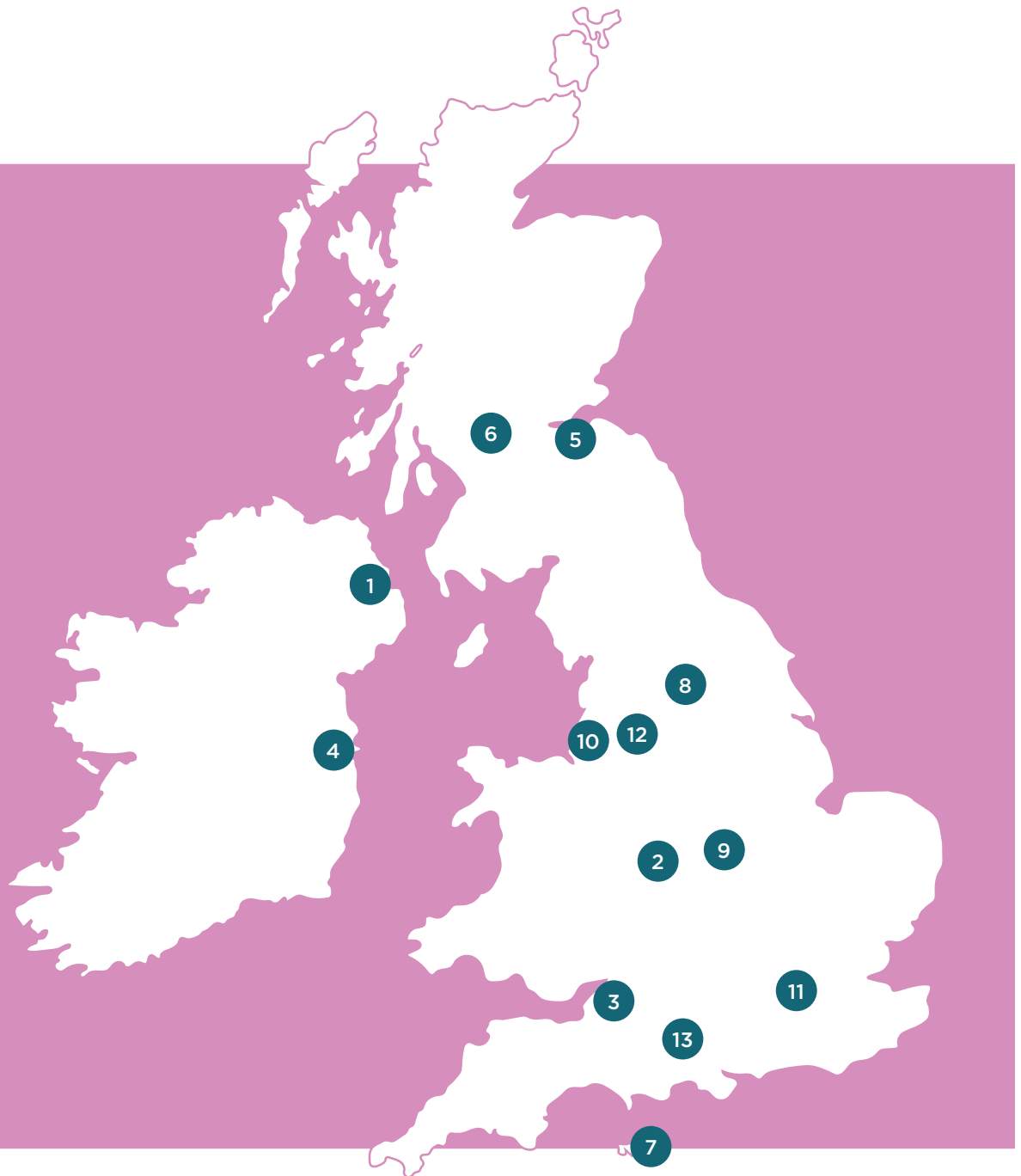
Two multi-asset funds focused on investment opportunities that support the development of sustainable societies by pursuing five environmental and social investment themes. Available in a balanced or growth risk profile.

From £1,000 (on platform)



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