

Are you supporting adult children? Here's why it should be part of your financial plan

A growing number of families are financially supporting their children or grandchildren as they navigate adulthood. A financial plan could help you understand the impact on your finances now and in the future.

Stagnant wages, the rising cost of living, and difficulties getting on the property ladder mean younger generations are finding it difficult to achieve financial security.

According to [IFA Magazine](#) (13 July 2026):

- 3 in 10 UK adults wouldn't feel wealthy without the financial support of their parents or grandparents
- 44% of young adults (18 to 29) are reliant on family to feel wealthy
- 46% of millennials (30 to 45) also said they rely on family support to feel wealthy.

As children or grandchildren secure higher salaries, their financial commitments, such as mortgage repayments, often rise too. As a result, they might continue to feel financial strain even when they're earning a good income. In fact, half of those earning over £80,000 said they needed family support to feel wealthy.

While you might be keen to lend a helping hand to younger family members, you may not have expected to provide support for so long. Updating your financial plan could help you assess tax-efficient ways to pass on wealth and feel confident about your decisions.

A cashflow model could help you assess the long-term implications of supporting your family

You might be hesitant to lend support if the long-term consequences of doing so are uncertain.

As your financial planners, we could work with you to create a cashflow model to visualise the long-term effects of different scenarios. You could use a cashflow model to answer questions like:

- Could I afford to give £250 a month to each of my children?
- Would my long-term financial security be affected if I passed on a £20,000 lump sum now?
- If I gifted assets now and there was a downturn in investment markets, would I still be able to meet my essential outgoings?
- How would offering regular support to my family affect my ability to cover unexpected outgoings, such as potential care costs?

A cashflow model uses information about the value of your assets, income, and spending, along with assumptions, such as the rate of inflation and expected investment returns, to forecast how your wealth might change. The forecasts cannot be guaranteed but could provide useful insight when you're making financial decisions.

Having a clearer understanding of how your decisions could affect your finances over decades may mean you feel more confident when offering financial support to adult children.

A financial plan may help you assess how best to provide financial support to loved ones

There's more than one way to provide financial support to your adult children or grandchildren. As well as helping you understand what's right for you, a financial plan could help identify how best to offer support.

For example, some family members might benefit from smaller, regular gifts that cover essential outgoings, such as utility bills or mortgage repayments. In contrast, a one-off lump sum could have a greater impact if your loved one is trying to save a property deposit.

Making your support part of your financial plan could allow you to explore different options and review which ones are most appropriate for you and your family.

Making family support part of your financial plan could identify ways to improve tax efficiency

Tax might be the last thing on your mind when you're supporting your family, but considering your tax position could be beneficial.

If your estate could be liable for Inheritance Tax (IHT) when you pass away, gifting assets now could reduce the potential bill in some circumstances. However, not all gifts are immediately outside your estate for IHT purposes.

When you're offering support to loved ones, one useful IHT exemption may be regular gifts from surplus income. According to a [Canada Life](#) survey (3 June 2026), 72% of UK adults are unaware of this exemption, so it may be one you've overlooked.

Gifts from surplus income may be considered outside your estate when calculating IHT. However, these gifts must not affect your usual standard of living and must be made regularly. HMRC may require evidence of an established pattern of gifting.

If you'd like to discuss IHT and ways you might reduce your estate's potential liability, please get in touch.

A financial review could prompt you to reassess your will

Your will sets out who you'd like to inherit your assets when you pass away. Your wishes may change over time.

If you're offering financial support to loved ones during your lifetime, you might want to update your will to reflect this. For instance, if one child is receiving more financial support during your lifetime, you might choose to leave a larger proportion of your estate to your other children.

Contact us to update your financial plan

If you'd like to incorporate supporting your family into your financial plan, please get in touch.

Please note: This article is for general information only and does not constitute advice. The information is aimed at individuals only.

All information is correct at the time of writing and is subject to change in the future.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount 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 cashflow modelling, estate planning, or wills.

Will writing is a referral service.

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