



Families start to open up about money and wills

Families are becoming more open about their finances, with the coronavirus crisis highlighting the need to discuss wills and inheritance, new research¹ from Handelsbanken Wealth Management reveals.

¹Research conducted by Consumer Intelligence in April 2020 with over 1000 respondents

The study, conducted at the height of the pandemic, shows it has already prompted a third (33%) of people in the UK into either drafting a new will or amending their existing one.

And the research suggests that the crisis is having a broader effect by making families more open with their finances. Nearly four out of five (78%) believe the pandemic will lead to more conversations about inheritance planning within their families.

Many still without a will in place

However, the pandemic has not spurred everyone to act: more than a fifth (22%) of people surveyed say they do not have a will, and do not plan to draw one up. Around one in 10 say they believe doing so would be tempting fate.

Families can face major problems if there is not a will in place, particularly as complex family setups are increasingly becoming the new normal. Nearly one in seven (13%) families in the UK now have a stepson, stepdaughter and/or adopted son or daughter as part of their family unit. And a fifth (21%) of parents have been involved in two or more romantic relationships that have led to them being legally responsible for children to whom they have no biological link.

“It is now more important than ever to ensure that families are getting their financial affairs in order.”

An outdated will can be challenged, which would be a drain on a family's estate. This is especially pertinent as only 27% of adults are confident that their current wills are unlikely to offend relatives. Nearly half (49%) of those with a will have never rewritten or amended it. Just 24% have amended their will once, 16% have amended it twice, and only 5% percent have amended it three times.

Rising concerns over marital health is having a significant impact on estate planning. The survey also found that over two thirds (67%) of parents have decided to delay family inheritance planning, for fear that their children's marriages will end in divorce, with the likelihood of wealth and assets leaving the family estate.

In fact, a quarter (27%) of parents have little or no confidence about the prospects of their children's marriages lasting a lifetime and one in six (16%) have doubts about their in-law's financial competence. The findings show that these worries are not unsubstantiated, with more than one in four parents (27%) having children who are separated or divorced.

To mitigate substantial wealth leaving the family in the event of divorce, a fifth of parents (21%) are gifting small amounts to their children to help with day-to-day living, while 19% are gifting directly to their grandchildren. Parents have other reasons for restricting levels of financial support; 13% of parents say it will reduce their children's incentive to work, and 12% think there would be little left for their grandchildren.

Getting your finances in order brings peace of mind

There are signs that most adults grasp the significance of sorting out wills - around 81% believe the experience of the coronavirus pandemic will convince people to sort out their financial affairs and 83% say it will trigger people into drawing up new wills.

Alex Spreckley, Head of Wealth Management at Handelsbanken Wealth Management says: "Coronavirus has had a devastating impact on the UK and the world not only in terms of lives lost, but also in terms of the livelihoods and finances of countless families, which have been gravely impacted.

"It is now more important than ever to ensure that families are getting their financial affairs in order. Speaking to a financial planner ensures that all bases are covered and family members are looked after. Having a watertight, up-to-date will in place can bring peace of mind to you and your family.

"There are a number of life triggers that should be at the front of everyone's mind when it comes to writing or amending a will. These include a death in the family, marriage, new members – be they step or adopted children – or significant losses or purchases such as a new house, to name but a few."

The value of investments and any income from them can fall and you may get back less than you invested.

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