Lifetime gifts, inter-generational relationships and inequality

WS1: Life-time gifts and transfers across three generations

MIND THE £££ WEALTH GAP
Intergenerational Justice and Family Welfare

The extent and nature of lifetime gifts

Our survey shows that only a fifth (22%) of the population had ever received lifetime gifts[1]. The most common type of gift was 'cash to spend' followed by: buying/getting a car; paying for a wedding/special occasion; and buying/maintaining a property.[2] Those in professional/senior management occupations were three times as likely to have received such gifts as those in unskilled occupations/unemployed (36% compared to 12%).

The giving of gifts is clearly related to age as those in the baby-boom generation (and older) were much more likely to give gifts; and gifts overwhelming flow down generations rather than up or horizontally.

Our in-depth interviews showed that financial support towards housing costs takes many forms including deposits for home purchase, investment in a second home, home improvement/ maintenance or on housing related debt (i.e. council tax, rent/mortgage arrears). Other support for housing costs took the form of in-kind support, where the recipient was given rent-free accommodation in the parental home. There were also examples of financial help to tackle problem debt. This was often provided discretely, with only the donor and the recipient knowing.

Impact of lifetime gifts on recipients and donors

Around a quarter of those who had ever received a lifetime gift had received at least £10,000. However, a relatively small amount could still make a major difference to someone in great need. For example, a relatively small gift can help someone pay off a debt which is causing anxiety or make up the difference between savings and a deposit for a property. Seven in ten said the gift had made a great, or even very great, difference to them (this rises to 8 in ten among 23-34 year olds). Only 7 per cent said it had made little or no real difference. There was no real difference in the subjective impact of gifts on recipients from different social classes even though middle class recipients received much larger gifts than working class recipients.

[1] Omnibus Survey of 1,948 British Adults carried out in 2014. In our study, we focused on gifts worth £500 or more in either cash or in kind at any one time.

[2] This figure seems lower than in 2004, when a similar survey was undertaken, possibly reflecting the impact of the recession in reducing the amount available within families to give such gifts.

We also looked at the impact of gifts on donors. Just over a quarter (26%) of donors said it had been difficult to find the money, though only 6 per cent said it had been very difficult. Most donors said they found the money for gifts from either regular income (32%) or liquid savings (58%). A small minority used other means including selling shares (5%), pension lump sums (5%), personal loans (4%), selling/downsizing property (4%), inheritance (2%), or re-mortgaging (1%).

Motivations for giving

During our in-depth interviews we found people had not really thought about what their motivations for giving had been. When prompted, people often explained this in terms of their idea of 'family': *"it just seems to me that that's what families are all about."* For some people, the idea of 'duty' as a parent was linked to their idea of family and the desire/duty to see children become independent was also key: "*I felt it was my duty, as a father…help them, support them, getting them married… getting established in a vocation, and that they have started learning. I monitored them until then, now I let them loose to make their own decisions."*

Some people reflected on the possible paradox between supporting people financially so that they become financially independent: "*he knows that we're there.. and I've no doubt he appreciates it but I think it makes him a more independent person. That sounds double Dutch, doesn't it? Bcause we're paying for it to make him independent. That sounds mad I know but I'm looking at the long term."* The balance between supporting children but not 'spoiling' them was also evident: "*I don't want ever for her not to be able to cope financially on her own either, otherwise I'm not doing her any favours. So I don't want to make it too easy for her, within reason, but I would never see her go short of anything, you know."*

Which generations have done best, financially?

We asked people's perceptions of which generation has done (or might do) better in life, financially, for example in terms of education, jobs, housing, pensions and so on (Table 1). Overall, 36 per cent thought that 'my' generation had the better deal in life. A quarter thought it was their parents. The older baby-boomers (aged 60-79) have much closer attitudes to the wartime generation (70+) being much more likely to say that their own generation had had the better deal in life, financially.

Table 1 Perceptions about which generation has had the better deal, financially*

	Gen Y	Gen X		Baby-boomers		War Gen	All
	16-29	30-39	40-49	50-59	60-69	70+	
My grandparents	16	12	8	4	3	2	8
My parents	33	36	34	28	9	5	25
My generation	24	18	27	39	61	60	36
The generation after me	10	11	9	17	12	23	13
All the same	11	17	14	9	11	4	11
Don't know	7	7	8	4	4	8	6

*Survey of 1,948 adults in 2014

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