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MONEY

The day I told my kids they may inherit nothing


David Hazelton with his children Natasha, 23, and Alex, 26. Both have started putting money aside following their inaugural family financial meeting

Families rarely discuss money, but one dad opened the books to scare his children into saving, writes *Kate Palmer*

The first time families talk about money is usually when something terrible happens: a relative dies, or someone needs care. Finding out how much a loved one actually has in the bank can come as a shock.

Which is why father-of-two David Hazelton, 61, wanted to do things differently. He invited his children Alex, 26, and Natasha, 23, to a family breakfast near his home in Reigate, Surrey, to talk about everything he has – and to let them know that they shouldn't rely on getting their hands on it.

"We're not very good at talking about money as a nation," said David. "It felt like it was an unspoken topic, so I thought it would be good to talk about our situation. My children's generation – millennials – feel pretty hard done by and often don't know how much money they are going to get, and when.

"I told them it's their responsibility to avoid getting into masses of debt, because I need to keep something back for my long-term care should I need it."

Over coffee and smashed avocado on toast, David, a financial adviser at the wealth manager Raymond James, outlined his savings and investments and told his children what they could expect in terms of help in the future.

In the first of what David hopes will be regular meetings, he also told his children about his final-salary pension, a self-invested personal pension, some stocks and shares and his property company.

David, who is divorced, said it had taken years of scrimping to build up this wealth. In future meetings, he intends to go into more detail about it all. He also made it clear that Alex, who works for an investment platform, and Natasha, a sales assistant in the construction industry, should not rely on inheritance alone.

The Financial Conduct Authority (FCA), which highlighted intergenerational tensions when it launched a consultation this month, is inviting people to share their opinions ahead of a conference in July.

In a report, the City watchdog said millennials – those who reached adulthood in the early years of this century – face a "series of difficulties" trying to build up wealth compared with older generations, including rising house prices, insecure employment and higher student debt.

Baby-boomers such as David – born between 1946 and 1965 – had enjoyed generous defined-benefit pensions and built up their housing equity, the FCA said, but were now worried about funding later-life care.

"It's difficult for my kids to find ways to save money," admitted David, after telling his children that he wanted to help them with medium-term goals such as saving for a house deposit.

He has given Alex and Natasha £8,000 each towards a house deposit in a Lifetime Isa, which also pays a government bonus, to get them started. But he added that it was up to them to look after short-term financial demands such as buying a car or paying the rent, as well as long-term savings such as pensions.

"I said that it was their responsibility not to get into debt and that I'd rather they didn't come to me to ask for stuff like holidays and car payments," said David.

"The other part of the meeting was to ask them to gain a basic understanding of investments and to share my philosophy, which has always been to spend a bit and save a bit."

A study has suggested that millennials have unrealistic expectations of how much they will inherit. One in seven young adults expects to inherit money before they are 35. The typical inheritance age is actually 55-64, says wealth management firm Charles Stanley.

Millennials expected to receive £130,000, according to its survey of 1,000 adults aged 18-30. However, the Office for National Statistics puts the average inheritance at just £11,000.

Natasha and Alex said the meeting initially felt "a bit serious" but ended up being useful.

Alex lives with David, while Natasha is in her mother's home, so both are saving on rent. Unusually, they have no student debt: Alex started working as an apprentice at 18 while Natasha did a foundation course for a year before deciding to go straight into work instead of enrolling for a full degree. Yet both say it is still a struggle to save money every month.

"I've been young and living life, really; I have not been able to afford to save," said Alex, who likes going out. He drives to the station every morning, paying £1,200 a year for parking.

"The meeting with Dad made me think about cutting back so I'm now saving £100 a month," he said. "It isn't hard."

Natasha lives with her boyfriend and they hope to buy a place together one day, but she doesn't know how much she is saving yet. "I found the meeting useful and opened a new savings account that I'm putting money into monthly," she said. "I'm also interested in an investment trust monthly savings scheme – I've sent the details to Dad."

The Hazeltons are planning their next family money meeting for later this year, when David says he plans to talk about his children's earnings and map out what they need to do to buy a house.

"We didn't get into that level of detail," said David. "That will be the next chat.

"The important thing was to get money out in the open. Far too often, these conversations aren't had. There's so much uncertainty on both parts."