

Vancity
Research Factum

*Methodology: Results are based on an online study conducted from January 22 to January 27, 2015, among 403 adult British Columbians who **are “older than 65 and parents of at least one child”** and 401 adult British Columbians who are **“aged 18-34 and have at least one parent aged 65 and over”**. The data has been statistically weighted according to Canadian census figures for age, gender and region in British Columbia. The margin of error—which measures sample variability—is +/- 4.9 percentage points for each sample, nineteen times out of twenty.*

How Long Will Income and Assets Last?

Three-in-five parents (60%) are “very confident” or “somewhat confident” that their children will have enough income and assets to last for the rest of their lives.

About three-in-four children (73%) are “very confident” or “somewhat confident” that their parents will have enough income and assets to last for the rest of their lives.

The one major discrepancy here is in Rest of BC (Southern BC and Northern BC), where 49% of parents express confidence in their children having enough, while 79% of children believe their parents will have enough.

Support to Children Throughout The Years

One third of parents (34%) say they have helped out their children with debts, one-in-four (25%) have provided money for a down payment on a home, and slightly fewer have helped out with a down payment on a car (22%) and paying off student loans (20%). Two-in-five parents (40%) say they have not engaged in any of these activities.

When we ask children, there is no change on down payments for a home (25%), but more say they received assistance from their parents with debts (39%) and student loans (28%), and fewer say they got money for a down payment on a car (19%). Only one-in-four (25%) say they received “none of the above”.

Metro Vancouver parents are more likely to assist with a car purchase (24%) than a home purchase (20%), and are the least likely to help out with student loans (18%). In fact, only 14% of Metro Vancouver children say their parents helped pay off student loans.

Inheritance: Expectations and Reality

While 92 per cent of parents say they plan to leave money or property to their children when they pass away, the proportion of children who expect an inheritance is lower (78%).

The Inheritance Gap

Two thirds of parents who plan to leave something behind (66%) are calculating a number lower than \$100,000 for their child. When children who expect to get something are asked, only 46% expect to get something in that range.

Only 16% of parents plan to leave behind \$200,000 or more to their child—this is in stark contrast with the 34% of children who expect to get something in that range.

The gap is more pronounced in Metro Vancouver, where 25% of parents plan to leave \$200,000 or more, and 47% of children are expecting that amount.

The gap grows even more when you look at the “More than \$500,000” tabulation. Only 5% of parents in Metro Vancouver are planning on that range—but 21% of children expect it.

Financial Literacy

Parents have done “some” of their due diligence, drafting a last will and testament (78%) and talking to their children about financial issues (65%). Still, fewer than half have talked about inheritance/wealth transfer after they die (47%) or talked to a financial advisor to discuss the matter (44%).

Two thirds of children (67%) have started an RSP, and three-in-five (62%) have talked to their parents about financial issues. Half (50%) have talked to a financial advisor about saving for retirement, but only 31% have discussed inheritance or wealth transfer with their parents.

==30==