

FOR IMMEDIATE RELEASE

17 JULY 2017

7IM RESEARCH: FROM UNIVERSITY TO ETERNITY: BANK OF MUM AND DAD 'CASHPOINT' STRETCHED TO LIMITS

- **“Ticking time bomb”, Justin Urquhart Stewart says – university tuition fees have “had their day” as financial strain stretches across generations**
- **38% of parents say financially helping adult children has stopped them doing things they would like**
- **11% are being forced to retire later and 6% say they have been plunged into debt**
- **9% of parents supporting adult children have taken money from their pension pots**

New research from **Seven Investment Management (7IM)** shows demands being made of the Bank of Mum and Dad are taking their toll, with many parents having to make sacrifices such as drawing on pension pots and being forced to postpone retirement long after children have fled the nest.

Over a third (36%) of parents with adult children say they are still financially supporting them. More than half (55%) of those who have helped their children admit that it has affected their own finances, stopping them from doing things they would have liked (38%) and forcing them to retire later (11%). Some 6% say they have actually gone into debt themselves to help out.

The news follows FCA research last week showing that 72% of pension pots accessed since the pension freedoms were introduced were held by people under 65.

Overall, and in true ‘cashpoint’ style, 42% of parents who are helping out their adult children are doing so to help with day to day living expenses. Whilst a fifth (21%) of parents are helping with cars, many parents are sharing some hefty financial burdens, including university costs (17%) property (15%) and paying off debts (13%).

Pension freedoms used to support children

Nearly half (49%) of those who are supporting adult children have drawn on their savings and investments to do so; 46% have taken money out of current and general accounts and 9% have taken money from their pension pots.

Tuition fees a ticking time bomb

Justin Urquhart Stewart, co-founder and head of corporate development, 7IM, said:

“There has rightly been a lot of attention paid to the financial strains young people are under, from crippling university tuition fees through to inflated property costs, and it’s no wonder parents want to help out. Not only have we had the luxury of free university education (if we chose to take it), many of us are also sitting (for now at least) on property gold mines. None of this is through skill, but sheer good luck, especially for those whose homes sit in the bottom right hand corner of the UK.

“The strains today’s youth are under really sticks in the throat so it’s no wonder it is being shared across the generations. Many parents are compromising their own financial security to help their children. This just won’t do and is a ticking time bomb that warrants closer scrutiny. University tuition fees have been a very damaging social experiment and have had their day.

“But whilst parents rightly want to help their children, they should not be putting their own financial security at risk in the process – little and often is a good approach when it comes to investing for children. Saving £50 a month for 18 years in an investment fund generating 5% annual growth could give you around £17,300 – a good financial head start in life – although this will not be guaranteed and you should make sure that you understand the risks before investing. The sooner parents start planning, the less drastic their support needs to be later down the line – children do not need the additional burden of putting their parents into financial hardship.”

In for the long haul

The **7IM** research suggests the Bank of Mum and Dad is a life long line of credit. Out of those parents who are financially supporting their adult children, 42% are helping 18-21 year olds, presumably during those university years. 30% are helping 22-29 year olds, a quarter (25%) are helping 30-39 year olds and 18% are helping their children into their 40's.

The award winning 7IMagine app

7IMagine, 7IM's award-winning app, allows anyone to capture details about their own and their families' finances over a cup of coffee in as little as 10 minutes. A wealth of options can be incorporated into any scenario and investors can include any number of streams of income, properties and other assets, and can help investors gauge how close they are to meeting their investment goals. **7IMagine** won two more awards this July: Best Investment App in the Goodacre Systems in the City, and also the FT Adviser Innovation Award.

Ends

For further information, please contact:

Jemma Jackson
PR Manager, 7IM
jemma.jackson@7im.co.uk
020 3823 8696
07776 204 610

Notes to Editors:

The 7IM research was carried out by Opinium based on an online sample of 2,025 representative UK adults between 30 June and 4 July 2017.

About 7IM

It all began in 2002, with seven of us in a basement establishing Seven Investment Management (7IM) because we couldn't find anywhere we wanted to invest our families' money. Our assets under management now stand at around £11bn (more than doubling since 2013), and we have moved from 'basement' to 'Bishopsgate' in the City of London. There are now around 240 of us.

Radical common sense

We manage money aiming to meet people's medium to long term return expectations. Fundamentally, we believe in active asset allocation in both active and passive investments (where we were one of the first to offer actively managed passive portfolios). We build global portfolios based on that allocation, and include alternative assets where appropriate to manage the risk reward trade off. Active currency management is also at the core of what we do.

7IM provides investment services to professional wealth managers, planners, advisers and private investors. These include: Discretionary investment management, a range of multi-asset portfolios, an investment and open architecture trading platform and a fantastic app, 7IMagine, which brings client portfolios to life.

Multigenerational investing

We do our best to pass on economies of scale, reducing fees so more investors within a family save with us. Grandparents, through to parents and their children can invest as individuals with one charging structure – whether they live under the same roof or not.

A story of continuous innovation.

In 2013, we launched 7IMagine, an app allowing investors and advisers to keep up to date with their portfolio. The brainchild of some clients – professional ‘gamers’ uninspired by their paper statements – 7IMagine was enriched in February 2016, with My Future. Again using gaming technology, My Future allows advisers and investors to capture details about family or individual finances, including any number of streams of income, properties, other assets and expenses, to help identify how sustainable their finances are and if / when their retirement income will run out.

Our funds

- Our **AAP fund range (Asset Allocated Passive)** is populated largely with passive structures to keep costs to a minimum. Asset allocation is actively managed to help exploit opportunities and reduce risk across the spectrum: **7IM AAP Adventurous, 7IM AAP Moderately Adventurous, 7IM AAP Balanced, 7IM AAP Moderately Cautious, 7IM Cautious and 7IM AAP Income**. Some of these risk profiles have an offshore version of the fund.
- Our **Multi-Manager fund range** invests in a range of active and passive vehicles. Costs still matter, but if we think an actively managed fund can outperform a passive alternative we have the freedom to choose it. Asset allocation is actively managed. Again, there are different funds for different profiles: **7IM Adventurous, 7IM Moderately Adventurous, 7IM Balanced and 7IM Moderately Cautious**. Again, some of these risk profiles have an offshore version of the fund.
- We also have a selection of funds designed to meet specific needs, such as the **7IM Personal Injury Fund**, the **7IM Unconstrained Fund** or the SRI focussed **7IM Sustainable Balance Fund**.
- We also have a range of ‘smart passive’ funds known as the equity value funds. The range includes: the **7IM UK Equity Value Fund**, the **7IM US Equity Value Fund**, the **7IM European (ex. UK) Equity Value Fund** or the **7IM Emerging Markets Equity Value Fund**. These are entirely systematically managed based solely on company fundamentals, the aim being to outperform the relevant passive market cap-weighted alternative by selecting profitable, high-quality, cash-flow generating companies that trade at a discount to their intrinsic value.

Our Model Portfolios

The 7IM Model Portfolios are a range of risk rated portfolios and are available within our discretionary investment services and standalone on the 7IM platform and other platforms. The Models use the same investment process and asset allocation as our funds. Like the Asset Allocated Passive (AAP) funds, the entire asset allocation is fulfilled with ‘Smart Passive’ market cap weighted passive instruments (for example UK and US equities) which track those markets and systematic instruments. 7IM undertake the due diligence on the passive securities (such as counterparty risk and concentration). Our range of Model Portfolios are available across the risk profiles: **7IM Adventurous Model Portfolio, 7IM Moderately Adventurous Model Portfolio, 7IM Balanced Model Portfolio, 7IM Moderately Cautious Model Portfolio, 7IM Cautious Model Portfolio and 7IM Income Model Portfolio**.

The 7IM funds and Model Portfolios are available through the 7IM Discretionary, Managed Investment, Platform, and Self Invest services, as well as on other platforms.

Important information: The information contained in this document does not constitute investment advice and if you are in any doubt about the suitability of the investment or service, you should consult a professional financial adviser. The value of investments, and the income from them, can fall as well as rise and you may not get back the full amount invested. Seven Investment Management LLP is authorised and regulated by the Financial Conduct Authority. Member of the London Stock Exchange. Registered office: 55 Bishopsgate, London EC2N 3AS. Registered in England and Wales No. OC378740.

WWW.7IM.CO.UK