

## **Never mind the Bank of Mum & Dad; what about the Insurer of Mum & Dad?**

We've all heard on the news about the rise of the "Bank of Mum & Dad" in helping young first time buyers get on the housing ladder, but is there also an "Insurer of Mum & Dad" too?

Over the past few years, when advising clients on the correct mortgage for their first purchase, the deposit they have is quite often a parental gift – this is what is often referred to as the Bank of Mum & Dad.

However, the other aspect that is creeping into my conversations with these same buyers is their response to questions about protecting their new home. When we have a conversation about life insurance, or health insurance then a number seem to have the opinion "Mum & Dad will bail us out".

Now I'm sure a number of parents have both the will and financial capability to do this for their kids. I'm also pretty sure a number don't. So whilst they would willingly help their children in their hour of need, the question has to be asked – how?

Would parents be forced to remortgage their own homes, or sell them? Maybe they need to cash-in their retirement savings, if they even can?

In either event it seems that these children are asking their parents to carry a lot of risk for them, rather than paying an insurer to take the risk on.

The next thought that crosses my mind is; do these parents even know that their kids are placing this risk at their door? Has it been discussed and agreed, or are the children simply expecting the help in some form, with little thought to how their parents could do this for them?

Bearing in mind that for a young couple the cost of their own protection is pretty minimal, I find the situation frustrating – as a parent myself I'd be pretty angry if my Son announced he was expecting me to pay his mortgage for him after an accident, because the monthly premium for proper Income Protection was "too much" in his opinion, without even discussing it with me.

So whilst many parents and children will speak about how they can work together to buy a house; can I suggest that they take the chance to discuss protecting it too? That way at least both parties know what is/is not expected of them and no one is going to get a nasty surprise later on.

If you're unsure of what protection is available and the costs, then speak to a professional adviser. We'd be more than happy to discuss the options available and can ensure that any plans are set-up correctly, at a cost that suits your budget.