The Great Wealth Transfer: Helping the Next Generation into Their First Home

Australia is entering one of the largest intergenerational wealth transfers in history. Over the next decade, trillions of dollars are expected to pass from Baby Boomers to younger generations through inheritances, gifts and family support.

While much of this wealth will eventually be inherited, many families are asking an important question:

Should we wait, or help our children today when they need it most?

With property affordability remaining one of Australia's greatest challenges, assisting children into their first home can be one of the most meaningful financial decisions a family makes.



Smart Ways Parents Can Help

Helping your children doesn't always mean writing a large cheque. There are several strategies that can make home ownership achievable sooner while protecting the family's long-term financial position.

Take advantage of Government First Home Buyer schemes

Eligible buyers may be able to purchase with as little as a 5% deposit under the Australian Government's Home Guarantee Scheme, avoiding Lenders Mortgage Insurance (LMI). There are also Regional and Family Home Guarantees available for eligible buyers, helping thousands of Australians enter the market earlier.

Consider gifting part of the deposit

Many parents choose to gift funds to reduce the loan size or help their children reach a deposit sooner. A well-structured gift can significantly improve borrowing capacity and reduce overall interest costs over the life of the loan.

Use a Family Pledge or Guarantor Loan

Rather than gifting cash, parents with equity in their own home may be able to use a Family Pledge (also known as a Family Guarantee) to support part of their child's loan. This can reduce or eliminate LMI, allow the purchase to happen sooner and, in many cases, enable the guarantee to be released once sufficient equity has been built in the new property.

The Role of Financial Planners and Mortgage Brokers

The most successful family strategies are rarely about just getting a loan approved.

Increasingly, Financial Planners and Mortgage Brokers are working together to create intergenerational wealth strategies that consider:

- Retirement security for parents.
- Tax and estate planning implications.
- Appropriate gifting or lending structures.
- Protecting family assets.
- Selecting the right lending strategy and government incentives.
- Creating long-term wealth outcomes for both generations.

A Financial Planner helps determine **whether** supporting children is the right financial decision.

A Mortgage Broker helps determine **how** to implement that strategy using the most suitable loan structure, government schemes and lender policies.

Together, they provide families with confidence that today's assistance doesn't come at the expense of tomorrow's financial security.

From The Lion's Den

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A Family Conversation Worth Having

The "Bank of Mum and Dad" has become one of Australia's largest sources of housing finance, but helping family should always be done thoughtfully. Parents should ensure they remain financially secure, document arrangements clearly and seek professional advice before committing significant assets.

For many Australian families, bringing forward part of an inheritance by a few years may have a far greater impact than leaving the same wealth decades later.

Helping children into their first home **isn't simply about buying property**...

It's about giving the next generation the opportunity to build security, create wealth and establish a strong financial future, all while ensuring the entire family's financial plan remains on track.



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