

Baby-boomers ~ 'Turn to Bopping'

With so much uncertainty in the financial markets these days, property investment is proving once again to come to the aid of the Babyboomers.

Having made fantastic financial gains in the house price booms of the Eighties and most of the 'Noughties', those who survived the onslaught of negative equity in the 1990's are now sitting on substantial capital, albeit locked in their own properties.



Their parents meanwhile are living longer than previous generations and, with less generous pensions than their Babyboomer offspring and the prospect of long term care fees being a real worry, they are looking to their children to buy their properties and release the equity for them.

For the Babyboomers, buy-to-let mortgages on second homes are readily available, and they can even extend the mortgages on their own homes in order to buy their parents properties at knock-down prices. This has led not to "Skiing" ("Spending the Kids Inheritance") as many financial commentators would want you to believe, but instead to "Bopping" - Buying Our Parents Properties".



This massive transfer of wealth is beginning to take place quietly and is unpublicised by the financial services industry who would rather promote their own equity release schemes. But if you think about, Bopping makes perfect sense.

The Babyboomers benefited tremendously from tax relief on mortgage repayments which were geared to helping people get onto the housing ladder. These were then removed for future generations and the impact of their removal first provoked the great house price boom and slump of the late 1980's and the long term effect has been to create a barrier to house ownership for the youth of today that their Babyboomer parents didn't face.

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Having benefited from this leg-up from the Government, and with housing building lagging for decades far behind the number of dwellings required to keep house prices stable, all those already owning property and who have not borrowed unwisely against it already, now have the opportunity to transfer their wealth to their kids without incurring massive inheritance tax liabilities.

The Babyboomers do face the potential prospect of paying capital gains tax but that is only when the parents property they have invested in is sold - and that could be a long way off if they choose to rent rather than sell.

Babyboomers first invented the word “bopping” to describe their antics on the dance floor. Now it seems they will be bopping well into old age.

This article comes from the creative pen of :- Steve Messenger of RedRoute International a Springboard Partner. If you would like to know more then drop us a line at :- contact@springboardcs.com

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