

How can I protect money from the bank of Mum and Dad?

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Their research shows 14% of all families now help their kids buy a property, with contributions averaging $108,000*. Most commonly, parents chip in towards a deposit, while others act as guarantors, help with repayments, or even buy a stake in the property themselves.

Consumer NZ found three out of five parents don't expect to be repaid. But with so much invested – a staggering $22.6 billion in financial support to be exact – how can these funds be protected if their child's relationship breaks down in future?

Many parents who gave money to their child would be unhappy with a boyfriend or girlfriend walking away with half of that money, sparking deep grievances and a lot of conflict. Without clarity, was the money a gift or a loan? Should it remain with the parent's child or be shared equally?

The safest way to prevent this scenario playing out is through a legally binding Contracting Out Agreement (sometimes known as a "pre-nup"). These agreements clearly define what each person would keep if they break up or if one person dies, and can specifically protect parental contributions.

Importantly, such agreements must meet strict legal requirements to be valid. DIY templates or casual arrangements simply won't cut it. Even putting the house into a trust doesn't offer complete protection under current laws.

This is where CLM's Family Law team can help. Our seven specialist lawyers have over 90 years of combined experience and we know how to protect your financial interests while navigating complex family dynamics. Our Family Law team's approach is practical, proactive and always tailored to your needs.

We can also help with conveyancing when you find the property that's right for you, and can take care of other important legal matters like drawing up a will – something that every property owner should have in place. We are proud to be a Rainbow Tick accredited firm and work with families of all shapes and sizes, including blended families and the LGBTQ+ community.

The best time to organise a Contracting Out Agreement is at the very beginning – before money has been gifted or loaned. But it's never too late to put this legal protection in place.

If you're receiving help from the Bank of Mum and Dad, don't leave it to chance. Talk to CLM's Family Law team to make sure your contribution – or your loved ones' investment – is fully protected.

**Source: Consumer NZ article on the "Bank of Mum and Dad"*