

Newsletter For Mature Adults



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Your Adult Children: A Financial Wildcard

Whether you're planning for retirement or are already retired, you've likely examined all the key indicators to see whether your financial cushion is solid enough to meet your long-term needs.

But one wildcard you may not have considered is your adult children turning to you for money or moving back home. Such requests can reshape your plans for retirement and downsizing or destabilize your long-term financial security.

[Pew Research Center](#) found that it's increasingly common for children to return to live with parents and to ask for financial help. After all, younger generations are grappling with a high cost of living, housing prices that are out of reach, and burdensome student loans.

The study looked at the parent-child relationship and young adults' experiences in early adulthood from several angles, including key milestones for young adults versus 30 years ago and the dynamics of financial independence of younger adults.

Boomerang kids

Pew's research shows how common it has become for young adults to move back home, with 57% of those aged 18 to 24 living with parents. In 1993, that figure was 53%. Today, 21% of those aged 25 to 29 live with their parents.

It notes that financial independence is a work in progress and that 44% of adults ages 18 to 34 with a living parent say they got financial help from their parents in the past 12 months.

That can range from parents helping with medical bills and education to covering cellphone bills, subscriptions, and streaming services.

Though 64% of young adults who live with a parent say the arrangement has positively affected their financial situation, it takes a toll on parents. Just 27% of parents say living with their young adult children has been a positive experience. For 18%, the experience has been negative financially.

Set boundaries, protect yourself

Here are six considerations if your kids have turned to you for help.

1. **Don't jeopardize your financial security.** [FINRA](#) suggests lending only money you can spare without compromising your financial stability or retirement. Think about your current and future expenses, retirement contributions, and emergency funds and how they'll be affected by loaning money.
2. **Will you be repaid?** Consider the likelihood of getting paid back. If you expect never to see the money again and you're fairly sure it will be a gift, only offer an amount you can afford to lose.
3. **Clarify your boundaries.** Discuss what you're willing to pay for. Maybe you're okay with pitching in for essentials like housing and insurance but draw the line at paying for vacations, streaming services, or a new phone.
4. **Get advice.** If you're considering a significant one-time gift or committing to long-term support, talk with your financial planner and accountant to fully understand any potential tax implications and the risks to your retirement.
5. **Outline repayment plans.** Create a repayment plan, decide whether to charge interest, and weigh the benefits of putting the loan terms in writing.
6. **Boost financial literacy.** If your kids need help with money basics, help them identify their goals and challenges and develop a budget and an emergency fund. Also, explore strategies for saving for a house, paying off student loans, and finding a path to financial independence.

Resources include:

- [Bank of America](#)
- [Consumer Financial Protection Bureau](#)
- [Investopedia](#)

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