

Parents Say Their Adult Children Are a Financial Strain

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The Financial Planning Standards Council (FPSC) posed a series of scenarios to parents regarding their children's post-secondary education, home buying and financial independence in their recent *Children and Financial Dependence* survey.

Nearly four in ten of those with children aged 18-34 (38%) say those children are still financially dependent on them, while nearly one-third of parents say their kids between the ages of 18 and 34 are still causing a financial strain.

The FPSC survey also found that 12% of children 34 and older are causing a financial strain on their parents. This might seem like a small number, but consider that these "big" kids should be in their prime working years and mom and dad are likely nearing or in retirement.

"Helping your adult children shouldn't be at the cost of your own financial security or retirement," says Sheila Walkington, Vancouver based fee-only, Certified Financial Planner with Money Coaches Canada.

But according to the results, assisting their kids with post-secondary costs will postpone the retirement of 33% of respondents and prevent 32% from paying off their debt.

Where Should You Start?

"You really need to start at home and start early." Walkington says. "Set a good example, show kids from an early age how to plan and budget for upcoming expenses. This could include going to the grocery store with \$200 cash, sticking to the list and coming home with enough food for the week. Or talking as a family about choosing not to go out for dinner this week, as we're saving for that family vacation this summer."

Family Feud?

The survey also found that men (44%) are significantly more likely than women (32%) to help their children of all ages with their first home purchase. That gender divide also extends to tapping into their home equity—with 22%

of men (vs. 12% of women) willing to pull from their own home assets in order to help their kids with their first home purchase.

To ease family tensions, Walkington says: "It's helpful to have open and honest conversations about money. Let children know you're happy to help, but set the parameters or limits so it doesn't feel like an open line of credit available at any time. Talk about terms to repay, or expectations on helping out. For instance, you can agree for them to live rent-free for 6 months while they look for a job, save money to move out or pay out debt, but after that, you expect \$X amount for room and board."

Last Words of Advice

"Put things in writing, even if it is just an email, so you all have proof of the agreed upon terms," Walkington stresses.

If having a **financial conversation** with your spouse or adult kids is a hard topic to bring up, consider bringing in a third party to help, like a non-profit credit counsellor or a **Certified Financial Planner**.