

## **Parents, Their Adult Children and Money Dependence**

by Kathryn Amenta

Our old cultural markers for entering adulthood don't seem to apply anymore. We still hold the age-old belief that entering adulthood meant starting on a career path, buying a house and starting a family immediately out of high school or college.

As parents, we understand we are parents for life. But, we also believe there should be a change or organic maturing in our parenting role and expectations once "children" get through school and join the ranks of the employed. We've expected that once we grow our kids to young adulthood, they will be financially emancipated and we will be able to breathe a financial sigh of relief.

The reality today flies in the face of our age-old beliefs and expectations. Today, many young adults are taking a decade longer to complete school and assume full adult responsibilities than their peers of 40 years ago. In 1960, 43% of young adults between ages 18 and 24 were living at home. By 2002 the number rose to 51%. Likewise, young adults between ages 25 and 34 still living at home rose from 8.7% in 1960 to 10.9% in 2002.<sup>1</sup>

Young adults today seem so much more sophisticated than previous generations, largely because they are exposed to adult issues and desires at younger and younger ages. But, statistics show they don't know how to balance their checking accounts (even though they have credit cards) and they don't know what their financial means are (let alone how to live within them).

Whether parents voluntarily step in to spare their children a financial struggle, or whether they are unwittingly being used as a cash machine, **parental financial support of adult children has created a new cash-dependent generation.** It's not just a U.S. phenomenon either. According to Lloyds TSB, in Britain, one-quarter of parents expect to help their offspring financially **through** their 30s and 40s.

There are productive uses of money gifts or loans between generations, such as giving all or part of a down payment on a home or contributions toward adult children's or grandchildren's college tuition. But, **parents need to be clear about their own financial security before assisting adult children.** Many parents are depleting their own retirement savings in order to ease the way for their adult offspring.

There is a difference between offering financial assistance for a specific purpose and being depended upon as a primary means of monthly support for adult children. The inability to say "no" when adult children ask for money is the biggest problem many

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<sup>1</sup> Taken from US Bureau of the Census, June 12, 2003.

parents face. **We wish that our children could maintain the lifestyles we have created—but remember it took us years of hard work and saving to get here.**

Sadly, some parents give money (in some cases, beyond their means) as a way to keep control over children or to encourage dependence. More than once a parent has said to me, “I know if I don’t give my child money, he/she would have nothing to do with me,” and sadly, this may be true. In such situations, parents may benefit from the support of a therapist to work through their own issues. But, one thing is clear, on-going financial support of their adult children is crossing the line between helping and enabling, and will do more harm than good for all involved.

Although the situations as well as the solutions are unique to each family, here are some tips to guide you through your decision making:

**1. Step back and take great care before automatically giving financial support.**

Get clarity and stay in reality. Consider your values, your emotional situation AND your financial situation.

Consider whether or not giving your adult child money or other forms of financial support is healthy for your marriage and/or your relationship with that child.

Rather than supporting your children’s wants and lifestyle preferences, encourage their development and maturity. Some adult children are unwilling to accept that they need to take a step down on the life-style ladder in order to live within their means.

Base your decisions about providing financial assistance on need rather than your child’s sense of entitlement.

Consider if the giving of money will move your adult child toward financial self-sufficiency. Will it make a difference? Perhaps what your child considers an emergency is just the result of bad decisions and lack of planning. This behavior will likely continue if you continue to support it.

**2. Create a Plan, Communicate It and Stick to It**

Communicate the ground rules clearly at the time of the giving—and be specific. Is this a gift or a loan? Will interest be charged? What are the terms of repayment? Clear expectations and definite limits are essential. Put it in writing.

Would a “scholarship” toward some financial education be a better long-term investment?

Psychologists are clear that when you rock the boat or upset the status quo, your adult child may turn up the volume on pressuring you to revert back to your old way of behaving. Be prepared for a storm, and stick to your plan.

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