

Helping children for too long

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Sometimes, as parents, we adopt particular stances with our children with the best intentions but they backfire. Of late we have become accustomed to seeing children living at home longer and longer, thereby saving on living expenses. But an even newer trend seems to have emerged where parents are scrimping themselves to provide money to their adult offspring, sometimes even when the offspring are earning more than the parents. This might take the form of helping the adult children with living costs, paying to get the car roadworthy or buying a new lounge suite for them.

If we had a defined point at which parents say “I have done my best....it’s over to you now”, I think that would help a lot of parents. The relationship equation has changed and some parents are struggling to deal with these new dynamics.

Most parents do a reasonable job of smoothing the transition between childhood and adulthood by establishing boundaries and managing expectations. But many are getting stuck on one aspect or another. Just when should our adult offspring leave the family home, or at least pay board or contribute to the food bill? Whose responsibility is it to pay traffic fines or fix a broken car? When should children become fiscally responsible for themselves? If these issues are left to drift, boundaries blur and the result is an unintended dependency.

Dependency within a relationship (any relationship at home or work) is a vice-like trap that once established, can be painful and difficult to uncoil. Aside from disempowering the offspring, the consequences of continuing to provide money past the time when it is reasonable to do so can compromise the parents’ ability to achieve their own long-term financial security; and this does fall into my area of expertise.

In many instances with people I have worked with, the parents’ net equity position is very strong and usually above average. Perhaps this explains part of the dependency: these parents do not want to see their adult children’s standard of living drop, so they continue to help to keep them in the lifestyle to which they have become accustomed. The problem arises for the parents when their income-earning ability, although sufficient to provide for themselves,

is insufficient to continuously help their children. In many cases, it has pushed them into debt.

Although this situation occurs in two-parent households, it is also prevalent when one partner dies, there is a marriage split or the income drops. If the parent who is left with the offspring does not adjust the household spending to suit the change in income, non-appreciation of the current fiscal state is a one-way trip to misery.

If you find yourself still supporting adult offspring past the time they should be independent, what can you do?

- Take responsibility for the situation you are in, accept it and take steps to remedy it.
- Arrange a family meeting to discuss the situation. Keep the discussion matter-of-fact.
- Understand the household income and expenditure. Make adjustments where appropriate.
- Understand your own future financial needs and how you can get there.
- Set some firm boundaries for your children about what the lifestyle costs. Also indicate what costs you will cover and what they must allow for.
- Establish some guidelines for what circumstances (if any) and for what purpose you will lend your children money. An accountant I know advised his children that he would never lend them money because he was unable to assess their credit risk.
- Help your adult offspring (if necessary) to prepare a budget and if they are willing, help monitor it, but just for a few months. You do not want to get into another dependency situation!
- Be prepared to stand by, with purse strings closed, when your offspring trips at a hurdle.

Addressing these issues is a sign of strength and it will help your children and empower you both in the long run. Handled well, your children will come to appreciate and respect your stance. It will also free some money so that you can use it to work towards financial freedom for the day your salary stops. Now that is an enticingly powerful position for you to be in.