

Living with boomerang children

By Maya Saibil • Bankrate.com

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One expense many parents don't plan for is the cost of their adult child moving back home. And who can blame them? But the reality is more and more young adults are continuing to live at home or are moving back, the latter of whom have been dubbed "boomerang children."

Maybe your child has never left home, or perhaps he's moving back. Whatever the case, with the proper arrangement, having your adult child at home, can benefit both of you instead of becoming a stressful situation. Here's how to make it work for everyone involved.

Don't change your plans

Parents absolutely shouldn't have to change their financial plans to accommodate their children living at home," says Sharon Turpin, a certified financial planner in Chilliwack, B.C. You may be tempted to modify your lifestyle or postpone your retirement, but Turpin says that can be damaging to you, as well as your adult child.

One of the dangers of a young adult living at home is that he may not develop the skills he needs to become self-sufficient. And by changing your plans, you can actually perpetuate this learned helplessness. So, it's better to stick with your plans and have your boomerang child adapt to your schedule, not vice versa.

Lay down the law

Once you know your adult child will live at home, figure out how you want things to play out, and discuss this with him. "Sometimes the most successful living arrangements occur when there's a meeting of the minds right at the beginning, where the parents sit down with the children and establish some ground rules, and maybe a timetable of expectations.

Establishing a time frame for how long your son or daughter plans on staying -- and revisiting it regularly -- is a good idea, so your child realizes this is not a permanent situation, simply a short-term solution. "Really sit down and talk about what each party is expecting out of the living arrangement," says Mitchell. This way, no one is left guessing or assuming.

To charge rent ...

About half of all parents who house their adult children charge rent. Turpin says if an adult child is working, he should be contributing monetarily to the household. "The parents are probably at a stage in their life where they are putting away for retirement, so the added expenses of having their children at home are going to hurt them in the end."

Turpin says parents often don't realize how much more it costs them when an adult child lives at home. To offset those costs, calculate how much rent you should charge your child based on housing, laundry and food costs.



If you don't need the money but still want to teach your child to budget, collect rent from her regularly and stash it away somewhere to gain interest. Then, when your child moves out, surprise her with that lump sum of money to put toward something like a house or a car.

...or not to charge rent

Lianne Barski, of Montreal, lived with her parents until two weeks before her 30th birthday, minus the year she spent in Australia in 1999. She never paid rent while at home because her parents didn't need the money, and they didn't think she needed to pay rent to learn the value of money.

"We didn't feel taken advantage of at all, and we never considered her living at home as mooching," says Lianne's father, Mike. He's happy he and his wife could help their daughter by giving her the opportunity to save money so she could do things she would not have been able to afford otherwise.

For example, in 2002, Lianne took a five-month trip to Asia with boyfriend Miki Harrar. "I wouldn't have been able to afford the trip if I had been paying rent," says Lianne of her \$7,000 adventure.

Harrar, now 31, moved back to his parents' home in 1996 after university. He lived there rent-free for six years before going to law school. After his undergraduate degree, he had debts to pay off, and living at home while working gave him the opportunity to do that, as well as to save money for travelling and future schooling.

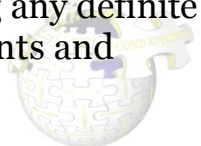
"I might not have been paying rent, but that doesn't mean there was no cost to staying at home," says Harrar. "There were times when it was tense, and my parents wanted more out of me than I was willing to give."

But he adds that if his parents had thought he was taking advantage of them or spending irresponsibly, they would have said something. Overall, he is pleased with how things worked out. "It definitely allowed me to put away a good nest egg."

Stick with your decision

Whatever you decide about how much your child will contribute to your household while she lives there, stick with it -- even if you face resistance. In their book "Parents' Work is Never Done: Helping children from 16-30 grow toward psychological well-being," Drs. James M. Haines and Margery A. Neely write, "Although weaning a grown child from financial dependence can prove trying, parents are encouraged to make their decisions free of guilt, realizing that grown children must learn to be independent if they are to become self-actualized, productive adults."

Mitchell agrees, saying, "In a minority of cases -- about one out of four -- it can make the relationship between the parents and child worse, particularly if the parents feel they're being taken advantage of, or they feel that the child is not showing any definite signs of moving out." But in most cases, it's a positive experience for parents and children.



Adult Children Moving Back Home: Don't Let "Boomerang Kids" Derail Your Goals

<http://www.newyorklife.com/cda/0,3254,13762,00.html>

- Have your adult children returned to the nest?
- Are you ready to help them get back on their feet?
- Are you prepared to lay down rules and protect your own financial stability?

They're back. The "Boomerang Kids" — young adults who left to go to college, get married or just strut their independence — are moving back in with mom and dad. Boomerang Kids can be a mixed blessing for parents, both emotionally and financially.

The trend is cyclical. Especially during tough economic times, adult children head for home. Census figures show that 56 percent of men and 43 percent of women ages 18 to 24 today live with one or both parents. Some never left, while an estimated 65 percent of recent college graduates have moved back in with their parents. ("Returning to the Nest," **The Baltimore Sun**, February 29, 2004 web page:

www.theeagle.com/business/technology/022904returnnest.htm; "Boomerang Kids Keep Coming Home," **CBS Evening News**, January 9, 2004 web page: www.cbsnews.com/stories/2004/01/08/eveningnews/main/592186.shtml)

The reasons are many, the first being economics. According to the Bureau of Labor Statistics, 10.9% of 20-to-24-year-olds were unemployed in September 2003 vs. 6.7% in September, 2000. The jobless rate for 25-to-34-year-olds had also risen to 6.3% from 3.7% over the period. That sent a lot of young folks back home. Plus, there is the matter of debt, especially college loans. For as many as 40 percent of recent grads, it made smart economic sense to move back in with their parents — where life is comfortable and rent is either low or nonexistent — while they get their finances in order. Then, of course, some return for personal reasons, to recover from a divorce or an illness, or just because they cannot afford their parents' lifestyle living on their own. ("Mom and Dad, I'm Home - Again," **BusinessWeek** online, November 3, 2003

web page: www.businessweek.com/magazine/content/03_44/b3856124.htm.)

Caution: Parents are often happy to help out, both emotionally and financially. As a result, the arrangement often works to everyone's satisfaction. However, there are risks, especially for the parents. These include family tension and misunderstandings, but also money.

The return to the nest can become a financial burden that can derail the parents' plans and jeopardize their financial future, especially their retirement, as they try to do too much for their children. For example, if parents pick up a son's college loan, that payment is money not going toward their own retirement savings, very

often at a time when the parents need to be stashing cash at an accelerated pace to meet retirement needs.

Success Factors

Studies show that the return to the nest works best when several factors are present:

- The boomerang kid **pays rent or contributes to the household** in a tangible way. (About half make a payment of rent.)
- The boomerang kid **gets along with mom**. (The relationship with the father seems to be less of a factor.)
- The return is **temporary** and a **one–time** event. (Children who repeatedly boomerang find that relations with parents worsen each time.)
- The parents are in a **long–term marriage**.
- The return is a safety net while the boomerang kid makes a **transition, based on a clear–cut need**.
- The boomerang kid is cheerful and **good company**. (Mothers, especially, like the company of the young person and see it as a benefit of the return to the nest.)("Boomerang Kids," by Mary Bold, Center for Parent Education, University of North Texas (2001). Web page: www.unt.edu/cpe/module1/blk5boom.htm.)

How To Make It Work

Most researchers agree that you as a parent can take steps to create a win–win situation:

1. **Set house rules**. Put them in writing. Make it a contract. Remember, it's still your house.
2. **Set a departure date**, whether it be three weeks or three months.
3. **Insist on responsibilities**, which may include paying rent and/or payment in kind, such as taking on household chores – doing laundry, making dinner two nights a week, buying groceries. This can often be negotiated. One method is to ask the returning child what he or she believes would be reasonable rent. (This is also the area, when not clearly laid out, that can result in the most misunderstandings, as adult children return to old habits of expecting to be taken care of.)
4. **Help them restructure debts**, rather than simply bail them out. Then teach them how to avoid new debt. One option is to match debt–reduction payments, with the understanding that they put away credit cards and live within their means.
5. **Do not sacrifice your own financial future**. Decide how much you want and can afford to help. Children tend to think their parents are wealthy,

while some parents provide more financial support than they can afford. Remember that your children have decades to build their financial security, while you may be only a few years away from your retirement date. Ironically, if you are not careful, you could end up depending on your children for help in your old age.

Boomerang Kids – having your darlings return to the safety net of their home – can be wonderful time of family closeness. Setting the tone, laying out the ground rules, and making smart–money financial decisions can help create a positive, supportive environment that is in the best interests of you and your returning family members. Good luck.

