

# THE MONEY COACHES



Financial independence is the ability to live from the income of your own personal resources.

Jim Rohn

## WHEN THE EMPTY NEST IS NO LONGER EMPTY



**T**oday, many young adults stay in school longer, live at home longer, find their first job later, marry later and start a family later than ever before. Many of them struggle to make ends meet. Between student loans, credit card debt, automobile loans, and entry-level wages, a large number rely on their parents for financial help.

According to a report by Merrill Lynch and Age Wave, 70% of young adults aged 18 through 34 have received financial support from their parents within the past year. Around 66% of those adults say they can depend on their parents to help with their expenses, and without the financial support of their parents, 58% say they wouldn't be able to manage their current lifestyles.

With these types of financial problems, empty nesters are increasingly finding their nest is no longer empty as their young adult children, oftentimes with families, move back home.

### When Young Adults Move Home

A number of factors can influence young adults' decisions to move home. Job change, a move back from out of state, college graduation, an

illness, debt obligations, poor financial decisions, divorce, or a host of other reasons could result in that decision.

Whatever the reason, it is important to set clear-cut guidelines and realistic expectations when adult children move home. Because they are no longer children, they should not be treated as such, but as responsible adults. They should be given a hand up rather than a handout.

It is never wise to leave financial support open-ended. Be realistic about what you can and cannot do. No one truly benefits when you put your own financial future in jeopardy to support your young adult children. If you are going to have to take out a mortgage, buy on credit, or be unable to meet your own financial obligations, it is okay to say "no" to helping your adult children.

### Determine Needs and Set Realistic Goals

It is important to start with the end goal in mind. Before allowing adult children to move home or assisting them financially, help them evaluate all of their options and determine their most pressing needs.

As a parent, it is difficult to watch your children struggle. It is natural to want to help them be successful. You remember how difficult it was to save a down payment for your first home, pay the mortgage, or even have enough to buy a loaf of bread and a gallon of milk. Lean years help shape character and teach difficult but beneficial lessons in endurance, resilience, perseverance, discipline, creativity and more.

As a result, most come out stronger and better equipped for handling the next crisis in life.

When assisting financially, assess whether you're actually helping or hindering your adult children from learning some of life's most important character-building lessons.

### Communicate Clearly

Once you determine the level of support you are able and willing to give, communicate clearly what is expected from both parties so there are no surprises. Be honest about your own finances. Let them know how much and how long you are willing to assist them financially; then stay the course.

The goal is to create independent, responsible, self-supporting adults who move out on their own, contribute to society and become financially independent, providing for themselves and their families.

### Set up an Exit Plan

Before offering financial assistance a clear exit plan should be established. One of the best ways to help your kids is to aid them in setting long and short-term goals. If you don't do this ahead of time, days can turn into months, months can turn into years. Before long, you find yourself supporting your adult children well past your means and into retirement.

If you are having trouble breaking the cycle of their financial dependence, contact the Money Coaches for assistance. They are available to assist not only you, but your adult children as well, in putting together a customized spending plan to gain financial independence.

## THE MONEY COACHES

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