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What to Ask When Your Adult Child Moves Home

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Facing heavy college debt burdens and an unpredictable job market, many young adults today are returning home to live with their parents. In fact, according to a recent study by the Pew Research Center, more than 32 percent of young adults lived with their parents in 2014—more than lived alone or with a spouse or partner.

No matter the reason your adult son or daughter is moving back home—job loss, a failed relationship, or a desire to save money or pay down debt—having a plan to manage the new arrangement is essential. The following questions can help you set expectations and ensure that both you and your child stay on course toward your financial goals.

- **What are your own needs and priorities?** It's natural to want to support your child in a difficult time, but you need to be realistic. Don't exceed your limits or sabotage your own financial plans. Your child should understand that it's important for you to maintain your own retirement and debt repayment goals and obligations.
- **Does your child have a financial plan?** Help your child build good money habits by working together to set a budget and savings goal. Discuss the amount of financial help you're able to provide without jeopardizing your own savings. Also decide if your child will stay on your health insurance plan (most plans cover kids up to age 26).
- **When does he or she plan to move out?** Along with creating a financial plan, setting a move-out deadline will encourage your child to work toward concrete goals. If you don't set a limit, he or she may stay at home longer than expected or delay moving forward with future plans. If your child needs to start paying off debt or wants to save money for a down payment on a house or condo, have a realistic discussion about how long it will take. To help everyone stay on track, some parents draw up a contract that both they and the child sign.
- **Do you need to reassess the plan?** Once you've made a financial plan and set a move-out date, ensure that your child is making progress toward those goals. Talk regularly about obstacles he or she has encountered and how you may be able to help. If your child hasn't been able to find a job or other circumstances change, you may need to update the plan to reflect a more realistic time frame.
- **Will your child pay rent?** Charging rent can help offset the costs of having another person under your roof. If you don't need rent money to cover your bills, you might consider letting your child save that amount to use when he or she moves out. If your child doesn't have a job or can't afford to pay rent, exchanging work for room and board is an option. Your



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child's duties might include shoveling snow, mowing the lawn, painting a room, or cooking meals.

- **What are your child's debt obligations?** Parents are often conflicted about whether to help their children pay off credit card or education debt. If you do decide to help, create a contract that outlines what you expect in return. You could also waive rent for a couple of months if your child agrees to put any savings toward decreasing his or her debt burden.

Dealing with a full house again can be tricky, especially if you've lived in an empty nest for an extended period of time. But by setting clear ground rules and financial expectations, you can ensure a much smoother transition when a grown child returns home—and help him or her regain financial independence more quickly.

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