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## **Financial Planning for “Boomerang Parents”:**

### **How to cope with your adult child returning home.**

Some call it a perfect storm. A tough economy, lagging job market and burdensome student loan debt have created an environment where once empty nests are no longer all that empty. The US Census Bureau estimates approximately 22.6 million adult children are once again enjoying mom’s cooking on a regular basis. A decade ago, that number was closer to 5 million. If trends continue on this course, that number is sure to rise.

The media has coined the phrase “Boomerang Generation” to refer to the current crop of young adults (typically age 18 through 35) who’ve either returned home to live with their parents due to economic reasons after college or those who have not yet left.

### **Put a Plan in Place**

“Parents who find themselves caring for their adult children for much longer than expected, with no exit plan in sight, could easily face their own financial ruin. One way parents can combat this scenario is to prepare, periodically review and adjust, if necessary, a financial plan,” says Edward R. Collins, CFP®, founder of Artisan Wealth Management, LLC in Lebanon, NJ.

- **Write it Down:**

It’s extremely important for parents to establish boundaries right away when adult children move back home. Some financial professionals recommend that parents draft a contract that establishes quantitative rules (rent, utility costs, food costs) and qualitative rules (chores, guest policy and job search efforts).

- **Establish a Budget:**

Parents should establish a personal budget for the adult child to help set them on the right track towards independence quickly.

- **Make Home a ‘No Freeloading Zone’:**

Determine if income and expenses warrant the child’s contribution toward the household, and to what extent.

- **Systematize Supplemental Support:**

Parents should set limits on how much they’re willing to supplement the cash needs of their adult children.

- **Set Time Limits:**

Adult denizens shouldn't have an open-ended invitation. Financial advisors can be instrumental in determining how long parents can 'carry' an adult child at home without it jeopardizing their financial golden years. Also, in the interim, should the child get a part-time job and what would be the tax impact?

- **Have an Exit Strategy:**

When should a parent expect their adult child to move out; immediately after finding a job or after a certain amount of money has been saved? When should an adult child be asked to move out regardless of employment or Savings?

**Please call the Shapiro Financial Security Group at 732-739-8991 for more information on this topic or for assistance with any of your financial concerns.**

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