

PERSONAL FINANCE MAY 11, 2016 10:53 AM

Your financial planner: When to take the adult kids off the payroll

BY JAMIE BOSSE
FINANCIAL PLANNING ASSOCIATION OF GREATER
KANSAS CITY

When the reporters asked actor Jackie Chan why he chose to give all his wealth to charity instead of passing it on to his only son, I think they were expecting a great news story - a juicy family controversy, family secrets revealed, etc.

Instead, Chan simply said, "If he is capable, he can make his own money, if he's not, then he will just be wasting my money."

A recent study by Forbes concluded that 59% of parents provide financial support to their adult children who are no longer in school - sometimes continuing well into their 40s.

What are we doing wrong?

The levels of support vary from simply allowing the young adult to live in their house (or a house that they own) rent free, to paying their insurance, cell phone bill, and buying their cars and even their groceries. We all want the best for our children and we want them to have a "better life than we did."

Most of all, we hate to see them struggle or suffer, so we swoop in to help however we can.

The result of keeping these adult kids on the payroll is that they never learn what life actually costs. They think that they can easily survive on a part-time barista salary and stop striving to be better. Think about it-if you don't have to pay rent, utilities, phone bills, car payments, groceries, or gas--what do you pay for? Beer? Entertainment? Designer sunglasses?

In my opinion, a little bit of "suffering" is a good thing. College kids should live on ramen noodles and mac and cheese - it's a rite of passage and something that they will appreciate and joke about later in life.

If your child makes \$30,000 a year, then he needs to experience the life of someone who makes \$30,000 per year. He will continue to work hard to grow his income and learn the value of a dollar.

If you never have to work hard to get what you want, then why would you work at all? Think of the pride you have when you finally purchase something that you have wanted for a long time, or when you have finally saved enough for that vacation you want to take.

It's very satisfying to reach a financial goal - don't steal that experience from your kids.

If you are currently supporting your adult children, I'm not recommending that you stop cold turkey.

Work out a plan with them and stick to it. Ease into it by making them go to the grocery store with you and pay for a third of the bill with their own money. If they don't have enough, refuse to buy their protein shakes, expensive shampoo or their favorite organic cereal. Once this has been established, kick them off the cell phone family plan.

Start slowly and make a plan to get them completely off the payroll in a set amount of time.

If you own the car that they drive and have them on your auto insurance plan, you may be subjecting yourself to undue risk. If Junior gets in an expensive accident, the lawyers will come after YOUR assets, not theirs. Chances are, your children have no clue how much you pay for these items, so making them aware is the first step.

Do your kids a favor and help them learn how to appreciate what things costs and to live within their means. Being financially prudent is a skill that will benefit them for a lifetime. When they ask for financial assistance, instead of reaching for the checkbook, take advantage of a learning opportunity.

If you really want to help them out financially, buy them a session with a financial planner instead of giving them the money outright.

Jamie Bosse, CFP®, RFC is a Financial Planner at KHC Wealth Management. She strives to help clients live the life they want by helping them identify their goals, create a plan, and take action. Jamie loves to write, travel, BBQ, watch the Kansas State Wildcats win football games, and spend time with her husband, sons, and pet corgi. She is an active member of the Financial Planning Association of Greater Kansas City.

If you would like members of the Financial Planning Association of Greater Kansas City to address a general financial planning topic or answer your question on this blog, please contact at brandy@fpakc.org. Provide your first name, your age and hometown



MORE PERSONAL FINANCE

YOU MAY LIKE

Sponsored Links by Taboola

Get New Car Smart: The Best Family Cars of 2016
Kelley Blue Book

Rob Gronkowski appears to have settled down
SportsChatter

Kate Upton and Justin Verlander share vacation photos for a...
SportsChatter

Rickie Fowler moves on from model, now dating former 'Bache...
SportsChatter

COMMENTS

