4 Things to Consider Before Committing Financial Support to Your Adult Children



A large part of being a parent is making our children's lives easier which often comes in the form of committing financial support to those adult children. But before writing a check or making a deposit through Venmo to your children, ask yourself these four key questions:

1. What, specifically, is this money for?

The key word here is SPECIFICALLY.

Many parents tend to err on the side of protecting their child's feelings when weighing financial support. We know asking for money can be embarrassing, and we don't want to deepen that embarrassment. Or we're worried that if we ask too many questions the child will become frustrated and hide

serious problems from us going forward.

These are understandable concerns. But it’s also important that you understand whether your child needs support because of something beyond his or her control (a car accident, serious health issues, unexpected job loss) or because they’re struggling with basic adult responsibilities. If your child is making poor budgeting decisions or settling for underemployment, you may be throwing good money after bad.

Be tactful but get to the root problem before you decide if your money is the best solution.

2. What is the real cost to me?

Many parents are already helping their adult children more than they realize.

For example, you might not think much of letting your adult children stay on the family cell phone plan or piggyback on an HBO subscription. After all, it’s only twenty bucks a month, right?

But how long have you been giving your child that monthly free pass? Years? You can also set time limits. For example, tell your child they can remain on the family cell phone plan until age 25 or until they get married, whichever comes first.

Are you helping with larger monthly expenses, like student loan or car payments? When will it finally be time to pull the plug?

Our advice: get it all down on paper. Make a spreadsheet that accounts for the financial support you’re already giving your child, large and small. Seeing how even small expenses accumulate over time will be eye-opening for both of you and help inform a good decision.

3. What are the terms of the bailout?

This is another area that parents tend to tiptoe around because they're afraid of insulting their children. But do you know of any bank that's going to loan your kids money indefinitely, charge no interest, and ask for no repayment? Then why should your money be subject to such lousy terms?

Your children have to understand that your generosity is not open-ended, especially as you near retirement age. You've probably made many sacrifices for them already. You should not sacrifice your financial security or the nest egg that is meant to support you in retirement.

If your children want you to "be the bank," then you have every right to act like one. Set clear terms in writing, including a repayment schedule. In more serious cases, you might want to bring us a copy of this agreement so that we can include it in your estate plan.

4. How else can I help?

It's very likely that your child spent 16 or more years in school without learning a single thing about managing money. Financial literacy just isn't taught in schools. This knowledge gap could be a big reason your young adult is struggling.

Does your child need money suddenly because he or she doesn't know how to budget? Help find that balance between covering current expenses and contributing to savings and investment accounts.

Housing and transportation expenses can be a shock to recent college grads. You could help your child negotiate a car lease. You might help a child who's already chasing after the Joneses by counseling against a rash home purchase that will stretch his or her finances thin.

Introducing your underemployed child to some of your professional connections might lead to a significant career

upgrade.

One key connection you should be sure to tap: your team at WaterRock! We're always happy to help our clients' adult children get on their feet. We consider this a service to our clients because we know that the less you're worried about supporting your children, the more secure your own retirement goals will be.

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Making the Most of a College's Family Weekend



Wondering how your teenager is adjusting to life on campus? A university or college's family weekend can be a great opportunity for you to experience this new stage of your child's life and move past some of your empty nest worries. Use these five tips to make the most of this time together.

1. Plan ahead.

Hopefully family weekend has been on your radar ever since you helped your student move in. Local hotel rooms and restaurant reservations could fill up fast, so plan your stay and your itinerary as far ahead of time as you can. And while you want to have some time to explore campus – and if you're an alum, indulge in some nostalgia – popular events will sell out fast. Get tickets in advance for things like football games, performances, or tours, especially if younger brothers and sisters are part of your group.

2. Empty out the closets.

Family weekends often coincide with the real start of fall. Pack up all those warm clothes and boots that your student said they didn't need six weeks ago. You could also bring along any personal items that are taking up extra space in your garage and let your student make the grown-up decisions: keep them here in your dorm, donate them, or throw them away.

3. Go shopping.

If you're feeling charitable, offer to help your student pick up some essentials, such as groceries or any dorm room necessities. This might also be a good opportunity to – gently – remind your child of the plan you've agreed on when it comes to paying for tuition and expenses, and ask if they've looked for a job on campus.

4. Let your student lead.

Family weekends are an opportunity for your student to be the

grown-up and show you what their life at school is like. Take time to meet their new friends, eat lunch at their favorite hangouts, attend open houses hosted by their favorite professors and student organizations, and see the sights. Not every activity will be tops on your to-do list but seeing your child at home in their element could help ease some of your separation anxiety and see college life through their eyes.

5. Don’t overstay your welcome.

Even if your family is having a great time together, your student still has friends to see, work to do, and classes to study for. Though you may not be used to it, say goodbye on your child’s terms and try not to disrupt their schedule too much. Take advantage of some time apart to see more of campus or the larger city. Go for a run around the lake. Visit a museum or schedule a special dinner with your spouse. When you are together, try to resist any obtrusive parenting urges, such as cleaning up, commenting on the wardrobe, or rearranging the furniture. If your child isn’t displaying any erratic behavior or obvious warning signs that they are struggling to adjust to this transition, be happy that they’re happy.

And when you’re heading home and the tears have dried, be proud as well. You have raised a young adult who’s hopefully on a path toward sufficiency, academic success, and gainful employment. That’s no small accomplishment – which is why we’ve had Paying for College on your Personal Pathway for such a long time!

So, now that you’ve seen your college plan in action, what’s next? Would you like to review any upcoming life transitions affecting your other children? Have you been eying that empty bedroom and thinking about a remodel? Or do you want to get your college student and the rest of your family together for a big summer vacation next year? We’re always on call to review your financial plan and help you prepare for life’s

biggest moments.

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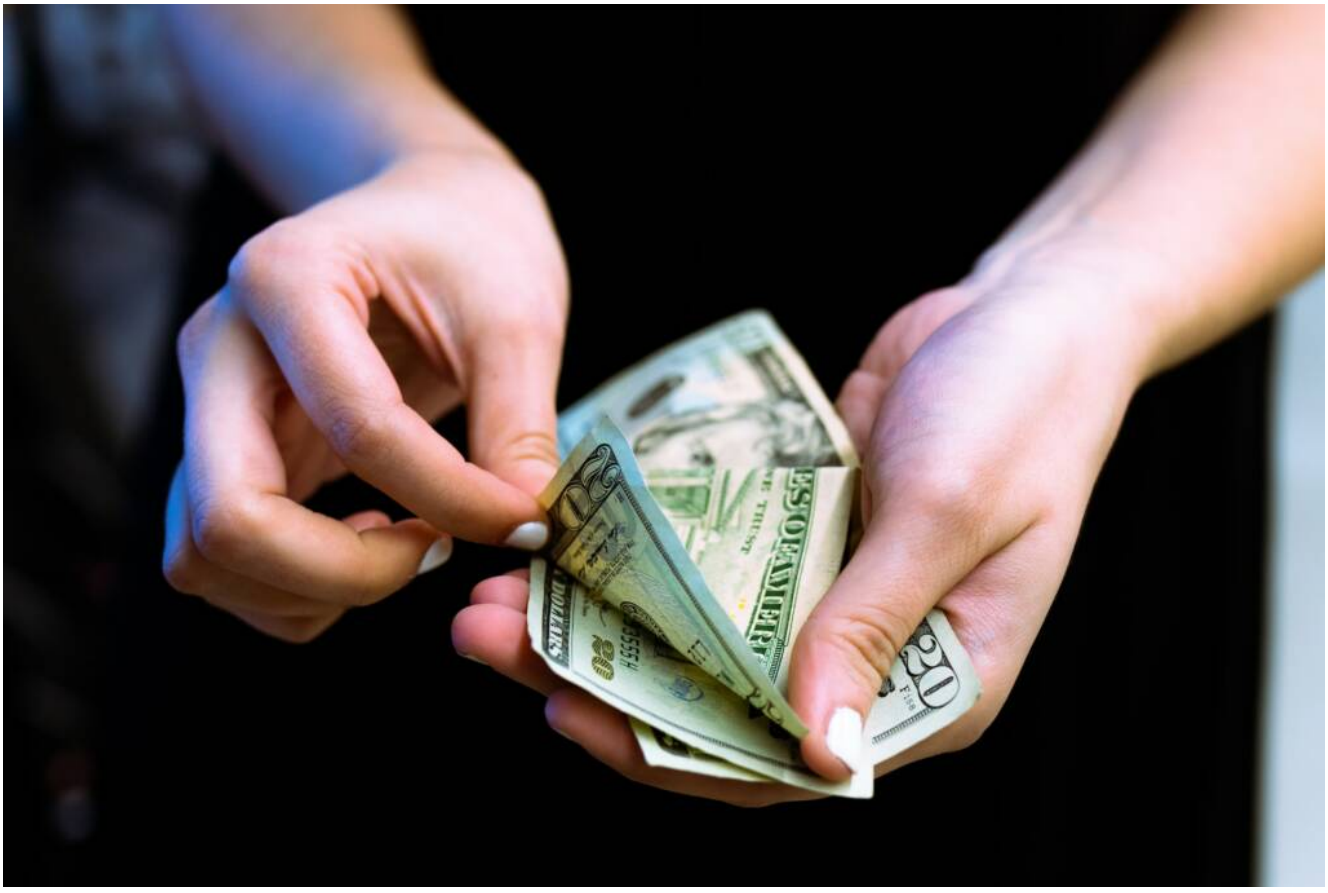
How to Start Teaching Your Kids About Money



It's back-to-school season, which means it might be a good idea for parents to think about something their kids won't be learning in a classroom this year: how to manage money.

While there has been a growing movement in some states to include financial literacy as a high school graduation requirement, most kids head into adulthood without a good

understanding of money or a baseline for good financial habits. And finance is a taboo topic for many parents because they don’t want their kids to worry about money or get a distorted view of the family’s wealth.

Our advice: start small. Here are three easy ways that parents can teach children the value of a dollar and start them on a path toward greater financial literacy.

1. Let kids help budget for a family vacation.

When kids think about a big family vacation, they picture endless entertainment. Putting a value on what all those rides, shows, meals, and souvenirs actually cost can help youngsters set realistic expectations and prevent the trip from turning into a spending spree.

Once you and your spouse have settled on a total budget, break out a whiteboard or a large piece of paper and start making line items. Start with essentials like airfare, hotels, and the price of admission to attractions. Add in the estimated cost of a meal or two at a destination restaurant. And so on.

As the leftovers from your top budget number get a little smaller, your kids will see how splurging at the gift shop could be the difference between an extra day in paradise and coming home early.

2. Help kids set short-term and long-term financial goals.

There’s nothing wrong with surprising kids between birthdays and holidays. But if you find yourself buying everything your kid points at any time you go shopping, your generosity might be sending the wrong message about how money works.

The next time your child is eying a new toy, talk to them about what that toy costs, how long you have to work to earn enough money to buy it, and how the child can help to pay. A couple of extra chores might help the child appreciate the

connection between work, money, and spending. There can be a fine line between educating and shaming them about money, but you know your kids best, so consider tailoring your approach to each child.

It can be challenging to help kids think about anything in the long term. But simple money rules, like setting aside a set percentage of gifted money into the bank, can help kids start to understand concepts like saving, compound interest, and building wealth over time. You could also set family savings goals for that next big trip and talk to older kids about what they should contribute.

3. Encourage kids of all ages to earn money.

If your teenager doesn’t have a part-time job by the time they start high school, you might want to have a conversation about who’s paying what for college, and whose car they plan on driving when they turn 16. Even if you can afford these luxuries, working teaches teens teamwork, professionalism, and how to manage their time. They’ll also need a bank account to deposit those checks, which is a good opportunity for you to start talking about saving and investing early. One popular strategy is to match what your teen puts into a long-term savings account with contributions into a custodial investment account.

Point your younger children towards ways they can earn money in your home and neighborhood. Simple lawn care, collecting recyclables, cleaning up around the house, and babysitting are all valuable services that can help them pad their piggy banks.

When your children get a little older, consider bringing them into our office for a friendly money chat. We can help you introduce your kids to basic saving and investing principles so that getting the best life possible with the money you have becomes a value the whole family shares.

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Preparing to Send Kids to College



Between the student debt crisis, COVID-19 lockdowns, and post-pandemic changes to the workplace, it's never been more important for students to make the most of their college experience. And if you're a parent who's preparing to foot the bill and hoping to turn that extra bedroom into a hobby room, it's important that you set clear expectations for what your child needs to accomplish before graduation.

Here are three discussion points that can help you, your spouse, and your child establish some ground rules so that all of you get more value from the next four years.

1. Academic expectations.

C’s may very well earn degrees, as the old saying goes. But while your child is no longer competing for a spot in college, that doesn’t mean they should start slacking in the classroom. Middling academic performance could jeopardize a scholarship your child earned. It could also make it more difficult to secure spots in selective classes and programs later in college – particularly if a post-graduate degree is part of the plan. Moreover, if your A student is suddenly struggling to get by, that could be a sign that he or she isn’t taking classes seriously or is dealing with mental health issues that you should address as a family.

Beyond engaging in their classwork to learn, students should use college to sharpen skills that will help them succeed in the workforce: time management, collaboration, perseverance, focus, and curiosity. Push your child to do more than get by and they’ll learn how to push themselves toward greatness.

2. Financial expectations.

In addition to building good work habits, college is also an opportunity to teach your child good money habits. Even if you can afford to pay for tuition, room, and board, you might have your child contribute to total costs as well. Having some skin in the game might motivate your child to put in that extra effort to excel.

Of course, the costs of college don’t stop once the tuition and housing bills get paid. What is your child’s plan for covering basic living expenses? Have a conversation about part-time work, setting a monthly budget, the importance of saving and investing early, and using debt responsibly. This last point is especially important as many credit card companies barrage freshman with enticing introductory offers including fine print they may not understand. It’s likely your student will have enough debt to worry about when they start

working without adding a high-interest credit card bill into the mix.

3. Networking expectations.

For motivated students who want to build a glide path from the classroom to a good job, the resources at a college or university are almost endless. High achievers who demonstrate a commitment to hard work can form invaluable relationships with professors, administrators, counselors, alumni, and other mentors. Many schools have strong connections to local companies, community organizations, technical certification programs, and government offices.

Joining student organizations can help students connect with their peers and start addressing issues both on campus and in the broader community. And all these contacts and experiences can be resources when it’s time to start applying to graduate school or looking for a first job. Talk to your child about how they plan to make these important connections and start cultivating their first professional network.

Ultimately, college will be what your student makes of it. Once you’ve set your expectations, you’ll have to give your child some space to find their best way to meet those expectations and prepare themselves for adult life.

We can’t help with homework, but if you’d like to set up an appointment before move-in day, we’d be happy to sit down with you and your child to help him or her get started on the path to long-term financial success.

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