

Business

COMPANIES, CONSUMERS, MONEY, TECHNOLOGY, WORK • Pittsburgh Post-Gazette • THURSDAY, JUNE 9, 2011

Survey: Most parents still helping to finance adult children

By Tim Grant
Pittsburgh Post-Gazette

"My observation is there are a significant number of children still on the family payroll even into their 30s and 40s. This was unheard of 20 years ago."

— P.J. DiNuzzo, president of DiNuzzo Investment Advisors
in Beaver County

Financial adviser P.J. DiNuzzo recently met with a couple whose daughter is a physician earning a six-figure salary — yet the parents are still paying for her car insurance even as they try to save for their own retirement.

"My observation is there are a significant number of children still on the family payroll even into their 30s and 40s," said Mr. DiNuzzo, president of DiNuzzo Investment Advisors in Beaver County. "This was unheard of 20 years ago."

But it's not today.

A new survey found that 59 percent of parents in this country are providing financial help or have in the past helped support their adult children when they were no longer in school.

The online poll commissioned by the National Endowment for Financial Education and Forbes.com was conducted by Harris Interactive in May. It found 43 percent of parents were supporting their adult children because they were legitimately concerned about their financial

well-being, while 37 percent said they had struggled in the past and did not want to see their children struggle the same way.

"That six out of 10 parents are providing their adult children some financial support was higher than I expected, and they are doing so willingly," said Ted Beck, president and CEO of the Denver-based National Endowment for Financial Education.

Mr. Beck said his organization decided to conduct the survey because there was a lot of discussion surrounding the amount of support parents are providing their adult children and he wanted to get some hard numbers on how widespread it was.

John Waldron, president and CEO of Waldron Wealth Management in Bridgeville, provides financial advice to families with assets ranging from \$7 million to \$1 billion.

He also has found a growing number of parents he works with are providing financial support to their children.

They pay for housing, luxury cars and even provide benefits and unearned salaries from family businesses.

He has seen some clients buy first-class airline tickets for adult children to go on vacation with their friends and in one instance, purchase a private airplane for an adult child.

"We work with parents who are better off than the norm," Mr. Waldron said. "Therefore, they have the means to continue providing for their children without it impacting the parent's financial life or financial decisions.

"They don't want to see their kids suffer or struggle. But the danger of continued support is it deprives the child of the huge learning opportunities that come from overcoming life's struggles and challenges."

The survey found that parents were helping with every type of living expense, including housing, transportation, insurance, medical bills, utilities and spending money.

What is most disturbing about the survey is that most parents are not having such an easy time helping their adult children.

In fact, 26 percent of parents were incurring debt to provide financial support for adult children; 13 percent have delayed a life event, such as buying a home or taking a vacation; and 7 percent have delayed retirement.

"It's a tough time for people entering the workforce today," Mr. Beck said.

"That's why the discussion parents have with their children about what they are realistically able to do is so important.

"Parents when talking to their children should get a clear understanding of how long the support will last. There's a clear difference between helping them set up for their first household and first job versus ongoing support to subsidize their lifestyle."

Tim Grant: tgrant@post-gazette.com or 412-263-1591.