

Adult Children Moving Back Home: Don't Let "Boomerang Kids" Derail Your Goals

By New York Life Insurance Co.

- Have your adult children returned to the nest?
- Are you ready to help them get back on their feet?
- Are you prepared to lay down rules and protect your own financial stability?

They're back. The "Boomerang Kids" — young adults who left to go to college, get married or just strut their independence — are moving back in with mom and dad. Boomerang Kids can be a mixed blessing for parents, both emotionally and financially. The trend is cyclical. Especially during tough economic times, adult children head for home. Census figures show that 56 percent of men and 43 percent of women ages 18 to 24 today live with one or both parents. Some never left, while an estimated 65 percent of recent college graduates have moved back in with their parents. ("Returning to the Nest," The Baltimore Sun, February 29, 2004 web page: www.theeagle.com/business/technology/022904returnnest.htm; "Boomerang Kids Keep Coming Home," CBS Evening News, January 9, 2004 web page: www.cbsnews.com/stories/2004/01/08/eveningnews/main/592186.shtml)

The reasons are many, the first being economics. According to the Bureau of Labor Statistics, 10.9% of 20-to-24-year-olds were unemployed in September 2003 vs. 6.7% in September, 2000. The jobless rate for 25-to-34-year-olds had also risen to 6.3% from 3.7% over the period. That sent a lot of young folks back home. Plus, there is the matter of debt, especially college loans. For as many as 40 percent of recent grads, it made smart economic sense to move back in with their parents — where life is comfortable and rent is either low or nonexistent — while they get their finances in order. Then, of course, some return for personal reasons, to recover from a divorce or an illness, or just because they cannot afford their parents' lifestyle living on their own. ("Mom and Dad, I'm Home - Again," BusinessWeek online, November 3, 2003 web page: www.businessweek.com/magazine/content/03_44/b3856124.htm.)

Caution: Parents are often happy to help out, both emotionally and financially. As a result, the arrangement often works to everyone's satisfaction. However, there are risks, especially for the parents. These include family tension and misunderstandings, but also money.

The return to the nest can become a financial burden that can derail the parents' plans and jeopardize their financial future, especially their retirement, as they try to do too much for their children. For example, if parents pick up a son's college loan, that payment is money not going toward their own retirement savings, very often at a time when the parents need to be stashing cash at an accelerated pace to meet retirement needs.

Success Factors

Studies show that the return to the nest works best when several factors are present:

- The boomerang kid **pays rent or contributes to the household** in a tangible way. (About half make a payment of rent.)
- The boomerang kid **gets along with mom.** (The relationship with the father seems to be less of a factor.)
- The return is **temporary** and a **one-time** event. (Children who repeatedly boomerang find that relations with parents worsen each time.)
- The parents are in a **long-term marriage.**
- The return is a safety net while the boomerang kid makes a **transition, based on a clear-cut need.**
- The boomerang kid is cheerful and **good company.** (Mothers, especially, like the company of the young

person and see it as a benefit of the return to the nest.)("Boomerang Kids," by Mary Bold, Center for Parent Education, University of North Texas (2001). Web page: www.unt.edu/cpe/module1/blk5boom.htm.)

How To Make It Work

Most researchers agree that you as a parent can take steps to create a win–win situation:

1. **Set house rules.** Put them in writing. [Make it a contract](#). Remember, it's still your house.
2. **Set a departure date**, whether it be three weeks or three months.
3. **Insist on responsibilities**, which may include paying rent and/or payment in kind, such as taking on household chores – doing laundry, making dinner two nights a week, buying groceries. This can often be negotiated. One method is to ask the returning child what he or she believes would be reasonable rent. (This is also the area, when not clearly laid out, that can result in the most misunderstandings, as adult children return to old habits of expecting to be taken care of.)
4. **Help them restructure debts**, rather than simply bail them out. Then teach them how to avoid new debt. One option is to match debt–reduction payments, with the understanding that they put away credit cards and live within their means.
5. **Do not sacrifice your own financial future.** Decide how much you want and can afford to help. Children tend to think their parents are wealthy, while some parents provide more financial support than they can afford. Remember that your children have decades to build their financial security, while you may be only a few years away from your retirement date. Ironically, if you are not careful, you could end up depending on your children for help in your old age.

Boomerang Kids – having your darlings return to the safety net of their home – can be wonderful time of family closeness. Setting the tone, laying out the ground rules, and making smart–money financial decisions can help create a positive, supportive environment that is in the best interests of you and your returning family members. Good luck.

About the Author

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