

# Newsletter For Mature Adults

May 2023



## Parents Supporting Adult Kids Risk Their Retirement Security

If you are helping your adult kids financially, you are not alone.

A new Bankrate (<https://bit.ly/3oEZVH6>) survey found that most parents (68%) are providing support for their adult kids. But in doing so, many may be compromising their financial futures by putting emergency and retirement savings on the back burner. .

Parents with children eighteen or older have made a financial sacrifice to help them, and a third of that group (31%) say they have sacrificed "significantly," and 37% said they have sacrificed "somewhat."

For instance, 51% say they have sacrificed their emergency savings, with 20% saying they have done so significantly. They have also impacted debt payoff (49% total; 18% significantly) and retirement savings (43% total; 18% significantly), and 55% report missing out on reaching other financial milestones.

Savings.com research (<https://bit.ly/441HH2u>) also found that parents are footing many adult kids' bills, with 45% providing financial support for at least one grown offspring.

Groceries, cell phones, housing, and student loan payments are common parent-funded expenses, and their average monthly contribution is more than \$1,400.

Parents also said they would go to extraordinary lengths—even emerging from retirement—to support kids, even if it meant compromising their retirement.

Savings.com asked, "Which of these would you be willing to do to support your adult child(ren)? Select all that apply."

Live a more frugal lifestyle	58%
Pull money from my savings or retirement account	44%
Retire later	33%
Take on debt	25%

Come out of retirement	16%
Refinance my home	10%
None of the above	19%

Bankrate's tips for cutting your kids loose:

- Determine a realistic amount of money to give your kids and stick to an amount that does not compromise your financial stability.
- Set clear expectations with your children, specifying a specific dollar amount or duration of assistance to avoid being seen as a permanent piggybank.
- Prepare your kids for financial independence by sharing your knowledge of financial planning and responsibility with them before cutting off financial support.

Bankrate Senior Industry Analyst Ted Rossman says, "Offering financial assistance can backfire if it puts your own savings, investments, and financial well-being at risk. It can be a vicious cycle. Young adults are wrestling with student loans and high household formation costs. Still, if parents overextend themselves to help, they might jeopardize their financial security."

## Homeowners Prioritize Long-term Living with Recent Home Upgrades

Not long ago, many homeowners renovated with an eye toward selling. That is changed, according to the 2023 U.S. Houzz & Home Study, which found that 61% of homeowners intend to stay in their homes for 11 years.

It found that this year, just 6% of homeowners are renovating with the intention of selling, compared to 12% in 2018.

In addition, among all the generations, baby boomers are leading the renovation activity (59%), and during 2022 spent a median of \$24,000.

Much of that renovation activity in 2022 was done to bring aging homes up to date with projects that included upgrades to plumbing (29%), electrical (28%), and home automation (25%). Also, one in five homeowners made cooling and heating system upgrades, spending a median of \$5,500 and \$5,000, respectively.

Still, renovation of interior spaces is the most popular area for upgrades (72%), with kitchen and bathroom remodels being the top projects.

In 2022, 28% of homeowners upgraded their kitchen, spending a median of \$20,000, while 25% chose to renovate their primary bathroom, spending a median of \$13,500.

Houzz says such renovations come with challenges, including finding the right service providers (33%) and products (28%), staying on budget (27%), and staying on schedule (21%).

During 2023, 53% of homeowners plan to continue renovating their homes, with a median planned spend of \$15,000. Additionally, 35% of homeowners plan to make repairs during the same period.

See the complete report at <https://st.hzcdn.com/static/econ/2023-US-Houzz&Home-Study.pdf>.

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