Adult Children and Money: A Psychological Perspective

by Eileen F. Gallo, Ph.D.

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In her 1987 sociological analysis of American youth, *The Postponed Generation: Why American Youth Are Growing Up Later,* Susan Littwin was among the first of the popular commentators to point out that many children born in the 1960s and 1970s were taking a decade longer than any prior generation to assume adult responsibility.

When my husband Jon and I present our workshops on children and money to financial professionals, we examine this issue of extended dependency in some depth. This column discusses some of the emotional and psychological reasons for extended dependence and examines the role of the financial advisor in working with families. In his companion column in this issue, Jon examines financial and estate planning techniques that can be used to help adult children become financially independent.

The transition from childhood to adulthood has been lengthening during the last half of the 20th century. In 1950, children moved relatively quickly from adolescence into adult responsibilities. The average age of marriage was 20 and jobs were readily available for high school graduates at wage levels that made it normal for the wife to be a full-time stay-at-home mother. Today, a high school graduate can expect little more than a minimum-wage job with few opportunities for promotion. Full-time college students are often faced with reductions in class schedules that result in it taking five or even six years to graduate. And post-graduate degrees are generally necessary for entry-level professional positions. The average age of marriage is approaching 28. More young adults are remaining at home or, if they ever left, are returning home.[1] In 1960, 43 percent of young adults between ages 18 and 24 were living at home. By 1990 the percentage rose to 52.8 percent.[2] Similarly, young adults between ages 25 and 34 still living at home rose from 8.7 percent in 1960 to 11.9 percent in 1990.[2]

Many of our clients tend to view their children's continued economic dependency and resulting failure to become successfully autonomous adults as a source of major irritation and dissatisfaction. As sociologists Schnaiberg and Goldenberg[3] have pointed out, however, from the point of view of the adult child, postponing economic self sufficiency is not a problem—rather, it is a solution.

They have been socialized to desire the benefits of adult roles (economic, marital, parental). But as the costs of achieving successful role performance rise, the appeal of the role-playing diminishes. Similarly, if the incremental benefits of shifting from children's to adult roles are not sufficiently high, there is less incentive to take the risks of moving from familiar childhood roles to unfamiliar adult ones. Uncertain career lines make for less enthusiasm about seeking entry-level career roles; this, in turn, makes investment in human capital through advanced education less attractive to many young adults as well. Parallel arguments can be drawn about the risks of divorce; a reticence to engage in enduring, "committed" relationships is one reasonable response to this risk….[4]

As you can see in Table 1, derived from Schnaiberg's and Goldenberg's article, in only two of six dimensions is there an immediate net gain from becoming independent of one's parents.

Schnaiberg and Goldenberg concluded that *"Many of the social gains of adult roles can be achieved with higher benefits and generally lower costs by sharing parental resources rather than by moving out on one's own!"* (Emphasis added.)

As a financial professional, what advice should you give clients concerned by their children's continued financial dependence? What tools do you possess to assist your clients when their adult children return home—or fail to leave the parental nest in the first place?

Help your clients reorganize the way they view their adult children. In *The Myth of Maturity,*[5] social psychologist Terri Apter points out that this lengthening transition between adolescence and adulthood creates a seeming paradox that

TABLE 1

Net Gains of Independence for Adult Children

Dimension	Living At Home	Being Independent	Net Gain
Material Comfort	Higher	Lower	Strong negative
Economic Security	Higher	Lower	Strong negative
Privacy	Moderate	Higher	Weak positive
Social Freedom	Moderate	Low to high	Negative–positive
Sexual Freedom	Moderate	Higher	Weak positive
Emotional Support	High	Low to high	Negative/none

parents must understand. To become adults, our children must pull away from us and learn to make their own decisions. But the increased time it takes to become a truly independent adult means that our adult children need our emotional and psychological support more than ever. Too many parents are unable to distinguish between curtailing financial support for adult children and curtailing emotional support. While reducing or even eliminating financial support may be appropriate, it is vital that the parents continue to provide their young adult children with emotional support.

Build self-confidence in the adult child. Counsel your clients to not automatically tell their adult children what to do. Listening is more important than talking. Offer advice rather than directions; help them build self-confidence by letting them make decisions and take charge of their lives. Parents who do everything for their adult children and then wonder when they will grow up and do things for themselves are actually co-conspirators who are making their children feel incapable of doing anything independently.

Suggest that the parents share some of their own challenges. Adult children often enter adulthood with unrealistic optimism. They expect to enjoy the comfortable lifestyle of their parents, but have no comprehension of the difficulties and reverses they may encounter. Many return home when they discover that they have to start with entry-level jobs and salaries that do not allow them to continue their parents' lifestyles. In many situations, this sense of unrealistic optimism has been fostered by parents who never share the stresses and obstacles of everyday life with their children. Their children reach maturity believing that success is easily achieved and roadblocks are never encountered. While parents need not share every job-related problem with the children, children who learn that the workplace poses challenges, and that Mom and Dad suffer occasional reverses, grow more resilient and are better able to confront early career difficulties than children who are protected from this knowledge.

Be a proactive participant. Several years ago I worked with a couple who was supporting an unmarried daughter in her early thirties. With the assistance of their financial advisor, a budget plan was developed that both phased out parental financial support over a four-year period and helped the daughter attain economic self-sufficiency. The advisor worked closely with both the daughter and the parents. When the plan was announced at a family meeting, it was greeted with tears and hostility. The parents expected the reaction and continued to provide emotional support for their daughter. By the end of the second year, the daughter was looking forward to her financial independence and she was completely self-supporting by the end of the fourth year.

Help your clients communicate their values to their adult children. Following a presentation we gave in New York several years ago, Al Wroblewski, an independent financial planner in Cambridge, Massachusetts, who tries to practice what he preaches, shared with us a copy of a letter he had written to his adult children. It was titled "Endeavors" and in it he said that he was willing to help them financially by "supporting worthwhile endeavors." He said that in evaluating requests for money, he was looking at several things:

- Is whatever you're going to do important to you; are you really committed?
- Does it represent something meaningful both to yourself and others?
- Does it move you toward financial self-sufficiency?
- Will money make a difference?
- Is giving you money healthy for our relationship?

The letter ended with this observation, which perhaps really says it all: "The distinction I guess I would like to draw between giving you money for worthwhile endeavors versus just for the hell of it is the difference between using money I give you to fuel your independence versus using it to prolong your dependency or to take the easy way out."

Eileen F. Gallo, Ph.D., is a psychotherapist in private practice in Los Angeles, where she works with affluent families and individuals dealing with psychological and emotional issues related to wealth. She can be reached at (310)471-4489; her address is 12011 San Vicente Blvd., Ste. 510, Los Angeles, CA 90049.

Endnotes

1. T. Berry Brazelton, M.D., is the current guru of child rearing. Two of Brazelton's four adult children returned home, with their children in tow. Said Brazelton: "I used to say that the hardest thing about raising kids is giving them up. I don't say that anymore. It was so wonderful, that empty nest. We look back on it and say, 'Oh Lord, where has it gone.' *Los Angeles Times*, Section E, Page 1, August 14, 1997.
2. Joint Center for Housing Studies, Harvard University, "Young American Adults Living In Parental Homes," WO2-3, May 2002.
3. Schnaiberg and Goldenberg, "From Empty Nest to Crowded Nest: The Dynamics of Incompletely Launched Young Adults," *Social Problems* 36-3, 251 (1989).
4. Schnaiberg and Goldenberg, 261.
5. W. W. Norton & Company (2001).