

# Help Launch Your Children's Financial Future

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## TEACH YOUR CHILDREN WELL

By Fred Dunbar

Generally, there are two things that may ruin your retirement: a long-term illness and adult children. Today, we will focus on adult children.

Many baby boomers have been faced with caring for their aging parents while still raising their own children. Someone has dubbed them the sandwich generation. Face it, children cost money. From the day they're born, throughout the school years and many times as adults.

Parents understand how their paycheck shrank with the birth of each of their children. It started with the increase in your budget (if you had one) for baby formula, diapers and, oh yes, day care. Many couples sacrificed a paycheck to have one parent stay home with their children until their youngest entered school. Remember how elated you were when your youngest child enrolled in kindergarten, especially full-day kindergarten? You had all of that extra money now that they were out of day care. Where did it go?

As your children grew, so did their problems and expenses. There was elementary and secondary education and then "OMG," college. There might still be a couple of you out there who do not know that "OMG" stands for "Oh, my God." If you're like many parents today, you did not save enough to pay for your children's entire college education. Many parents took out home-equity loans or co-signed education loans for their children. Most parents want their children to graduate college with no debt. What a wonderful goal.

Remember the elation when your youngest child finally graduated college? Go ahead, look in the mirror and you can probably still see the smile on your face. Then the next thing you know (no Jed is not a millionaire), your child comes home and tells you he or she met Mr. or Ms. wonderful, and then OMG, you have a wedding to pay for. In the good, old days (when were they?), many parents only paid for the wedding if it was their daughter's. No longer; many parents find themselves paying for all or part of their son's wedding as well. Weddings today are nothing like they were when I got married in 1982. Being one of 10 kids and my wife one of nine, we paid for our own wedding. The reception was at a fire hall and we had a blast. It was a party. Today, weddings are epic celebrations and cost upwards of \$50,000. Many parents have offered their children the money as a gift so they could use it for a down payment on a home.

Many of our boomer clients tell us just how difficult it is for their children today. They say it's more difficult today than it was for us years ago. It is more complex with certainly more distractions.

Maybe it's because we haven't taught our children as well as the prior generations (your parents or grandparents) did. It used to be that kids earned money by babysitting or delivering newspapers. They would take half of the money earned to the local bank and deposit it into a passbook savings account. The teller would type in the amount being deposited and also any interest earned from the prior month. Perhaps we have given our children much more than we ever received. If you look at many of the high-school parking lots today, you will see newer-model cars. And everybody over the age of 8 seems to have the newest smartphone.

It might have started when our children played T-ball or soccer. Forever and a lifetime ago, you won a trophy only if you were the league champ or runner-up. Today, it seems like everyone receives a trophy because they participated. Do you remember the movie, "Meet the Fockers," starring Robert De Niro (Jack Byrnes), Ben Stiller (Gaylord Focker) and Dustin Hoffman (Bernie Focker)? Who can forget the look on Jack's face when Bernie showed him Gaylord's trophy wall? It isn't about winning and losing, it is about we tried our best.

We have taught our children throughout the years that when they need anything, mom and dad are there. As any good parent, we are their safety net. If they fall short of money, the bank of mom and dad is always open. If your children are out of college, out of the house and married, now is the time to close that bank.

Saying no will help them realize they need to budget their money. It will do both of you a world of good. It is OK if they have to struggle a little. It will help them to become successful, like you. For the boomers, it will help you secure your financial plan. Basically, it's that old expression, "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime."

I suggest if you feel the need to help them one last time, pay for a couple of hours with a fee-based financial adviser. This is similar to when you used to help your kids do their homework when they were young. Eventually, you may have had to hire a tutor to help them with calculus or physics. Maybe your children will listen to a financial adviser about what they need to do to become successful. It is generally difficult to teach your children, since they tune you out. If your children have more days than paycheck left at the end of each month, they need to do one of the basics in financial planning: Create a budget. Somehow over the years, budget has become a dirty word.

Today, we meet with many young, married professionals who between them may earn \$125,000 or more but have nothing to show for it. When we ask them what they're spending their money on, they have no idea. To be successful, they will need to set goals and work toward meeting them. It will not happen overnight.

Realizing that many of the millennials today need help, our firm has created what we call a Financial Launch Pak. Basically, it is a mini plan specifically designed to help your children and grandchildren launch their financial success.

Now that you have made the decision to cut the cord; grab your favorite beverage, a book, chair and sunscreen, and head to the beach. You will certainly feel better knowing that your kids are off the parental payroll and on the path to success.

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