

Adult Children Living in the Basement

Kate McCaffery

Sep4th 2010 at 9:00AM

It turns out there are a lot of good reasons why adult children end up living in their parent's basements for longer than they used to.

Still, when I read surveys where pollsters discover that some are making no financial contribution to the household whatsoever, I do wonder how a situation like that comes to pass. I also wonder if there are things we can do along the way to make sure the kids aren't still living at home when they're 30.

"Families have been moving in together for generations," says Susan Beacham, founder and CEO of Money Savvy Generation. "This whole idea of it being a big negative is really, I think, an outgrowth of the former prosperity."



Evil Erin on Flickr

The "former prosperity," she says, refers to a time when it was a given that children could graduate from college or university and expect to go straight to work the next week. Also, that starting salaries would be high enough where the children could live independently, outside of their parent's homes.

"We've all experienced a change in our economy. What came before that was a time where you could graduate from college and you had a job, even before you graduated. It was a given," she says. "When I was a teen, getting a job at 16 was quite doable. They were abundant. There was an abundance of opportunity to be employed because those were jobs that most adults didn't want and didn't need." (Today the pizza delivery guy is likely to have a few kids of his own. If you live in an urban centre, he could have an engineering degree as well.)

"If the child needs a bench for a while (space at home to live for a time), so be it. It's not the worst possible thing in the world," she says. "If most kids are there so that they can figure out their battle plan, a strategic plan for how they're going to live on a salary that won't allow them to live alone, that's ok. Take a deep breath."

Given the circumstances, the need for this kind of support is not all that surprising. In addition to the fact that jobs aren't the given they once were, schools are exponentially more expensive to attend and even marriage breakdowns are more common than they were.

An Investors Group survey released earlier this year seems to back this up. It also suggests that some boomer parents understand this new reality too – the majority of boomers (52 per cent) surveyed said they expect their children to be financially self-sufficient by age 25 while more than half (53 per cent) say they themselves became financially self-supporting before age 21.

The survey also discusses the pressures put on a parent's own retirement plans when they're faced with caring for their own parents while also supporting adult children at home.

"A lot of people are in that situation," says Debbie Ammeter, vice president of advanced financial planning at Investors Group. "As much as you can do to teach children about money and even about the importance of career and how to earn money, the better off you will probably be."

Kate McCaffery is a freelance writer in Toronto, Ontario. Visit mccaffery.ca/kate2.0/ for more information.