



Coping With a Money Crunch: What to Expect When Adult Children Move Back Home¹

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Today, many adult children are returning home to live with their parents. Often this move is because the adult child is experiencing financial problems as the result of being unemployed, in the process of divorce or simply because of the inability to earn enough to make ends meet. This return home will change the household expenses of the parents. One more person does make a difference. Anticipating the change in the parents' finances will help both the parents and the child plan to minimize family conflicts.

Talk about money arrangements. Be as specific as possible. Some questions to consider are:

- How much money are the parents willing to contribute to help the child?
- Is this financial help viewed as a gift or a loan?
- How much money can the child contribute to the household?

- Is the child going to help out with household tasks? If so, which ones?
- If the parents have been paying to have the lawn mowed or other chores done, would the child take on these jobs for pay?
- Does the living-at-home situation have a specific time limit; for example, until a job can be found or until the "ideal" career is available?

If the child is going to pay for his or her share of the household expenses, discuss the arrangements and put them into writing so all parties concerned clearly understand what expenses are to be shared, how much is to be paid, and when the money is to be paid. Keep the arrangement business-like. On the other hand, if the adult child will not be paying for "room and board," that should be clearly understood, so no one will be confused or feel uncomfortable.

Many household operating costs increase with the addition of another person. The cost of fuel for hot water often increases because there will be more hot water used for bathing and laundry. This is

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especially true if the child uses hot water lavishly and the parents are frugal users. Utility costs may increase if more food is cooked and more lights and air conditioning or heating are used. Laundry arrangements are a frequent source of tension. Does mom or the adult child tend to do laundry, pressing and/or cleaning tasks?

An additional person in the household will not usually increase the rent, but you should check your lease. If your lease specifies the maximum number of people who can live in the house or apartment, exceeding that number is a violation of the lease agreement and the landlord could cancel the lease. Of course, this won't be a problem if the parents own their own home.

If the new household member will be using the family car, notify your automobile insurance agent of the additional driver and arrange for coverage. In Florida if the child is under 25 or has a poor driving record, the insurance cost will increase substantially. Determine who is paying for what automobile expenses before they are incurred.

The long distance telephone bill often goes up if the new household member is looking for work out of town. Before calls are made, decide who will pay for them. Devise a way of keeping track of who made each call. This little thing is often a common source of conflict.

Time management is another topic that should be agreed upon. For example, bedtime, quiet time, and noise level -- TV and radio volume.

The increase in the family food bill will depend on how much and how well the new household member eats. Not only will the cost of food increase, but so will the shopping. There will likely be a change in the types of food to be purchased, preparation time and possibly shopping locations. Who will do the shopping? Who will decide what to buy? Who pays for it and when?

In addition to food costs, meal arrangements can be a source of conflict. Sometimes mother expects to prepare three meals a day for the child just like she used to and the child is planning to eat at home only if she/he happens to be at home at mealtime. Or

perhaps the child expects that mother will prepare three meals a day just like she used to and the mother is planning to cook only if she happens to be home at mealtime. Another point to consider is how you are going to handle guests at mealtime. If the parents are on a tight budget, frequent dinner guests can become a severe burden. There is no one right or wrong way to handle these situations; the important thing is to discuss them and reach an agreement.

The new household member should also be aware that the personal possessions stored in the parent's garage and closets may not be covered by mom and dad's household insurance. A separate policy could be necessary, if insurance is desired on the child's property.

The situation gets even more complicated when the adult child has children. It's vital to clarify babysitting responsibilities and other procedures related to care of the young children, as well as the financial situation.

Talking about the family finances and responsibilities is not easy. But not talking will create misunderstanding and family conflicts. Having an adult child move back home can help young people "get back on their feet" financially and be an emotionally satisfying way to strengthen family ties if everyone agrees on the arrangement.