

Spoil your children...ruin your retirement

Everything in Balance



By Joshua D. Turpin

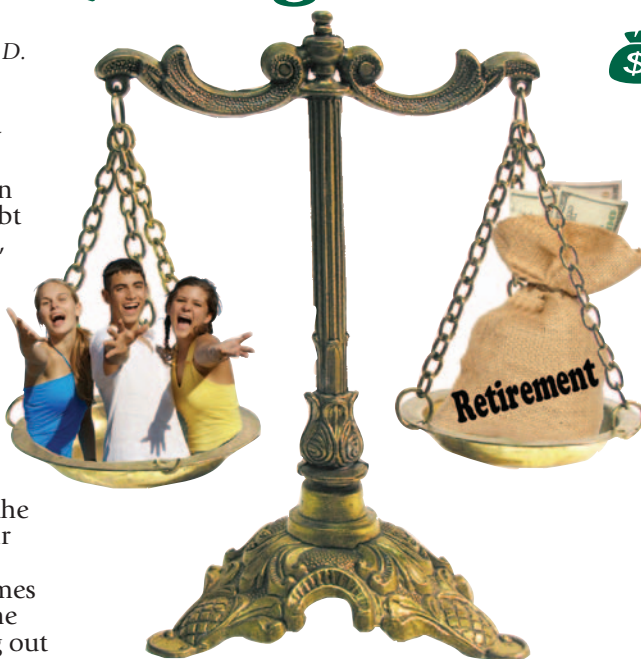
In my career I have seen more debt incurred, more money spent, and

more financial strain gone through by parents because of spoiled children. The kids are going through college and mom and dad are footing the bill, grandparents taking care of the grandchildren left behind by their irresponsible daughter or a son wrecks his third vehicle. Sometimes \$100-200 at a time, sometimes the financial impact is bigger. Bailing out your kids again and again is an issue more parents face than you would imagine.

Last month, I was fortunate enough to get to speak, in length, with several of our readers regarding financial issues affecting 55+’ers. One of the questions I asked was “Why aren’t/weren’t you on track to be “set” for retirement? What could you have done differently?” Common responses were, “Avoid debt”, “start saving more”, “start saving earlier”, etc. However, one particular response kept popping up. It seemed to be a common thread in the message I heard from our readers: “Well, if it weren’t for having to keep helping my kids.....”

Some say the finger can be pointed directly back at the parents. When most baby boomers grew up, times were much tougher. They lived on what they could. There was little room for necessities let alone luxuries. Credit cards were not widely used and they spent only the money they had. Most of their children didn’t have it so rough. Generation X’ers have, by in large, been spoiled. Money (and all too often credit) is more available. Sometimes the effect, however, often isn’t felt until it is a serious issue, often at retirement.


In the financial services we see this all too often. It is natural for parents to sacrifice for their children. Some times it is necessary. Sometimes it is not. Knowing the difference is a



good place to start. Think about how you paid your way though college. How you worked two jobs to take care of your kids and if you ever wrecked your car as a kid, you drove around in a wrecked car! You learned and you thrived. Reader Joleen Dohm told me, “Kids want it now and don’t realize it took us 40 years to get there!” You don’t have to give them all they want and more. To provide is sufficient. Is it not too much to ask your children to sacrifice a little while you look ahead.

Of course there is a balance to be found. You can provide for your children and your future simultaneously. As with anything that involves money, planning is a necessity. If you are whimsically floundering around hoping things fall in place...they don’t! Sticking to firm financial principles can help you prepare. Start by working with your kids or grandkids immediately.

Here are some tips when preparing your kids and grandkids for their financial futures:

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 Begin your children early with money and finance. Teach them what to avoid and how to save. There are books and resources for this!



An allowance and a piggy bank works well. Make them keep a ledger and if they want something, let them borrow it from you and make them pay you back with deductions from their allowance. This quickly teaches them how credit works!



Know when to say when. 35 year old children need to be pushed from the nest! Make it difficult to return to the nest! Sometimes children rely upon parents. Let them stand on their own two feet. If they fall, remember, everyone does!



Don’t ever borrow money on the behalf of another. This includes family members! If they can’t obtain credit on their own, it is a sign they shouldn’t have it!



Communication is key! Educate your entire family on financial issues. Let them participate in minor decisions. Let them know the repercussions of decisions.

You don’t have to cut them off, just trim it down a bit. With a proper education and a plan, you and your kids can enjoy the legacy you all hope for.

Joshua Turpin works with a firm called Citywide, a financial services firm based out of Kansas City, specializing in an array of senior products. He writes and speaks throughout the Midwest on topics such as retirement planning, reverse mortgages, and overall financial health. He can be reached at 888-491-6847.



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