

Bankrate

68% Have Made a Financial Sacrifice to Help Adult Children

Younger & Older Generations Disagree on When to Start Paying Your Own Way

NEW YORK – April 10, 2023 – Amid economic uncertainty, nearly 7 in 10 (68%) of parents with children 18 or older have made a financial sacrifice to help them, according to a new Bankrate report. Further, nearly a third of that group (31%) identified that they have sacrificed “significantly,” while 37% said they have only sacrificed “somewhat.”

<http://www.bankrate.com/personal-finance/financial-independence-survey/>

Overall, about half of parents of adult children say they have sacrificed their emergency savings (51% total; 20% significantly) and debt payoff (49% total; 18% significantly) to help their kids financially, while 43% say supporting their adult children has been detrimental to their retirement savings (18% significantly). More than half of parents (55%) have also sacrificed reaching some other financial milestone (16% significantly).

Interestingly, Gen X parents (ages 43-58) are more likely than baby boomer parents (ages 59-77) across all categories to have made a financial sacrifice to help their adult children: emergency savings (58% of Gen X vs. 47% of baby boomer parents), paying down debt (55% vs. 44% respectively), retirement savings (50% vs. 38% respectively), and reaching some other financial milestone (60% vs. 50% respectively). In all, 36% of Gen X parents also said they made a significant sacrifice.

Men are significantly more likely than women to feel they sacrificed their debt payoff efforts (53% vs. 46%) and some other financial milestone (58% vs. 52%) to help their adult children, but were tied when it came to sacrificing retirement savings (43% each) and close on emergency savings (53% vs. 50%).

Further, lower-income households (earning under \$50,000 annually) are more likely to have made financial sacrifices than higher-earning households. The most notable spread is for those sacrificing emergency savings, where 58% of the lowest earning households have done so for their adult children, compared to 46% of the highest-earning households (earning \$100,000+ annually).

“Remember that saying about putting your oxygen mask on before helping others,” said

Bankrate Senior Industry Analyst Ted Rossman. “Offering financial assistance can backfire if it puts your own savings, investments and financial well-being at risk. It can be a vicious cycle. Young adults are wrestling with student loans and high household formation costs, but if parents overextend themselves in an effort to help, they might end up jeopardizing their own financial security.”

Paying Your Own Way

As far as what age constitutes a shift for people to start paying their own way, 20-23 is the consensus range for covering expenses from cell phone and credit card bills to car insurance and health insurance. While Gen Zers in particular seem to think of 21 as a benchmark for covering most costs, older generations are more likely to say that many parent-funded expenses should be finished by that age.

Expense/Bill	Average Age a Person Should Start Paying	Average Age a Person Should Start Paying, says Gen Z (ages 18-26)	Average Age a Person Should Start Paying, says Baby Boomers (ages 59-77)
Cell Phone Bill	20	21	19
Credit Card Bill	20	21	19
Subscription Services	20	21	20
Car Insurance	20	22	19
Car Payments	20	22	20
Travel Costs	21	21	20
Housing Costs	22	23	21
Health Insurance	23	24	22
Student Loans	23	23	22

Additionally, men were more likely to say that people should be responsible for most of these costs about 6-12 months earlier than women in every category, while Midwesterners stand out for giving responses about a year younger than the national averages in all categories, except for travel costs.

“While we of course want to be empathetic and help our kids, sometimes financial assistance goes too far,” Rossman added. “Make sure the assistance works within your budget and be clear about the parameters. Helping out shouldn’t be seen as a blank check or an indefinite handout. It might help to attach a specific dollar amount or timeframe.”

Methodology:

Bankrate commissioned YouGov Plc to conduct the survey. All figures, unless otherwise

stated, are from YouGov Plc. Total sample size was 2,346 U.S. adults, among whom 773 are parents with children age 18 or older. Fieldwork was undertaken on March 14-16, 2023. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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