

Grads Living at Home – The Path to Financial Independence

More and more parents who had been looking forward to the "empty nest" years are currently playing landlord to one or more adult children. According to a recent Department of Labor poll, unemployment among college graduates is 18 percent and approximately 85 percent of 2011 college graduates will move back home until they find employment. Even for recent graduates with jobs, living at home can be an appealing cost-saving option. So, how can parents help their new roommates achieve financial independence?



Set limits. The first and most important step to take when your child moves back home is for both of you to establish acceptable limits. That means a time limit for how long they'll be at home, space limits (do they get the whole basement or just their old room), and money limits (will they pay you rent, for gas, groceries, etc.?).

Teach money management. Living at home gives your graduate more opportunity to save than they'll have for the rest of their life, and it gives parents time in which to set a good example of personal financial management. Create a budget together and discuss spending habits, encouraging your child to save as much as possible during this stage in their life.

Start paying off loans. Even if your child is able to defer payments on student loans due to unemployment or under-employment, if they can afford to start making payments right away, it's a good idea to do so. Not only will this save on interest, but they're more capable to make payments while living at home because of relatively few other expenses.

Help with the job search. Be encouraging as your child searches for a career position. They're probably as frustrated as you are with living at home, so help them prepare a step-by-step plan of action. Reach out on your network to see if there's anyone in their field you can pass along a resume to. Then step back. Your child is an adult and wants to know their accomplishments - including finding gainful employment - are their own.

Ultimately, parents ready for an empty nest and graduates wanting to be independent both need to realize that the situation is temporary. Establish a plan to save, practice fiscal responsibility and take advantage of the opportunity to learn from each other.