

Parents risk retirement to subsidize kids

By Carol Hymowitz, BloombergBusiness

Cathy Egan has been supporting herself since she was 18, when she worked as a waitress in Minneapolis. Her 23-year-old son lives at home and relies on his single mother for transportation, food, and other expenses. Egan, now 50, only began putting money aside for retirement five years ago, after she started working as a licensed practical nurse for the Veterans Health Administration – her first job with benefits.

Although she also has a son in high school, the single mother can't bring herself to cut off her eldest, who earns \$8.50 an hour plus tips delivering takeout orders part time for a restaurant in St. Paul. "Right now, I'm still the supporter," she says.

Baby boomers are putting their retirements at risk by spending too much on their adult children. With real wages stagnant and unemployment among those age 16 to 24 running above 12 percent, large numbers of households continue to dole out cash to children no longer in school, covering rent, cell phones, cars, and vacations.

A July 2014 survey by American Consumer Credit Counseling, a Boston nonprofit, found that a higher proportion of U.S. households (1 in 3) provide financial assistance to adult children than support for elderly parents (1 in 5).

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