

More Grandparents Helping Out

Financial support to adult children and grandchildren called unprecedented
by: Carole Fleck | from: [AARP Bulletin](#) | July 2009

As if dwindling retirement funds aren't enough to keep you awake at night, here's another financial stressor for many of you: grown kids.

In a nationwide survey of 10,000 older adults, nearly two-thirds (62 percent) say they've provided financial support to their adult children and grandchildren in the 12 months that ended in June, according to a survey by [Grandparents.com](#) made available to AARP Bulletin Today.

The survey of people ages 48 to 70 did not ask how much money they've provided to their kin, but it did reveal where those funds went:

- 70 percent gave cash for day-to-day expenses.
- 40 percent helped with mortgage or rent payments.
- 24 percent provided money for health care.
- 23 percent helped pay for day care costs.
- 21 percent provided funds for education.

Georgia Witkin, an assistant clinical professor of psychiatry at the Mount Sinai School of Medicine in New York and a senior editor at [Grandparents.com](#), called the number of older adults providing financial support to their grown kids and grandkids unprecedented in recent times. But she also pointed out that many of today's grandparents are in their 50s and 60s, still working, and in a position to help.

"Grandparents aren't really elderly anymore," Witkin said. "So you're talking about people who tend to have jobs, have retirement security including nest eggs, pensions, Social Security. Their help used to be discretionary—buying a grandchild's first car or helping out with college. Now it's really needed for the basics."

A separate poll released in July also found that grandparents have been a steady source of financial support to their grandchildren, giving an average \$8,661 in the last five years, according to the [MetLife Mature Market Institute](#), the research and educational arm of MetLife, a financial services company.

Nearly two-thirds of 1,077 grandparents age 45 and older polled said they provided money to their grandchildren for many reasons. Among them: general support (40 percent), education expenses (26 percent), major life event such as a wedding (21 percent), savings (13 percent), medical bills and car expenses (9 percent each).

Is your retirement at risk?

Are older adults jeopardizing their own retirement security by providing financial support to their adult children and grandchildren, particularly at a time when many are facing declining assets? Quite possibly, says Sally Hurme, a financial expert at AARP.

“If they’re tapping into their retirement savings to help their children, then they’re shrinking the amount of resources they’re going to have for the rest of their lives,” Hurme said.

“If they’re still working,” she said, “then obviously they may have to work even longer to give themselves more time to replenish the money they’ve given to their children and grandchildren that they should’ve been saving.”

Source: http://www.aarp.org/relationships/grandparenting/info-07-2009/more_grandparents_giving_money_to_kids.html