

Rodger on Retirement

Your retirement plan should not include mom and dad's money

A baby boomer retirement plan should be well thought out and comprehensive. That is a given. What it should *not* include, is borrowing money from your aging parents. Time and time again, I am aware of boomers in their 50s and early 60s borrowing funds from parents in their 80s, who are never paid back. They ask for help to purchase a home they cannot afford or a new \$35,000 truck. Perhaps they could have made do with a smaller home that was within their price range, or a used truck for a lot less than the price of a new one. Invariably, news of these loans makes its way to other siblings.

Those siblings often wonder if their brother or sister just pulled off a "land grab" as part of their inheritance. Arguments and hurt feelings often ensue, with suspicions of motives high on the list. *"Could you imagine, honey, my brother Bob asked my mom for \$45,000 to help on a down payment for a new home? And she gave it to him!"* These types of conversations occur more frequently than you might imagine.

Don't get me wrong. I recognize that true financial emergencies do happen and many people naturally reach out to their parents if they have no other place to turn. However, the parents of baby boomers are now in their late 70s, 80s or even 90s, and are facing escalating healthcare costs. Many of the baby boomers' parents are no longer living on their own and their only option is an expensive assisted living facility.

Here is where I will annoy some readers. Committing yourself to a home you have no business trying to buy or purchasing a new car instead of a used one are not financial emergencies. This is living above your means and you should know better. Wants and desires are not needs. No one *needs* a new Mercedes-Benz. You will lose the argument if you insist that reliable transportation is your primary motive behind the purchase.

I suppose you can argue that your schools and parents never taught you basic financial planning; that you are unaware you must pay yourself first and keep six months of cash reserves for emergencies; that you recognize you may need help in planning your finances; and that you do not possess the skill set necessary to do it yourself. Or, that bad luck just follows you around.

I can argue that as a baby boomer who has been around for a while, you should be aware of the help that is available to you. You might ask friends or colleagues for a referral to a financial planner. You can pick up the yellow pages or even turn to the Internet. But borrowing money from your parents is one option that you should never consider a part of your retirement plan.