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Keeping the kids solvent is a worry for retirees

By Paul Sullivan in New York

Parenthood is fraught with worry. But what used to send concerned parents running to friends, relatives and therapists for advice is now driving them to their financial advisers.

According to a report to be released tomorrow by Ameriprise Financial, the retirement planning service most valuable to people consists of financial advice for their children. In a survey of 2,000 Americans aged 45-70, 52 per cent rated this higher than everything from health-care planning and understanding pension schemes to dealing with inheritance issues.

Among people with financially dependent children, an even higher number, 61 per

cent, put this at the top of their list.

"Many Baby Boomer parents think their children do not have the necessary levels of financial skill and discipline and are all too willing to spend heedlessly on the newest car or gadget," the survey, "The New Retirement Mindset", found.

It went on to link this concern to a recent increase in the number of adults living with their parents. Between 2000 and 2004 the number of children over 18 living at home rose by 69 per cent.

The result came as a surprise to the man who conducted the survey for Ameriprise. "We thought we were going to hear about bonds, equities and allocations," says Ken Dychtwald, chief executive of AgeWave

and an expert on ageing and retirement. "It wasn't just that it appeared as one of the things that mattered. It was on top. It beat out all other factors."

Mr Dychtwald describes the concern as "earnest and thoughtful anxiety" that is driven by two components. First, children can "boomer-ang back" into their lives after their retirement plan was set, and second, without unions and employers to look after you, children face a financial future for which they are totally unprepared.

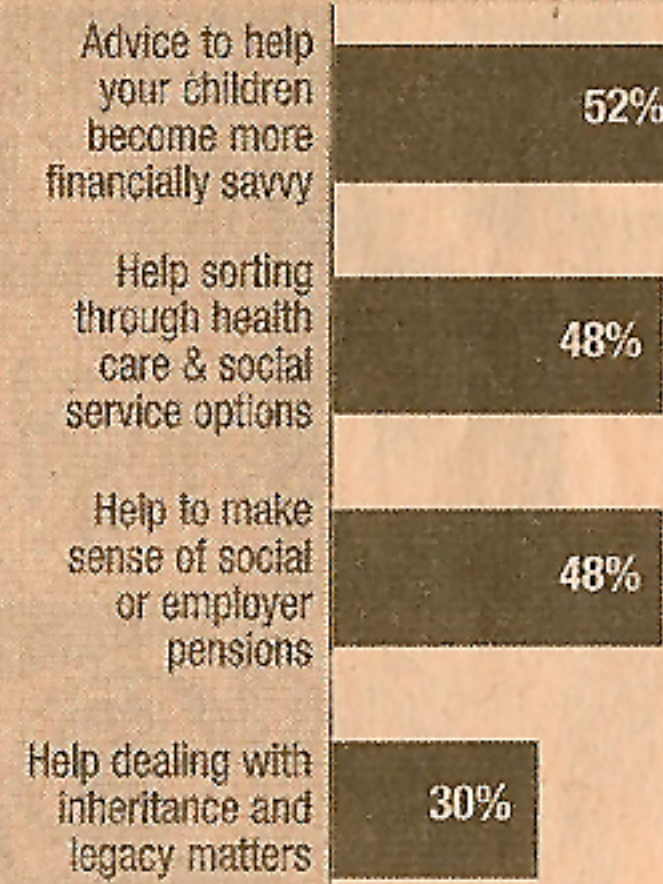
"Elder-care is one thing but very few people have calculated their risk of unexpected costs from their children in managing their finances," he says. "What happens if they need \$300,000 and their kids have eaten

into their retirement savings?"

Joline Godfrey, chief executive of Independent Means, a family wealth consultancy, and the author of *Raising Financially Fit Kids*, says it is time someone confronted this issue. "This subject has been sitting in the collective unconscious for some time," she says. "But what has made people more aware of this is that the children are coming home."

This has put a tremendous burden on adults who thought they were planning for a retirement like their parents, in which they would visit their grandchildren, not house them. On the other hand, with people living longer and needing more of their assets, heirs who are not successful

Top retirement priorities



Source: Ameriprise Financial

enough on their own are caught in a financial bind. "No one wants to say, I need you to die because I need your assets," Ms Godfrey says.

There is no easy solution-

for people in this situation. Jim Cracchiolo, chairman and chief executive of Ameriprise, says people have to factor in the very real possibility that they will be supporting their children beyond college. "If the child is coming back, we need to alert the client to take those things into account," he says.

Even though people want their children to be more financially responsible, Mr Dychtwald, 55, sees the situation as a function of kids taking longer to mature and society accepting it. "It was a humiliation to live with your parents when I was coming up. Now it is considered acceptable to say 'my parents let me live at home and come and go as I please'."