How 'boomerang children' and creeping age of independence could affect your financial plans

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OPINION

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The question of when children should leave their parents' home is not new. Although this might seem like a modern concern, Canadians were discussing it a century ago.

What is relatively new is the concept of "boomerang children," who leave and return a few times, occasionally staying until the death of the last parent. This development is interesting from a few angles, including family relationship dynamics, the parents' retirement planning and, last but not least, estate planning.

At first glance, the census may seem like a cure for insomnia. But beneath its columns of statistics and dry commentary, the census, issued every five years, reveals fascinating trends and indicators across all aspects of our lives. We can look all the way back to 1911 to see this topic discussed.

That year, the age of "independence" was 16; by 1930, it had risen to 18. A 1937 study of the 1931 census, titled Dependency of Youth, reported on this rising age of independence, then defined as no longer attending school.

"As the age of leaving school becomes higher and higher, it represents a more and more serious problem," wrote John Robbins, the author.

"We have seen that independence is not reached until young people are well into their nineteenth year, and if the tendency of the last generation continues, they will in comparatively few years still be dependent on parents when reaching their twenties."

The disapproving tone of that 1937 report now seems humorous. Times have indeed changed: The most recent census from 2021 indicated that 35 per cent of Canadians aged 20 to 34 lived with at least one parent, a figure unchanged from 2016. However, an increasing number of *older* young adults are now at home: in 2001, 38 per cent of adult children at home were 25 to 34; by 2021, 46 per cent of the at-home young adults were in that older bracket.

According to *You and Your Adult Child* by Laurence Steinberg, a psychology professor at Temple University and prolific author on adolescent development, there are two economic factors behind the longer time to financial independence in North America now compared with the prior generation: a sharply widening gap between housing costs and salaries; and employers' expectation of more education.

In the book, published last year, Prof. Steinberg encourages parents to assist their children financially, to the extent they can afford to do so, including sharing their home, noting that multigenerational households are a common living arrangement in many parts of the world. He also advocates for parents providing adult children autonomy and independence by refraining from giving unsolicited advice and setting clear expectations about everything from meal times to the terms of any financial support.

We have seen many situations where parents and adult children live together with the parents, sometimes providing additional financial support, and reporting helpful, supportive, and mutually beneficial relationships. These families' successful arrangements usually reflect open communication about mutual expectations and boundaries, and paying attention to the details regarding financial assistance.

In contrast, some parents and adult children in similar-looking situations struggle with blurred boundaries and unclear expectations, leading to difficult relationship dynamics – including arguments over money.

One of many interesting aspects of the financial relationships between parents and adult children is the possible impact on estate planning. The principle of testamentary freedom – the ability to leave one's estate to whomever we like – has historically meant that, in most provinces in Canada, parents were only required to provide for dependent children in their will. ("Dependent" usually meaning a child born with a medical diagnosis correlated with the likelihood of continuing financial assistance.)

However, with the societal shift to greater parental support, including the provision of a residence, courts in recent years have examined what it means for parents to provide financial support to adult children. Many professionals specializing in estate planning mention this issue as one that can create significant friction for families, particularly when one child may be considered financially dependent and possibly entitled to a greater share of the parents' estate compared with their siblings. Discussing the impact of this issue on both retirement planning and estate planning with advisers – financial planners, lawyers, accountants and wealth managers – is important. The changing relationships between parents and adult children is reshaping not only our families but also how our society, including legislators and the courts, look at these family dynamics. It's good to be informed.