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MARKET MATTERS: My boomerangs keep coming back and costing money



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So you've reached your middle ages. You look and feel decades younger than previous generations at this age, the task of raising children on a daily basis is pretty much accomplished, and you're looking forward to some quality time together as a couple.

Maybe you're planning to do a little renovating and upgrading of the family home and looking forward to having some elbow room. Then, suddenly, back home come your children and it's goodbye quality time, hello chaos! Welcome to the boomerang phenomena.

How exactly will you plan to cope with a sudden increase of your family size and its associated costs, not to mention loss of the long-anticipated elbow room?

Recent studies show that the living arrangements of America's young adults have changed dramatically. Back in 1960, for instance, only 20 percent, or one-fifth, of American 18- to 34- year-olds lived with their parents. By the end of 2014, though, 32.1 percent — nearly one-third — of young adults lived at home with their parents.

Analysts believe that the boomerang phenomenon is the result of a perfect storm of economic downslides that hit the generation born in the late 1980s and '90s during their coming-of-age parties, just as the housing crisis erupted and a wider financial downturn ensued. Meld the Great Recession and high unemployment with skyrocketing college loans — with an average student loan debt of \$37,000 in 2016 — and you have the perfect reason to turn your basement into living quarters and dust off the old “code of conduct” that established the rules of your home before your child headed off to college.

But returning to the previously empty, or emptying, nest is not as simple as just moving in and taking over the old bedroom. There are new rules to establish and expectations that should be discussed.

First and foremost, there should be the question of money. It's one thing to provide for your children when they are children, but fully grown adults cost a lot more to have around the house. Perhaps you are in a solid financial position and don't really need rent money, but you still can help your child put some funds aside for the future — and pay off their college debts in the meantime.

As far as opening the wallet every time someone approaches with a hand out and palm up, you may want to remember the adage “neither a borrower nor a lender be.” It's generally not a good idea to lend or give money arbitrarily, at least not until you have taken a good look at your own financial situation. It's also not advisable to become a bank with no borders, nor rules and regulations to the recently returned.

If the subject of borrowing money does come up, ground rules should be established immediately. There is no life lesson to be learned from constant handouts with no strings attached and there is nothing wrong with establishing saving and investing goals while under the familial roof.

You can start with helping establish a budget with clearly identified sources of income and outflow. Once a budget is in play, you can help build a lifetime of financial responsibility by making sure your young adult sticks to it, including paying you back on time and in the agreed-upon amount.

There is some debate as to whether the boomerang generation will ultimately fade into the sunset, a short-term eruption caused by unfortunate and temporary economic upheavals, but there are many analysts who believe it is here for the long haul. There are more factors at work, they say, than just the housing crisis and recession.

A rapidly changing global economy that has increased the influence of foreign trade, as well as speed-of-light changes in technology, is redefining the future for the emerging generation of workers. The age of marriage is being delayed, partly because, with so many young adults pursuing advanced degrees, they aren't even finished with their education until they reach their mid-20s.

But that may not be such a bad thing. For generations, we have heard distress calls over the diminishment of the American family, but now, the need for advanced education and the coincident delayed permanent independence are bringing families back together, perhaps not as intended ... but at least it's a starting point.

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