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Helping your children

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Helping your children
by: [Rona Birenbaum CFP](#)

Q: My daughter recently asked me and her father for financial assistance. She and her partner want to buy a home so that there is more space for them to start a family. As much as we want to help her we have a few concerns. Her partner has had some difficulty getting work, and we are not sure how long the support would be necessary. We don't know how much we can afford to give her without compromising our own retirement needs.

A: Your first step should be to find out more about your daughter's financial circumstances. Before committing to any financial help, you and your husband need to know how much is needed and for how long. Simply writing cheques in response to requests is a bandaid approach to solving problems. It is better for everyone to get to the heart of the financial reality. I have seen a number of situations like this, and upon reviewing the children's finances we discovered that:

- | One or both of the couple were not earning enough money to support themselves and were making little/no effort to improve their income earning capacity.
- | They had unrealistic expectations regarding their housing options. Rather than saving up for a modest home that they could afford, they sought parental help to buy into a property outside of their budget.
- | Their cash flow problems had more to do with not wanting to cut back on lifestyle expenses such as dining out, travel and gifts as opposed to a real cash flow shortfall.

Sometimes, a little financial "leg up" can give your children the start that they need to build a solid financial future. As long as the money will serve that purpose, not act as an enabler of poor finance habits, and not create financial hardship for you it is safe to proceed. A simple financial plan can help you determine how much you can afford to provide while protecting your financial future.