When my son returned home from his first year of college in May of 2009, he announced to my wife, Betsy, and me that he was “burned out and going to take a break from school.” As I contemplated my response, several thoughts raced through my mind. “What are you talking about, son? When I went to college, I didn’t take a so-called ‘break’. If you leave school now you’ll never go back. What kind of career do you think you can have without a degree?” I took a deep breath and calmly responded to my son’s announcement. David,” I said, “it’s fine with us if you want to take a break from school, but if you are going to live at home, you need a full-time job.” At the time I did not realize I should have added a litany of other enforceable rules, such as turning in his gas card or paying his own credit card bills.

After my son was home for a few months, I bought a book called Setting Boundaries with Your Adult Children by Allison Bottke and realized that by enabling David, I could be leading him towards a disabling financial future. It wouldn’t take long for him to become too comfortable, and lose motivation for making his own way. Yet I needed to better understand where to draw the line between helping my children and enabling them. Bottke describes the difference as follows: “Helping is doing something for someone else that they are unable to do for themselves. Enabling is doing things for someone else that they can and should be doing for themselves.” When we help someone, we show kindness and empathy toward the receiver of the help and we usually feel good inside. Helping is almost always temporary. An example of this is buying our adult child a car upon graduation from college. An enabler, on the other
hand, is “a person who recognizes that a negative circumstance is occurring on a regular basis and yet continues to enable the person with the problem to persist in his detrimental behaviors. Simply, enabling creates an atmosphere in which our adult children can comfortably continue their unacceptable behavior.” Many people think of enabling exclusively in regards to drug addictions or alcoholism, where the family makes excuses for intolerable behaviors. However, enabling encompasses many other areas of life, including how we’re raising children to become independent, self-sustaining adults or experiencing the consequences of their own actions.

In most situations we see as wealth advisors, financial matters are the heart of the issue. Enabling begins and continues because of money—the parents have it, their children want it. I recently witnessed the 40 year-old son of one of my clients spend a six figure inheritance in less than two years, and now he’s several years behind on his property and income taxes. Even though his son keeps asking him for help, wisely the father continues to say “No,” referring his son instead to professional credit counselors. Most clients don’t intend to build “our child’s unending drain on our retirement savings” into their cash flow strategy, but over an extended period of time even this constant drip can have a negative impact on their financial well being. In order to stop this behavior, we (as parents) must take the first step by communicating when and why their financial windfall will stop, and then holding ourselves accountable to enforcing this new behavior.

After nine months of living at home and cutting grass at a local golf course, David decided to attend the National Outdoor Leadership School. Upon his return home, Betsy and I made a commitment to handle David’s behaviors differently. The line was drawn—he got another full-time job, and I collected both his gas card and his credit card. The result? He soon decided he didn’t want to continue to live at home and work a low-paying job for the rest of his life. The break from school showed him how most Americans live, and he realized that with the right education and dedication he could have a better chance of success in life. David is now back in school full-time. In her book, Ms. Bottke shares a saying which really resonates with me. “You can’t paddle another man’s canoe for him.”

Many of us have been paddling our adult children’s canoes for way too long. And if we’re not careful, enabling our children financially may negatively impact our own lifestyles during retirement. While change can be agonizing, the long-term benefits definitely outweigh the pain, especially when it comes to protecting your retirement nest egg and passing along positive values to the next generation.