

79% Who Funded Adult Children During Pandemic Did So at the Expense of Own Personal Finances

The average amount of money given was \$4,154; the highest earners more than doubled that

NEW YORK – May 5, 2021 – Almost half (45%) of parents with adult children have given their kids money since the beginning of the COVID-19 pandemic (March 2020), and 79% of those used money that would have otherwise gone towards their own personal finances, according to a recent survey by CreditCards.com. In fact, among those who gave money, 47% gave more than \$1,000, including 28% who gave more than \$2,500 and 18% who gave more than \$5,000. The average amount given was \$4,154. Click here for more information:

<https://www.creditcards.com/credit-card-news/pay-adult-childrens-debt-poll/>

The likelihood to financially assist adult children increases with household income. Among parents of adult children who have an annual household income of less than \$40,000, 42% gave money and the average was \$1,403. Nearly half (49%) of parents with a household income of \$40,000 - \$80,000 gave money to their adult kids and the average was \$2,170. Fifty-six percent of parents in households with an annual income over \$80,000 gave their kids money and the average was \$8,530.

Geographically speaking, residents of the four Census regions were about equally likely to give money to their adult children, but the average amounts varied widely: \$5,018 in the South to \$4,234 in the Midwest, \$3,573 in the West and \$2,861 in the Northeast.

“While it’s admirable to help your kids financially, you should be careful,” says Ted Rossman, senior industry analyst at CreditCards.com. “A 2019 Bankrate.com survey (<https://www.bankrate.com/finance/credit-cards/lending-money-survey-2019/>) found that about half of people who lent money to family and friends experienced a negative consequence such as losing money or damaging the relationship.”

Seventy-nine percent of those who financially assisted their adult children said they would have otherwise used at least some of the money for their own financial benefit, including paying down their own debt (33%), spending on day-to-day expenses (27%), boosting their emergency savings (27%) and adding to their retirement savings (16%) and investing (10%). Meanwhile, 14% would have used at least some of the money on discretionary spending, 11% didn’t know and 6% said something else.

Rossman adds, “Be very clear about your expectations. For instance, do you expect to be paid back or is the money a gift? I usually think it’s best to phrase it as a gift to limit the potential for

hard feelings. And don't lend or give more than you can afford to lose. The adage about putting your oxygen mask on before helping someone else comes to mind here.”

Parents who gave money to their adult children said it was used for: food (47%), housing (33%), a cell phone/cell phone plan (27%), a car (23%), paying off debt (21%) and entertainment (11%). Also, 17% said something else and 13% don't know how the money was used.

Methodology:

CreditCards.com commissioned [YouGov Plc](#) to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 3,925 adults, including 1,334 adults with at least one child 18 years old or older and 615 who had given their adult children money since the beginning of the Covid-19 outbreak. Fieldwork was undertaken April 7 – 12th, 2021. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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