

Parental Paradox: Trying to save for retirement while supporting adult children – RBC Poll

Canadian parents report they're happy to provide support but is retirement in jeopardy?

TORONTO, February 28, 2019 - Canadians are funding their children's lives into adulthood with the money they may need for their own retirement, according to the 2019 RBC Family Finances Poll.

In fact, the vast majority (96%) of parents with adult children between the ages of 18 to 35 report they have financially supported their children in some capacity into adulthood, with almost half (48%) responding they are still subsidizing their 30- to 35-year-olds' lives. While many of these parents (88%) say they are happy they are in a position to provide this support, one-third admit they are worried about the impact on their retirement savings (36%) and another one-third fear it may prolong their retirement plans entirely (33%).

"It's human nature for parents to put their children first, but when it comes to balancing financial needs, the best advice is to pause and take a look at your whole financial picture," offered Rick Lowes, vice-president, Retirement Segment, RBC. "Take the time to have a frank conversation with your adult children about finances, plans and expectations. If you can openly discuss your retirement goals alongside their financial needs, it will be much better for everyone in the long run."

The majority of parents believe their children are trying to become financially independent (85%), but that it is very difficult for young adults to make ends meet in today's world (86%), and just over half (53%) feel that their children are struggling to do so.

On average, Canadians who still support their 18- to 35-year-old children estimate they are spending an average \$5,623 per year to provide this support. While these payments tend to decrease over time, parents still supporting children between the ages of 30 and 35 estimate they are spending an average of \$3,729 annually on financial support. As examples, parents report funding the following in some capacity since their children reached the legal age of majority:

- education costs (69%)
- living expenses – including mortgages, rent and cable (65%)
- cell phone bills (58%)

"The closer you get to retirement, the bigger the impact additional costs can have on your retirement income," added Lowes. "There are so many resources available today – online and in person – that can help you find ways to continue to build your retirement savings while managing your day-to-day expenses. Reaching out for financial advice to get a plan in place that gives you the flexibility you need to save for your future while taking care of your costs today is a good first step."

National and Regional Findings

RBC Family Finances Survey: Parents of children aged 18-35	NAT'L	BC	AB	MB/SK	ON	QC	AC
Yearly amount spent on average by parents who are spending money to support their adult children (aged 18 – 35)	\$5,623	\$6,818	\$4,977	\$4,806	\$6,694	\$3,986	\$3,941
I have helped my child(ren) pay, in part or in full, for certain things	96%	95%	97%	97%	97%	94%	100%

since they've turned 18...

• ...for their education ...	69	60%	65%	66%	72%	71%	63%
• ...for living expenses ...	65%	73%	66%	63%	66%	59%	74%
• ...for cell phone bills ...	58%	58%	57%	57%	63%	46%	68%
I currently help my child(ren) pay, in part or in full, for certain things since they've turned 18.	76%	81%	77%	68%	79%	68%	81%
My child(ren) are trying to become financially independent.	85%	80%	90%	90%	88%	80%	87%
My child(ren) are struggling to become financially independent.	53%	62%	59%	55%	59%	33%	57%
I feel that it is very difficult for young adults starting out today to make ends meet.	86%	94%	87%	88%	88%	74%	90%
I am concerned that supporting my adult child(ren) will impact my retirement savings.	36%	44%	37%	47%	41%	22%	30%
Subsidizing my child(ren)'s lives has/will cause me to prolong my plans to retire.	33%	43%	33%	43%	35%	21%	30%
I feel happy that I am in a position to support my adult child(ren).	88%	89%	87%	92%	87%	92%	81%
Yearly amount spent on average by parents who are spending money to support their adult children (aged 30 – 35)	\$3,729	\$5,279	\$2,668	\$767	\$4,135	\$3,901	\$2,334

About the 2019 RBC Family Finances Survey

The survey was conducted by Leger from October 26 to November 9, 2018 on behalf of RBC, through an online national survey of 1,004 Canadian parents (age 36 and older) who have millennial children (ages 18 to 35). The results are considered accurate to within ± 2.2 percentage points, 19 times out of 20.

About RBC's Retirement Advice, Investing and Saving Solutions

The new rbc.com/retirement hub covers the three stages of retirement, from saving and planning, getting close and living in retirement. The hub provides advice around financial and non-financial considerations, such as knowing when to retire, when to take CPP/QPP, and how to create a steady income in retirement. In addition, **MyAdvisor** is an online service unique to RBC that digitally connects clients to advisors – including Financial Planners – providing an “in real time” opportunity for the client and the advisor to view and adjust an interactive dashboard displaying the client's savings and investment goals and to establish actions to achieve those goals. RBC also offers **NOMI Find & Save**, which proactively analyzes a client's spending behaviours to find extra money that won't be missed, and automatically sets it aside as savings. Since launching in October 2017, NOMI Find & Save has helped Canadians save more than \$60 million – with active NOMI Find & Save clients saving an average of \$150 per month. In addition, NOMI Find & Save is now available to joint account holders, helping even more clients automatically accelerate their savings.

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