

Mom's Adult Kids are Bad with Money. How to Help?

Q. I suspect my daughter and son-in-law are not good budgeters. They don't seem to really know how much money they need. He works as a subcontractor and income could be great or poor. I'm entitled to complain since I am their lender of last resort. Is there a service to help them manage their checkbook and save for periods of unemployment? They don't need credit counseling, and they don't need financial planning, just someone to get things under control.

-- Lender mom

A. It sounds like they need help, and it also sounds like you want to tread carefully with doling out advice.

That's smart. Money issues can really mess up a family.

Your daughter and son-in-law are fortunate to have you to fall back on when they need some extra money, but giving them an education or tools to help them manage the finances better is something that will serve them throughout their lives. It's especially important for young couples to understand their cash flow because they probably have many savings goals they hope to achieve, said **Claudia Mott**, a certified financial planner with **Epona Financial Solutions** in Basking Ridge.

These goals often include saving for a down payment on a first home, paying off college loans, college savings for their children and retirement for themselves, she said.

"In particular, if your son-in-law is working as a subcontractor, he wants to be sure he is setting aside retirement savings in some form of IRA as he isn't likely to be eligible for an employer-sponsored plan," Mott said.

There are many tools and online applications that are available to provide assistance to them, but the key is finding one that works for them and committing to using it, Mott said. This can take as little as a half hour a month making sure that transactions are classified correctly and reviewing actual versus budgeted spending.

Mott said they need to start asking themselves questions: "How much time can I spend on this?" "Will I reliably enter every dollar I spend or do I need the tool to do that?" "Do I need a lot of reports or will a graph or two help me visualize my spending?" The answers will help guide them to what's going to work best.

Mott said an app like Mint.com connects to your bank and credit card accounts and categorizes most of the transactions every time the user logs on. This makes it easy to see where money has been spent. "The tool will also set up reminders and provide notifications if actual spending reaches the budgeted amount," she said.

Or there are computer-based tools like Quicken. These require more hands-on time to download the transactions and put them into categories, Mott said, but the reporting is extremely detailed.

[You Need a Budget \(YNAB\)](#), another tool, has a very user-friendly step-by-step process to help you determine where your dollars go, Mott said. And many banks offer a budgeting feature as part of their online systems, too. "Transactions are classified based on the vendor and a spending range can be created to form the budget," she said. "With most of these tools, time must be spent reviewing the categorization. Checks, for instance, need to be categorized manually."

A quick online search will also find many online resources in the form of blogs, videos, websites and publications that provide guidance on budgeting. Many include checklists and templates to help get the ball rolling, Mott said.

"Hopefully your daughter and son-in-law will quickly understand the benefit of taking control of their spending with the help of one of these tools," Mott said.

And you can tell them to start reading and sending questions to NJMoneyHelp.com, too!