

Courtesy of the Fort Worth Star Telegram

Starting Out / *By Diana Ramsom*

Live at Home—and Save

When 23-year-old William J. Sisti graduated from college last year, he had no intention of moving out of his mom and dad's house. "It's a heck of a lot cheaper than renting," says Mr. Sisti, who spent his first year of college in a dorm in upstate New York and then commuted to Ramapo College, a short distance from his parents' home in Oakland, NJ. So far, he has put away close to \$9,000 in a savings account and now says: "The goal is to avoid renting and eventually buy my own place."

Nearly half of this year's graduates plan to "boomerang" —that is, return to or remain at home after graduation—according to a survey from MonsterTrak, an online career resource for college students and alumni. For some who have been away, moving back in with Mom and Dad after college may feel like a step in the wrong direction. But for many twenty-somethings faced with escalating rents and unrealistic home-buying hopes in addition to student-loan payments, returning to the nest—even for a brief period—is one of the smartest money moves you can make.

Obviously, moving back home will require compromises and sacrifices on the part of adult children as well as their parents. But it can also be "a huge opportunity to set and achieve financial goals that will ultimately lead to independence," says Elaine Scoggins, a financial planner in Seattle.

Here are some tips for making the transition:

Ease Your Re-Entry

Recognize that your return home may be as jarring for your parents as it is for you. Plan to help out with household chores such as cooking and running errands and possibly share the cost of utilities, says Elle Deskin, a financial planner in Troy, Mich. Figure out what you need to avoid doing—like leaving wet towels on the bathroom floor or waking parents at 3 a.m. with music or a ringing cell phone—to maintain family peace.

Also consider paying rent, says Robert F. Billingham, Sr., an associate professor of human development and family studies at Indiana University. While adult children and parents tend to regress to their old roles, the gesture of paying rent—even if it is just a token—says: "I am an adult, not a child anymore."

Identify and Share Goals

"Figure out what you are trying to achieve" by living at home, says Ms. Deskin, and then share those goals with your parents. Are you trying to pay off the credit-card debt you racked up during school, for instance, or maybe to conserve cash while you look for a job or study for graduate-school exams? Your parents might have useful financial advice. When 27-year-old Michelle Nicholson was living at home for a year after graduating from school in 2001, she had close to \$10,000 sitting in a checking account. When she

discussed her finances with her parents, they urged her to move her savings into an interest-bearing certificate of deposit.

Consider a Contract

To help you solidify and define your new “adult” relationship with your parents, consider etching out a “boomerang” contract. Ms. Scoggins says one section could address “livability” issues such as your parents’ agreement to respect your privacy and your agreement to pick up after yourself. Another section could include a time-line for how long you intend to stay and a list of financial milestones you plan to achieve. “Anything you can do to show that [you are] an independent adult is crucial,” says Mr. Billingham.

Spend Your Money Wisely

Above all, if you’re living at home and earning money, don’t spend it all, says Ms. Scoggins. Don’t rush to take on a costly car loan, for instance. Instead, take the money that you would be paying in rent and sock it away. Just think: “I’m not living at home; I’m getting ahead,” Ms. Scoggins says.