

Cost Of Becoming An Adult 'Hitting Parents Hard'

The cost of becoming an adult in present-day society is causing stress and strain on the finances of parents, according to the latest research from the Children's Mutual.

October 30, 2007 (FPRC) -- A study into children growing up and becoming adults - the Coming of Wage report - revealed that parents are being hit by the cost of their children maturing. University fees and the financial impact of getting on to the housing ladder in today's society mean a further reliance on the finances of parents, something that may need to be supplemented by secured loans or cheap loans.

According to the research by the Children's Mutual, conducted in association with the Social Issues Research Centre, the number of first-time buyers in the UK has dropped by 20 per cent in the last year, with deposits for homes rising by more than 450 per cent over the last decade. One way to pay for this is for parents to take a secured loan out against their own property to help their young ones to get on the property ladder.

The idea of making it on your own was one of the areas that 'new adults' struggled with, according to the Coming of Wage report. While parents had provided the financial backing to many teenagers as they went to university, once the first job had been landed, former students struggled to adapt to paying bills and were surprised by what the report refers to as hidden costs.

"Rent and utility bills were the greatest shock although there were many other 'hidden' costs of emerging adulthood, for both students and young workers, for example an average deposit on a house or advance rent for a bedsit or flat," the Coming of Wage report stated.

Many students leave university with a debt in the region of 12,000 pounds with "little hope of paying it off", according to the Children's Mutual. This could lead them to further reliance on parental support from the likes of secured personal loans or online loans, which could help the university graduates - the number of which is rising due to a four-fold increase in numbers attending university compared with 30 years ago - cope financially.

However, the Children's Mutual has suggested that future generations could well be better provided for by their parents in this regard, thanks to child trust funds. The organisation has implied that through the use of the savings vehicle, future university attendees and leavers will not put so much strain on their parents and will not require them to take out something like a secured loan to help them get on to the housing ladder.

"Parents of 18 to 25-year-olds are staring right in the face of a real financial headache with little to do but find the least painful solution to the problem," said David White, chief executive of the Children's Mutual. "The parents who have the biggest chance of making a difference are those with child trust fund children ... And by engaging now and saving a little, often, they could help to avoid the financial conundrums being faced by the parents of today's young adults."

In August, Credit Action warned parents ahead of the new school term about the problems with store cards being used to fund school uniform purchases. Deputy director Chris Tapp branded them "an expensive way to borrow".

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