

MERRILL CENTER FOR FAMILY WEALTH®

# Adult financial dependence: Breaking the cycle



This paper was authored by the Merrill Center for Family Wealth®

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# Introduction

As young children grow into young adults, most parents harbor expectations about what kinds of lives their kids will go on to live. When their kids' lives don't turn out as the parents had hoped — if they have addictions, have trouble holding down a job, struggle with money management or choose relationships that seem harmful — it can cause tremendous heartache.

Substantial family wealth can complicate these dynamics even further. Parents may have supported their children, even after college. Perhaps they've offered to subsidize a down payment on each child's first home, or have provided seed money for business ventures, or have continued to send "allowance" money to support their children's lifestyles. While for some children this support may help them flourish, for others it undercuts normal risk-taking experiences that build life skills. It can also enable the very behavior the parents say they want to discourage.

At the Merrill Center for Family Wealth®, Merrill financial advisors often introduce us to families where the parents have tried their best to support their children, only to realize that their adult children are now financially dependent on them. The parents have come to realize that this dependence is neither healthy nor something they wish to sustain, yet they don't see a way to disentangle themselves from their children's problems without making things worse.

Conversely, the adult children also feel stuck, often lacking life experiences that could have equipped them with the confidence and drive to pursue goals. They've come to resent the judgment they feel from their parents — and they resist what they perceive as their parents' attempts to infantilize or control them. They're also unclear on how to disentangle themselves from what they see as their parents' hold over them. Underneath the resentment, they're often petrified of being forced to stand on their own two feet.

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We've found there's no one path for a family to follow that helps adult children achieve financial independence. Yet after helping hundreds of families, we've learned that certain insights, steps, resources and attitudes can be immensely helpful.<sup>1</sup>

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## The Williams family

Here we describe the trajectory of one family. It's a journey that requires examining expectations — along with tremendous acceptance, humility, and above all, open and honest communication.<sup>2</sup>

When we first met John and Sally Williams,<sup>3</sup> who were referred to us by their Merrill financial advisor, we learned that their two adult children couldn't be more different. Beth, 28, seemed to be thriving personally and professionally, and the Williamses had just helped her and her fiancé with a down payment on their first home. But they were at a complete loss about how to help their younger son, Tad, 24, who had recently dropped out of college and come back home to live with them. Tad had since held a series of low-wage jobs but was unable to sustain himself financially. He had also periodically struggled with substance abuse, and, years before, they had paid his way through a three-month stint at rehab. Tad told them he was clean now and was limiting himself to occasional marijuana use, but they worried about him relapsing.

John and Sally had long wondered how best to support Tad, and they were now clear that his financial dependence didn't seem likely to disappear on its own. They thought that he should have his own place rather than live with them, but with the low-paying jobs he sought and tried to hold down, he couldn't afford it. So they paid the first and last month's rent for him on a nice apartment and subsidized his monthly payments. They'd often provided money to cover his living expenses, particularly when he was between jobs. When he had work, he covered what he could.

Sally had also developed a habit of closely tracking Tad's life. She requested Tad's login to his bank account, and since he accepted money from his parents, he felt obligated to give it to her. She insisted on this in part because of the money, but, more importantly, she wanted to

make sure he wasn't falling back into substance abuse. Since she kept tabs on everything, Sally was fairly confident that Tad's heavier substance abuse issues were behind him, but she still worried about it constantly. When she saw that his account was overdrawn (which was frequent), she always deposited more money — not a lot, just enough to make sure he didn't overdraw his account. When Tad had run up credit card debt while traveling abroad, Sally paid off the card. And when Tad's car broke down, he asked his parents for money for a new truck. While they tried to hold the line, Tad pleaded with them and even cried. Eventually his parents gave in, as they always did.

While John and Sally knew they were indulging Tad, they were afraid to say no to him out of concern for what would happen. John worried that Tad would cycle into a depression, spiral back into substance abuse or even become suicidal, as he had once before. They didn't want to lose their child.

When we met with John and Sally, we explained that many more families than they might imagine were struggling with similar issues — often behind closed doors and without support.<sup>4</sup> We shared that most parents feel they've enabled this behavior and, as a result, experience guilt, shame and self-judgment. They shift back and forth from blaming their child to blaming themselves. They're also burdened by other potentially overwhelming emotions: confusion, disappointment, resentment and a lot of thinking about how their child should be. They often compare their child's behavior to others of a similar age who are in a more enviable place in their lives. In this case, John and Sally compared Tad to his sister, Beth.

## Shift your mindset

We suggested that the parents' frame of mind was very powerful and that a shift in their own mindset could create major shifts in the entire family dynamic. The first step was to shed the old patterns of thinking, including letting go of the self-judgment and disappointment. Doing so meant that their own reactivity could begin to recede—opening up the possibility of responding with clarity, creativity, flexibility, focus and even greater peace.

As part of this mindset shift, we also suggested to the Williamses that they'd be learning to hold two different ideas, which could at first seem at odds with each other.

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The first is a radical, or fundamental, acceptance of how things are. The second is to maintain hope for change.

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Acceptance doesn't mean capitulation, but, along with letting go of blame, it also means letting go of expectations. Acceptance isn't an easy process. But failure to accept how things really are only perpetuates cycles of suffering. The other part of this mindset shift—maintaining hope—involves cultivating optimism about the possibility of positive change. The change that most parents hope to see is one of wholeness, which is often what the adult child hopes for as well. When we dig deep with the financially dependent adult, there's almost always an innate drive toward greater emotional, physical, spiritual and financial health. Even if this doesn't initially seem to be the case, acting as though it's true helps generate more productive responses.

An alternative way to describe this mindset shift is to move from wanting to being willing—willing to have an open mind and heart and willing to shift from their own position. This shift is one of the most challenging steps a parent can make, but it's also one of the most important and meaningful. It's what moves the entire system toward better outcomes and possibilities. John and Sally agreed that a mindset shift could help improve their situation.

## Gain insight through questions and observations

Next, we walked the Williamses through a process for gaining insight into the problem itself. We suggested that in every family we'd met where financial dependence was an issue, there was a system in place that seemed perfectly constructed to get the result they were experiencing.<sup>5</sup> This wasn't about assigning blame, but rather experiencing the layers of patterns that were keeping everyone's behavior locked in place. This system had evolved for good reasons—it had simply outlived its usefulness.

At first, understanding the way behaviors work can be challenging and even painful. However, we've found it can help people gain emotional distance if they view their family system, the system that's created financial dependence, as a game. Whenever we bring up this approach, we stress that what the family is experiencing isn't a game—it's as real as it gets. But viewing it as though it were a game can be a useful exercise to begin seeing the system objectively. As we do this, we begin to ask questions.

We asked John and Sally every question we could think of about the system, or the "game," which until then had been played subconsciously.

What are the conditions, or the rules of the game, that have allowed the current patterns of events to play out?	Who did what, when?	What feelings arose?	Who made the decisions?
How was power used?	What were the arguments?	What did John and Sally do?	What did Tad do?
What was Beth's role?	What was "transactional" and what was "relational"?	How did John and Sally play the game together?	What were the patterns? A cycle? A spiral? A zigzag line?

John and Sally warmed to this process and began jumping in with their own questions.

As we engaged in this thought experiment, it began to yield deep insight. Looking at their family system this way gave John and Sally an objectivity they hadn't been able to gain by directly working the problem. They were able to "get on the balcony" and see that this pernicious problem of financial dependence was very complex, with many moving parts. They were able to view the problem from a less emotionally charged, less judgmental, less reactive perspective.

John and Sally's dissection of the rules of their family system had also been peppered with details about Tad, which hinted at some potential root problems. For one, Tad had been diagnosed with dyslexia as a child. He also had patterns of oversleeping, and he had lost two jobs because he couldn't get out of bed. His marijuana use became more pronounced in times of stress, indicating that this use could potentially serve as a form of self-medication.



## Consider mental health issues

Other trends in Tad's behavior suggested mental health issues could be at play. For one thing, Tad reported being anxious almost all of the time. He was anxious around people, when he was alone, when he felt pressure to do something, when he failed and even when he succeeded. His parents also noted that Tad would have periods of enthusiasm and pursue one fringe interest after another, each time hoping his parents would subsidize the new learning venture. In every instance — whether it be photography, graphic design, theater or another endeavor — the enthusiasm waned, and he'd drop it.

All of these observations led us to think that Tad could benefit from meeting with, and being evaluated by, a psychiatrist. We've found that many failures to launch can be rooted in mood or personality disorders such as depression, dysthymia, bipolar disorder and generalized anxiety disorders, and the role of unaddressed trauma in each of these is also receiving more clinical attention. Medication and evidence-based therapies such as dialectical behavioral therapy and cognitive behavioral therapy are often effective treatments for these and other mental health issues.\*

## Become comfortable with discomfort

John and Sally began to realize that their work with Tad would be disruptive and uncomfortable — not only to Tad, but to themselves as well. In the game-changing exercise, they'd come to realize that, in sustaining this situation, there were payoffs for them:

- They maintained control.
- They were able to have a relationship with Tad with less fear of him drifting away (as a dependent).
- It gave John and Sally something to focus on now that they were empty nesters.
- John's focus on work had left Sally deriving her meaning in life from her relationship with the children.

These insights, while a bit difficult to face, helped them see aspects of themselves that they needed to address if the system were to truly shift.

## Identify the “One Thing”

What we've found at the Center is that, for any family problem, there's a point in the family system that provides the greatest fulcrum for change — and will create the easiest path toward better outcomes. In the literature about change, this is known as a keystone habit: a simple behavioral change that will produce systemwide shifts.<sup>6</sup> We call this the “One Thing.”<sup>7</sup>

In our work with John and Sally, we encouraged them to brainstorm ideas for their own One Thing. They listed a dozen or so ideas, including things like creating better boundaries, matching funding, waiting a week before providing funds to Tad, setting one simple expectation with Tad, and generating a set of clear expectations and agreements. All were good ideas. But as we thought-tested each idea individually, it became clear that each was flawed in one way or another. The most obvious thing that emerged was that they had virtually no control over how Tad would react or behave — and that they not only had to accept this, but they had to recognize that failure to take it into account would preempt all of their other approaches.

At the end of this discussion, they liked the idea that their One Thing could be to retain a qualified coach who regularly helped financially dependent adults. That coach would work both with John and Sally and also with Tad. This would take the parents out of the dynamic that wasn't working and substitute a supportive partner who could also develop accountability with Tad. It would also help John and Sally more deeply understand and work with their own roles in a changed, functioning system — which had pinned financial dependence in place. The Center suggested three potential candidates with the requisite academic credentials and professional experience.

\* The Merrill Center for Family Wealth, its advisors and representatives do not provide mental health advice. You should consult the appropriate mental health professionals when such guidance may be required.

John and Sally began to see the possibilities and potential benefits of hiring a coach for Tad. But they were worried that Tad wouldn't agree. We suggested they be honest and straightforward with him while also highlighting how it could benefit him. They could say something like, "You know, Tad, we're all tired of having to deal with your financial dependence on us. It isn't good for you, and it isn't good for us. If we want things to change, we'll need to do something different. How about this: We'll completely drop all discussions of this topic for six months, but in return, we want you to commit to meeting with a coach we all agree to work with. This would be the only expectation. Is this something you'd be willing to try?" If Tad agreed, we suggested they also all come to an agreement on consequences for not following through. This meant that any repercussions were consequences Tad had either suggested or agreed were reasonable.

## Do what works

The guiding principle here was simply to "do only what works, stop doing anything that hasn't." Part of the reason we encouraged them to promise not to nag was that nagging, as well as threatening to punish and providing incentives, were strategies that hadn't borne any fruit and only locked stubborn patterns in place.

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If it didn't work in the past, there was no basis to believe it would suddenly start working.

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The frequent "nagging" conversations had only made the situation worse for Tad and his parents.

John and Sally liked the idea and decided to adopt it as their One Thing (with the understanding that if it didn't work, they'd find a different strategy).

The parents went ahead and had the conversation with Tad, and it led to many significant shifts in Tad's life. First, Tad agreed to meet with a coach who'd work with the entire family (while maintaining the confidentiality of all conversations). He liked that this meant his parents would back off from micromanaging his life, that they saw themselves as part of the problem, and that it also meant he

had someone impartial and nonjudgmental to talk to in confidence. He also agreed that if he didn't follow through, he'd have to find a more affordable place to live, with roommates—something they all agreed he didn't want to do.

Tad was also open to seeing a psychiatrist, and when he did so, he received life-changing news that he actually had been struggling with bipolar disorder for years.<sup>8</sup> At first this was hard for him and his parents to absorb. But Tad began a regimen of medication that helped steady his moods and sleep patterns. He also joined a professionally facilitated support group, which he preferred to one-on-one talk therapy. In his therapy sessions, he realized that his substance use was likely a form of self-medication.

## Understand that mindset shifts are mutual

John and Sally also began to meet regularly with the coach and started to see real shifts in their mindsets. They were each finding more peace with the situation while not giving up hope. They did slip a few times and started to nag Tad, but Tad reminded them of their agreement—and they honored that boundary. The family began to have conversations about other things.

The coach helped Tad understand that part of his role is "to help his parents manage their anxiety." Tad likes the role reversal, and he finds that it's a better strategy for him because it reduces what he considers to be drama. Tad and the coach have been working on creating shifts in his thinking and helping him gain clarity in the way he thinks about himself and his situation—and what he truly wants out of life. He's begun to take meaningful steps toward building a more independent financial life. He was able to secure a job in a tech company, is making decent money, and is gaining pride in his greater self-sufficiency.

Tad is still dependent on his parents for several critical expenses, but he's less dependent than he was—and things are heading in a positive direction. While everyone recognizes that this is a long road and that they'll all need to make progress, they're individually and collectively hopeful.



# Key principles

**1 Accept what is.**

Give up your argument and make peace with the reality of the situation.

**2 Shift your mindset.**

Embrace hope without expectations.

**3 Gain insight.**

Deeply understand the system or “game” that sustains financial dependence, and the beliefs and behaviors that prop up that system.

**4 Find the “One Thing.”**

This is the thing that will make the greatest difference. Start there.

**5 Reach a simple agreement.**

Boil down your core agreement to the simplest thing possible.

**6 Stop any behaviors that don’t work.**

This includes nagging, punishing and incentivizing.

**7 Find paths.**

As parents, you should get out of the center of the dynamic.

**8 Don’t go it alone.**

Build a support team.

<sup>1</sup> While there are countless books, blog posts and podcasts about how to raise young children to become responsible, independent adults, very few resources address the financially dependent adult.

<sup>2</sup> While the content of this paper is the sole responsibility of the authors, we would like to thank Stephanie Hardwick and Dr. Julie Gurner for their insights and collaboration as we developed its contents.

<sup>3</sup> The family described here is a fictional composite of a number of families we have worked with. The issues described are common to many of our client families, and the broad outlines we describe here are typical of things that these families have found helpful.

<sup>4</sup> Jan Gerber, "Market insight: Health is wealth – Investing in mental wellbeing," *CampdenFB*, August 1, 2017.

<sup>5</sup> See Steve Chandler, *Crazy Good: A Book of Choices*, Maurice Bassett, 2015. While systems theory in general has, as a core tenant, the idea that any system is getting the result that rests in the way the system works, Chandler's application of this theory brings it home in very accessible ways.

<sup>6</sup> In his book *The Power of Habit: Why We Do What We Do in Life and Business* (Random House Trade Paperbacks, 2014), Charles Duhigg recounts how Paul O'Neill, as CEO of Alcoa, drove the company to previously unparalleled profitability solely by making worker safety the only metric he cared about. By focusing on improving in that one metric, the entire performance of every aspect of Alcoa improved along with it. O'Neill's genius was in recognizing that this was the metric — of all other possible metrics — that would create the greatest potential for change.

<sup>7</sup> The "One Thing" is taken from Gary Keller's *The One Thing: The Surprisingly Simple Truth Behind Extraordinary Results* (Bard Press, 2013). Keller is the founder of the Keller Williams real estate empire.

<sup>8</sup> While meeting with the psychiatrist might be considered a "Second Thing," it was another key leverage point. The coaches to whom the Center referred Tad were former psychologists or psychologically astute, and were sharp enough to spot these issues and encourage Tad to get help in determining whether a psychological issue was ultimately at play.

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