

# It's not just housing: The 'bank of mum and dad' is increasingly helping fund the lives of young Australians

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Much has been made of the increasing presence of the "bank of mum and dad" in the lives of Australians.

We know financial [support](#) from parents to adult children is increasingly

used for entering the [housing market](#).

But our new [research](#) shows parents are also helping their young adult children in other ways, including with meeting everyday expenses. We've gained new insights into who is receiving support from parents and what it's used for.

So what does this look like in practice, and what does it mean for intergenerational inequality in Australia?

## **Parental financial support becoming commonplace**

We have surveyed a diverse group of young Australians for almost [18 years](#), since they were in year 12 in 2006. This has allowed us to follow the trajectory of a cohort of millennials as they have transitioned to adulthood.

One of the areas we ask about is their sources of financial support. This includes their own income, savings and investments, and [government support](#), but also gifts, loans and other transfers from their family.

Our findings show that financial support from family—typically parents—has become important for this generation well into young adulthood.

This support from family was very common for our participants when they were in their late teens. Perhaps more surprisingly, for many this support continued into their 20s and, for a significant minority, into their late 20s and beyond.

So is it only rich parents providing this assistance? Turns out, not really. Our results show [young adults](#) from diverse socioeconomic backgrounds get financial help.

Surprisingly, the [educational level](#) and occupation status of their parents did not predict whether our participants were receiving support. Parents with [higher education](#) and in managerial or professional careers are providing [financial help](#). But so too are parents of more modest means, even if the amount of support they can provide clearly differs.

## **It's not just about houses**

Our participants are using this support to pay basic expenses.

One in five 32-year-olds in our study report struggling to pay for three or more basic expenses (we ask about food, rent or mortgage repayments, house bills and health care costs). These young adults are three times more likely than those not facing this struggle to report receiving [financial support](#) from their family.

These gifts and loans are also used to support parenting, and to support those working [part-time](#) out of choice or necessity.

Some of our participants working part-time in their late 20s and early 30s are not in such a precarious position. They are receiving parental support while they pursue graduate study in medicine or law, for example.

So while some are using support to meet day-to-day needs, we also see parents helping their children "get ahead."

Financial support is also used to pursue extended education and manage a period of insecure and poorly paid employment on the way to more secure and well-paid careers in medicine, academia or journalism.

This intergenerational support has social ramifications that go beyond buying property. Our research suggests it also shapes education

pathways, employment, parenting, and potentially general well-being.

## **An outsized role for the bank of mum and dad**

Our results are an example of just how much life has changed in Australia. The growing challenges of cost of living and the effects of a booming [housing market](#) over many decades are changing the dynamics of inequality.

Most of the parents' generation of the young people we have tracked are part of the Baby Boomer cohort. While there is substantial economic inequality within it, overall, this group benefited from the housing and other [asset](#) booms over recent decades.

Many parents are using this foundation to help their children well beyond their teenage years. Of course, wealthy parents might find it easier to provide this support but are not the only parents providing it. For less wealthy [parents](#), this might potentially change their plans for their own future and retirement.

Previous research has highlighted that the bank of mum and dad is becoming crucial for [buying](#) a house and that this might exacerbate and entrench [inequality](#) for future generations.

Our work suggests it goes beyond housing. Parents are helping combat financial insecurity for their young [adult children](#) across the board. Our data shows this widespread insecurity emerged before the current cost-of-living crisis, but current conditions are going to exacerbate it.

So we need to ask whether we want the bank of mum and dad to continue to play an ever-growing role in life chances in Australia. Based on our research, that change is already underway.

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