



New Considerations for Modern Parenting and Retirement in an Era of Longevity

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Methodology:

Authors used publicly available information from survey data and government data like BLS and Census, supplemented with authors' own calculations.

Sources:

Lending Tree Survey, Amex Survey, BLS, Census, Vanguard's How America Saves, authors' calculations.

Key Findings:

- The latest data indicate the cost of parenting through adolescence averages **\$300,000** per child.
- Parents are supporting children more than ever before, and for longer.
- Parents who support their adult children, excluding college expenses, can average **\$4,500 in annual financial support** that can last to some degree until age 34. For those parents who have children who go to college, support—including college costs and additional financial support—could average up to \$9,000 annually from age 18 to 34.
- This totals to **\$135B per year of financial support, not including college costs.**
- We estimate families spend **\$290B on higher education each year.**
- In aggregate, we estimate between education and other financial support, **families are spending \$425B each year on adult children.**
- This same cohort of families is estimated to contribute **\$400B in annual retirement contributions.**

Evolving parenting patterns may put more strain on parents' finances

The landscape of modern parenting is evolving dramatically, with financial responsibilities extending well beyond childhood years. While these changing dynamics can significantly benefit children, they may compromise parents' ability to save for their own retirement. This report examines current parenting costs and provides strategies for balancing family support with retirement security.

The latest data indicate the cost of parenting a child through adolescence averages \$300,000 per child (Davis, 2025). Transitions from childhood to adulthood have evolved, and previous milestones, from starting a family to completing a degree to moving out, are no longer occurring in the traditional order (Johnson, 2013). As a result, the transition to adulthood is becoming longer and more diverse, and parents are often continuing to provide practical and financial assistance to their children well beyond their 18th birthday (Johnson, 2013).

Today, 59% of parents support their children financially into adulthood, some even until their mid-thirties (Rawson et al., 2024). That implies some parents might provide support not only for 18 years but perhaps for twice as long.¹ In addition to this, some families may simultaneously be supporting adult children and their own aging parents. These multiple drains on emotional and financial resources may limit the ability to save for their own retirement.

How can families balance supporting their children, supporting their aging parents, and saving for retirement? The TIAA Institute explored the latest data on parental support, retirement contributions, and caregiving to better understand the implications of prolonged financial parenting on retirement security.

¹ Assumes a two-child household and that both children attend four-year college.

² Mix of expenses included in Appendix

Parents offer both financial and practical support to adult children.

The categories of support to adult children vary across parents' income levels. Many forms of ongoing support aren't financial, but are space, time, or access. Emerging adulthood can be difficult to navigate, and parental support during this period can encourage healthy behaviors and identity development in young adults (Padilla-Walker et al., 2012). Research shows that higher income families are more likely to offer monetary support than lower income families, who are more likely to support their kids by allowing them to live at home longer (Fingerman et al., 2015). While this may not impose an additional cost on parents, the children benefit because they don't need to seek out—and pay for—these resources elsewhere. Some financial support may be due to inertia (staying on the family phone plan) or convenience (staying on the family medical plan), and the incremental cost of these is likely to be marginal. Other costs, such as helping with rent or groceries, could be more substantial, and college tuition is a major outlay for those who attend.

College is the biggest item in direct financial support.

We estimate families spend **\$135B per year in financial support, not including college costs**. This estimate is based on \$4,500 per year per adult child on average from age 18 to 34, but that expense could be up to \$9,000 a year for some in this period (Rawson et al., 2024). This estimation is a mix of expenses, such as rent, groceries, and phone bills.² As the adult child ages, financial support is likely to taper off gradually (Harnett et al., 2012).

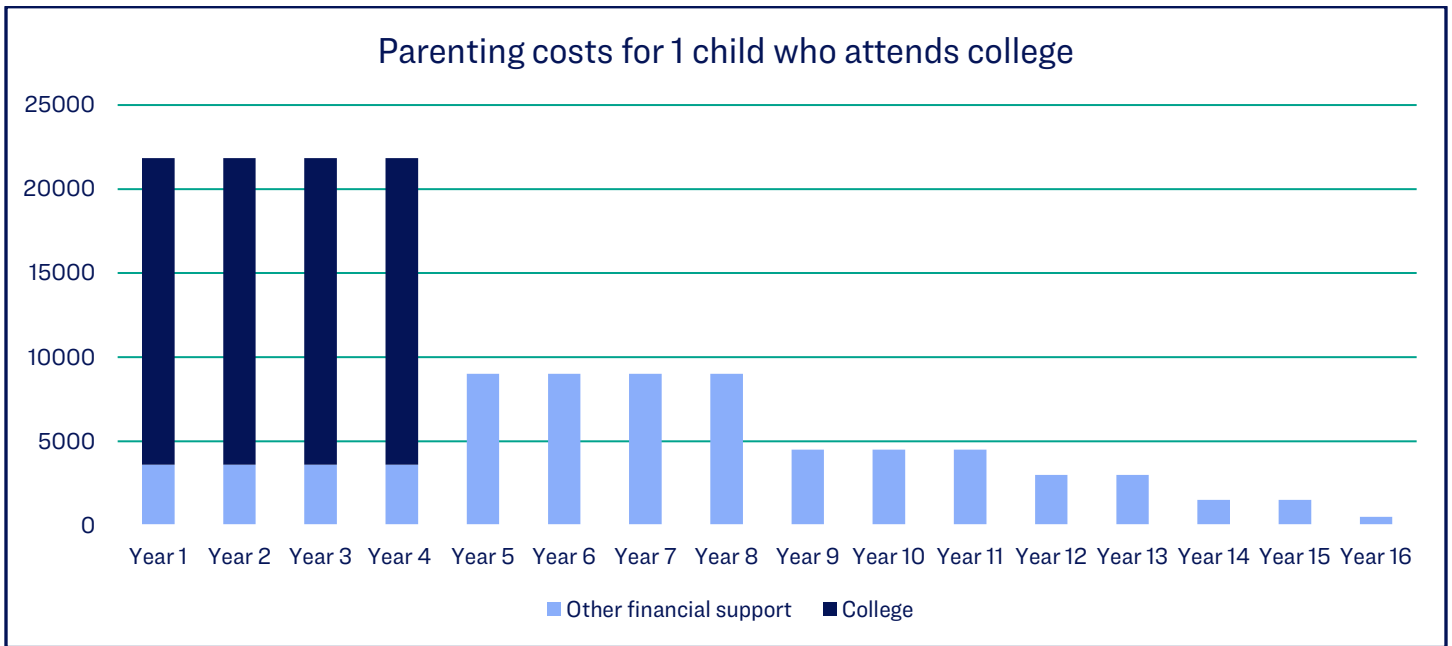
College tuition is a big driver of parenting costs: 61% of high school graduates go directly to college (U.S. Bureau of Labor Statistics, 2024), and about 75% of parents intend to help their children with these costs (Padilla-Walker et al., 2012). We estimate families whose children attend college spend **\$290B on higher education each year**. This is formulated on an average net cost of \$73,000 for four years (calculated based on \$137,000 average tuition cost and an average of \$64,000 in aid), with close to 16 million young adults in college. For children who attend private college and don't receive aid, the cost can be far higher (College Board, 2024).

¹ Assumes a two-child household and that both children attend four-year college.

² Mix of expenses included in Appendix

For the families who have children in college, we estimate the total cost for parenting one adult child through early adulthood is \$146,000.³ For a family with more than one child attending college, the cost of parenting adult children is even higher and spread out over a longer time period, potentially an additional 18 years or more of financial support totaling an additional \$300,000 for two-children households.⁴ In aggregate, between education and other financial support, we estimate **families are spending \$425B each year on adult children.**

FIGURE 1. AMERICAN FAMILIES FINANCIAL SUPPORT OF ADULT CHILDREN
 Education and living expenses of children are being supported for longer than many realize



Parenting costs are higher than expected retirement contributions.

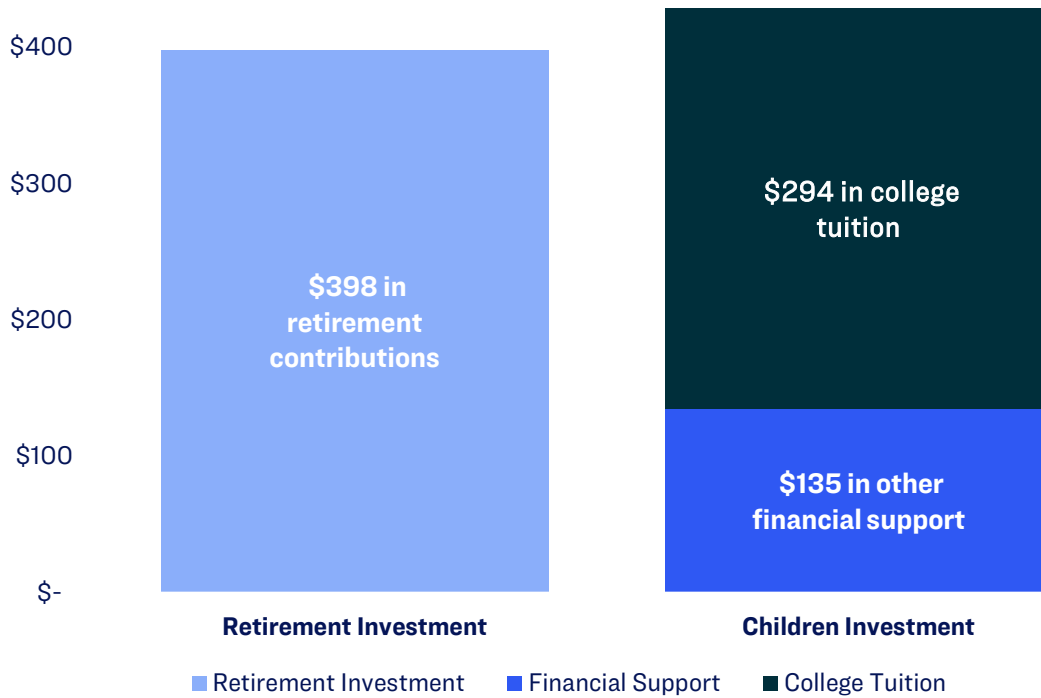
Financial support could be at the expense of the parents' own savings, particularly retirement security. Considering parents also need to prepare for their own increased longevity and potential caregiving expenses for their own aging parents, this prolonged financial parenting requires new ways to think and save.

Based on average income and contribution rates, we expect the parents who support their adult children to be making average retirement contributions of \$11K per year or a total of \$173K over the 18-to-34-year period. This amounts to **\$400B in annual retirement contributions** from this same cohort who is supporting adult children, as shown in Figure 2 .

³ For those parents whose children do not attend college, or some degree program, the cost of supporting them into adulthood is \$73,400 on average.

⁴ Assuming two college children.

FIGURE 2. AMERICAN FAMILIES ARE SAVING LESS FOR RETIREMENT THAN WHAT THEY SPEND ON THEIR CHILDREN (\$B)
Cumulative contributions from parents contributions to retirement versus towards their children



Source: Authors' calculations (2025).

Key considerations for families—prepare early

Families need to prepare

These estimates show parents spend more on supporting their adult children as they do on retirement savings—\$400B toward retirement versus \$425B on adult children. While we know parenting is a lifelong commitment, parents should be careful not to sacrifice their own future financial security. Recent data shows **68% of parents would consider drawing on retirement savings to fund their children's college** (Safier, 2021). While it isn't clear how many parents turn to this option in practice, careful planning, possibly with the assistance of a financial or college planner, can provide alternatives that may prevent parents from having to dip into their retirement savings.

Resources and tools to consider

Families considering higher education have access to valuable resources, including 529 plans, school selection tools, and financial aid options, which can help offset costs at both public and private institutions. As college costs have risen by 25% between 2010 and 2021 (TIAA Institute, 2025), families have important choices to make that set their children up for the best possible future without sacrificing the parents' financial future. Though individual needs vary, combining multiple tools often creates the most effective strategy.

Build strong financial habits and seek expert advice.

1. Leverage financial education and coaching through your financial institution or community to make a plan that's right for you.
 - Budget and savings tools: Early, small, and consistent steps can go a long way. Steadily saving within your budget can result in significant growth through compounding interest.

Educate yourself on the full spectrum of education savings and financing options.

1. Education-specific savings tools: 529 plans offer a great option to offset education costs throughout a child's learning journey. If a child doesn't attend college, this money can also be repurposed. New legislative proposals may expand the range of available savings accounts for children (Farrington, 2025).
2. Student aid: Working with your child's school, community services, and government resources like FAFSA can reveal significant options available to you and your family.
3. Shared costs: Families may choose student loans for a variety of reasons, including a shared investment between the parents and child. If student loans are the right choice for your family, financial education and planning can help make the most informed decision. Additionally, many employers offer related tools, such as Savi, as part of a holistic benefits package to support your planning.

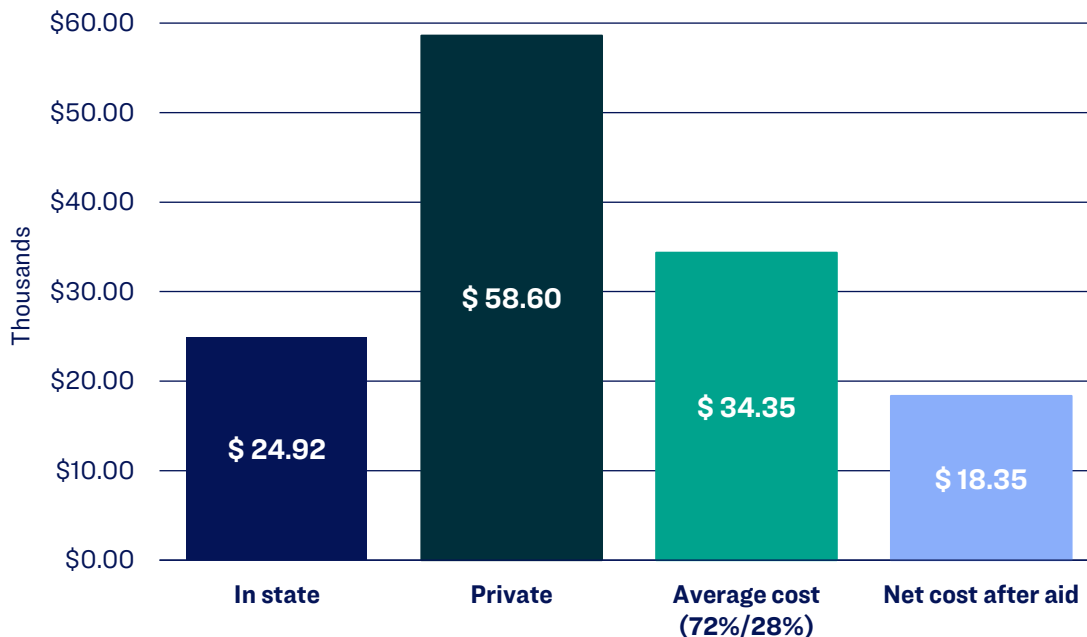
Make sure your retirement plans don't take a back seat.

1. Prioritize your future self: Ensure you're saving for retirement by earning that employer match as early in your career as possible to keep you on the right track for retirement. Look into features like auto-escalation to build on that savings for your future self. In addition to your other financial and retirement savings plans, secure an emergency savings fund for whatever surprises life throws at you, especially when your children first leave the nest. Not only will this help avoid a "hair on fire"

moment but will also reduce the likelihood of dipping into your retirement savings.

Appendix

FIGURE 3. ANNUAL COSTS FOR COLLEGE IN THOUSANDS



Source: College Board.

Assumptions:

Parental support assumptions

Financial support breakdown: household expenses (28%), cellphone bills and streaming service subscriptions (25%). Less common was help with rent (17%), medical expenses (15%), and miscellany (15%). These were based on authors' assumptions.

Number of parents supporting children: used rate reported by Rawson, 2024, which breaks down to 62 Million number of parents, when applied to census reporting.

Number of adult children receiving support: use census data of 75 Million total adults and 18-34 authors assumed 40% receiving support from parents totaling 30 Million for these calculations.

Rates of financial support

Based on average rates of support, assumptions were that children aged 18-26 required the highest levels of support, slowing tapering off through age 34. While \$9,000 was the average peak (Rawson, 2024) based on tapers, the average financial support assumed by the authors for children aged 18-34, not including education was \$4,500.

Higher Education cost assumptions

Using recent data from College Board, the authors weighed average annual costs of in-state public (tuition and living expenses) at \$24,920 per year versus private college (tuition and living expenses) at \$58,600 per year (College Board, 2024). Using the student allocation assumptions across these schools that 72% of student attend public and 28% attend private, plus average aid over 4 years brings our total average weighted cost to \$73,000 for 4 years of school per student. There are approximately 16 million undergraduate students in the United States. We did not factor in graduate school expenses (AAU, 2025).

Retirement contribution assumptions

The authors used Census and BLS data to determine the number of households, including factoring in married versus single, with children over 18 (BLS, 2024), (Barrett, 2022). Using these numbers against the percentage supporting adult children, we landed on 37M households proving support. The authors then used Census data on mean household salary (\$140,000) times annual contribution rates from How America Saves report to determine average household contribution of \$11,000 to retirement per year for this cohort (Census, 2023)(Vanguard, 2025).

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