

## Households where young adults live with parents – information and advice needs

A growing proportion of young adults now live with their parents – four in ten families with children in their 20s have at least one living with them - but it is a stage of life that can be overlooked as policy and support tends to focus on families with dependent children or adults living independently. This briefing draws on research (from the Centre for Research in Social Policy funded by abrdrn Financial Fairness Trust) looking at households where young adults are living with parents in low to middle income families. The research highlights a range of information needs, lack of awareness or understanding about things that affect household finances, and gaps or uncertainty about where to obtain advice and guidance related to living in this situation. The evidence stems from interviews and focus groups with young adults and parents, and consultations with stakeholder organisations – [see full report and findings summary](#).

### Information needs around the social security system and how it affects families in this living situation

Parents and young adults in our research perceived the benefits system as being unclear, complex and unwelcoming. There is a need for clearly presented information about entitlements, how to claim in/out of work benefits, and advice on support with housing costs including how these interact for parents and their adult sons or daughters. Our research highlights particular needs around:

- *Reduction in parents' benefits when a child is no longer classed as a 'dependent', when they leave secondary education (usually around 18). This includes loss of Tax Credits or Universal Credit (child element, and the Work Allowance affecting in-work entitlements), Child Benefit and sometimes the Council Tax reduction for single parents. These 'cliff edge' reductions can cause a substantial income shock (hundreds of pounds a month) for parents on low incomes.*
  - Parents with teenage children need information to ensure that they are aware of this 'cliff edge' income reduction in advance of their child becoming 'non-dependent', to consider and potentially prepare for the impact on their household budget.
  - Information could at this point also be aimed at young people to encourage take up of benefits if they are not working to ensure they have some income of their own.
- *A 'Non-dependent' deduction reduces the support parents living in rented accommodation receive towards their rent with an amount deducted from their Housing Benefit or Universal Credit (housing element) when an adult child lives with them (the DWP assumption being that the child contributes towards rent). The deduction varies between Universal Credit and legacy benefits (depending on age and work status of the child; there are some exemptions). Our research found that it can result in an unexpected hit to parents' finances, cause confusion where there is limited awareness or understanding about it, and be a potential source of tension around how it should be covered between a parent and young adult.*
  - Parents and young adults need information and advice to raise awareness of non-dependent deductions, how they work, and implications for budgets.
  - Guidance should be directed at both parents and young adults, and include or link to advice about having conversations about money within the family to aid discussions about responsibility for covering the reduction.

- *Hesitancy or delay in claiming benefits among young adults.* If young adults are not working and do not have any income they are less able to contribute to household finances, and /or may be running down savings (which could be used to help them move out). Reluctance to claim can be influenced by lack of understanding or concerns about eligibility, the burden of the claiming process, fears that claiming will impact on parents' benefits, pride, or hope of getting a job soon. There was a feeling that people needed clearer signalling that the benefits system is there to help them, and ways to help 'normalise' and encourage claiming as an entitlement.
  - Young adults want 'simple and clear' information and guidance to support and encourage claiming straight away – so that it is seen as a first response rather than a last resort. Making clear that Universal Credit is also an in-work benefit, and information about claiming health related benefits would also be useful.
  - Information could also be directed at parents so they are aware of and, if appropriate, can encourage an older child living with them to make a claim.

## Organising family finances

Both young adults and parents in our research noted the benefits of having a good understanding of household finances when living together, and open communication within the family could help manage financial arrangements. However, it was recognised that this is not necessarily straightforward, and advice or guidance could be helpful where families are finding it hard to discuss finances, including the extent of contribution a young adult makes to the household.

- *Financial education and understanding of financial issues.* Young adults noted that they had not necessarily gained a good understanding of money or managing household finances in school, but recognised they needed to acquire these skills before living independently, and as a basis for contributing as adults to the family finances.
  - Access to information and advice about the basics of managing money as well as what to expect and how to deal with household bills would help young adults in their current and future situations. This could be through new materials or the promotion of existing online resources, or guidance sessions, including within educational settings.
- *Conversations about money within families.* Both young adults and parents in some families noted that they wanted more joint involvement in household finances. This could help in terms of discussing contributions to the budget and learning about financial management. However, parents can be reluctant to ask their children for money, young adults may not be aware how much bills are and/or relationships may be strained making discussions difficult to have.
  - There is a need for more guidance and tips around talking about money within families with adult children - and greater dissemination / signposting to current resources as participants in the research were not aware that anything like this is available.
    - A relevant resource is Money and Pensions Service [guidance](#) about money conversations, including [for parents with grown up children](#).
  - These need to be directed towards young adults as well as parents, so that conversations are not only started as an issue raised by parents.

## Supporting saving and moves towards independence

Moving out and living independently was generally an ultimate goal for young adults in the research. Information and advice could be helpful to support saving as well as prepare families to help manage the implications of a child moving out.

- *Young people often require significant savings to move out and live independently* – for a mortgage or the advance rent/deposit needed to rent privately – especially where there is no 'bank of mum and dad' to help out.

- Young adults need information about schemes to support saving such as ‘Help to Buy’, ‘First Homes’ and ‘Help to Save’, of which there was low awareness among the families in the research.
- *Families need to be aware of the impact a young adult moving out has on their benefits.*
  - Young adults need information about their eligibility for housing related benefits if they move out, and level of entitlements (potentially a shared accommodation rate) to help make informed decisions on affordability.
  - Parents who receive benefits should also be aware how a child moving out impacts on their income, for example if an empty bedroom leaves them subject to ‘bedroom tax’ or a lower Local Housing Allowance.
- *Awareness of the risks.* Young people need to be aware of the financial implications of living independently including if things don’t go to plan, such as changes in work or relationships. This includes understanding contracts, deposit schemes, rights as a tenant and potential liability, for example if shared living arrangements break down.

### Providing information within existing services.

Organisations who have contact with young people and families in a range of contexts could embed some of the topics covered here in their existing advice and guidance provision. This requires recognition that living with parents for an extended period is a normal phase of life and the needs of families in this situation explicitly considered and catered for, for example included in information about benefits, housing, managing money, employment. Advice could be focussed around key transition points, such as leaving school / education, moving into or out of work, going to university, and moving out of or back to the family home. Young adults also suggested the need for such information to be discussed in schools to help better equip children for life, including what to do when things go wrong.

### The need for an all in one information, guidance, advice service / forum

- *These multiple issues facing families where young adults live with parents are not the subject of any overall guidance.* Participants in the research felt that there is no obvious forum to turn to for general information in this area - with difficulties communicating with DWP, and perceptions that other organisations were more focussed for example on debt, employment, or families with younger children. Both young adults and parents in the research expressed a need to have one place, where they could access information and support about the range of issues they face.
  - There is a need for a dedicated, easily located and well advertised resource /website which brings together information and advice serving both young adults and parents.
  - An on-line platform could provide clear information with a holistic approach on benefits, general financial advice, saving, housing options, mental health and family relationships. Parents in particular would value the opportunity to share information and experiences with others dealing with similar issues.
  - The service needs to be seen as independent (from government), trustworthy, and it should include input from those it is aimed at.

### Research report reference

Hill, K., Webber, R. and Hirsch, D. (2021) [Staying Home and Getting On: Tackling the challenges facing low to middle income families where young adults live with their parents](#). Edinburgh: abrdn Financial Fairness Trust

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