



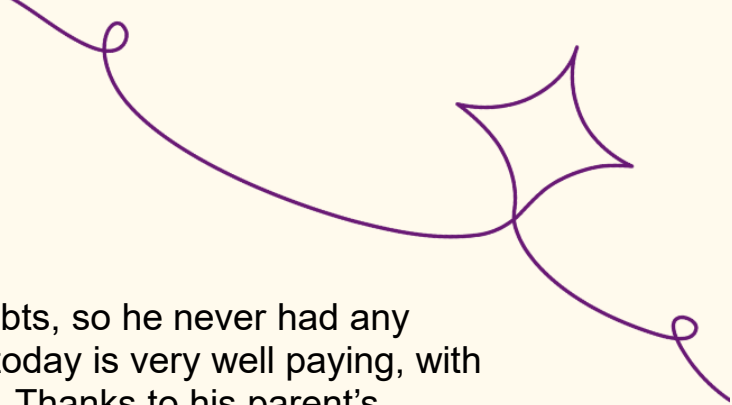
Case Study: Meet Barbara and Stan Made to Feel Guilty

October 2023



Meet Barbara (61) and Stan (64).

They are very diligent about money. They made sure to save for their retirement and put together a great plan that allowed them to reap the rewards of their hard work.



They paid off Ron's (their son) HECS debts, so he never had any financial burden post university. His job today is very well paying, with salary increases and a bonus each year. Thanks to his parent's foresight, he is now on track to have a bright financial future.

Five years ago, Ron and his wife were looking to find a bigger place with their second baby on the way. Barb and Stan wanted them as near as possible to their grandchildren so helped with \$250,000 for a home deposit.

They agreed that in five years he would pay them back but didn't write anything down.

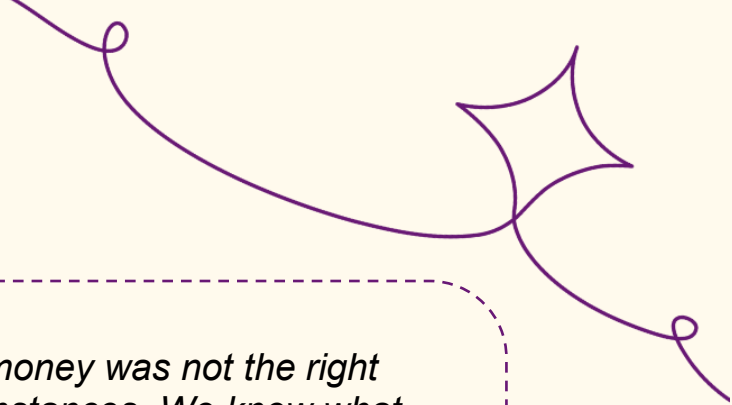
Sadly, when they asked for the money back, Ron kept avoiding paying anything. He said things like "I can't pay back yet, but I will when I'm in a position to" or "you don't really need the money as much anyway, if you need lots of money you can downsize".

His wife, who Barb and Stan don't really like, continues to put pressure on Ron not to pay them back reminding him of the private school fees he needs to fund each year and their need to maintain a "suitable" lifestyle.

We are at our wits end, we see them spending money on holidays and new cars. His career is going well but he seems to be avoiding paying us back, putting the guilt and burden back on us.

- Barb

Barb and Stan are now all out of their remaining savings and need to top up their funds. They don't want to leave their family home, but Ron or his wife don't seem to be giving them a choice.



We now see that loaning this money was not the right choice; we misjudged the circumstances. We knew what his wife was like! We loaned money we could not afford to lose and have sacrificed our retirement days and potentially our relationship. We should have listened to the advice and used our head, not our heart.

-Stan

What we learnt:

- Make sure you don't overextend and look after yourself first. Only lend what you can afford to lose.
- Document clearly the terms of the loan with your child and how you ensure it is to be enacted.
- Don't allow your child to treat you in a way that makes you feel bullied.
- Make sure to have the right conversations upfront and make decisions for yourself.
- If you don't think you can have difficult conversations, then it might be worth re-evaluating if helping with cash is right for you.