

# Millennial Money: Are you robbing the Bank of Mom and Dad?

By **Melissa Lambarena**  
NerdWallet

When Melanie Lockert graduated with a master's in performance studies in 2011, she was overwhelmed with student loans. Her many attempts to tap the Bank of Mom and Dad had failed.

She had already worked three jobs to pay off \$13,000. After juggling multiple jobs, relocating from New York to Portland, Oregon, and trimming expenses, she paid off the remaining \$68,000 in 2015. Now 34, she acknowledges that tackling it herself may have been for the best.

"If my parents had agreed to fund my education, I think it would have kind of been at the expense of their own retirement," says Lockert, a writer and founder of the Dear Debt blog.

Indeed, plenty of parents may already be behind on that count. Forty-five percent of baby boomers have nothing saved for retirement, according to a 2019 study by the Insured Retirement

Institute, a financial services trade group. And with average U.S. life expectancy now at about 78 years old, a nest egg is key.

"Expectations I don't think are set properly for how long people are going to live, so I think most families are going to need every penny (for retirement)," says Justin Castelli, CEO and financial advisor at RLS Wealth Management in Fishers, Indiana.

If your parents aren't on track for retirement, accepting a monetary gift from them can create more financial problems than it solves.

## WHAT TO CONSIDER BEFORE TAKING A GIFT

A gift from your parents could jeopardize their potential retirement earnings, but it could eventually cost you, too, if you're their financial Plan B for their golden years. Before accepting, take these steps:

- Have a money talk. To preserve quality of life in retirement, financial planners generally recommend saving enough to

replace about 70% of pre-retirement income. Castelli suggests that it depends on your parents' goals. Find out where Mom and Dad stand. If they aren't sure, a fee-only financial advisor can offer a clearer picture.

- Understand the costs. Parents will be required to file a gift tax return for any amount above \$15,000 per parent. And depending on what account the money is coming from and when, additional taxes and penalties may apply.

- Outline expectations. Will you be financially responsible for your parents in their later years? If so, consider those future costs. For example, a 65-year-old couple who retired in 2018 would need to have saved \$280,000 to cover health and medical expenses throughout retirement, according to a Fidelity estimate. Mom and Dad may be able to help you out today, but at what cost for tomorrow?

- Weigh the family dynamic. If they give you money, your

parents could also feel pressured to help your siblings and further hurt their retirement savings. And if they only help you, it could lead to jealousy or hurt feelings.

- Make sure you truly need the help. As she was paying down debt, Lockert says her work ethic and creativity were pushed to the limit, forcing her to think differently about money. "I felt more confident paying large bills," she said. If you can budget, save and take advantage of alternative resources, you might tackle financial goals yourself.

## EXPLORE OTHER OPTIONS

Declining a gift from your parents doesn't mean you're out of options:

- Make it a loan, not a gift. A family loan could be a win-win: a low interest rate, no credit check and flexible terms for you, and potentially even a profit for your parents. You can consult an attorney or opt for a do-it-yourself promissory note. But it's not without risks. "Because it's an official loan, there are the normal

avenues of repercussions if the loan is defaulted on," says Kyle Moore, a certified financial planner and founder of Quarry Hill Advisors in St. Paul, Minnesota. Depending on the terms, parents can call collections, take you to court or seize collateral if you fail to pay it back.

- Research other resources. If homeownership is a goal, for example, the Department of Housing and Urban Development and your state's housing finance agency feature programs designed for lower-income or first-time home buyers.

- Consolidate or refinance debt. With a good credit score (690 or higher), you can generally qualify for better interest rates to refinance student loans, transfer debt to a balance transfer credit card or consolidate other loans. Regardless of your credit score, a debt management plan from a nonprofit credit counseling agency may also lower interest rates for some debts.

## WEB

*Continued from Page 1B*  
months in advance, there is a price break. The gift boxes are all different price points to fit different budgets and are listed on the website.

Athens has lived in Wallowa County since 2013, and was drawn to this area by both the landscape and the creative people who live there. She has been working with the Enterprise office for the Northeast Oregon Economic Development District (NEOEDD) since 2013 and the Small Business Development Center out of Blue Mountain Community College for almost two years.

"This project is a great combination of my artist background and my economic development background," she said. "Because the goal is to help people who are artists to augment their income with the work that they have a passion about and to bring

in money to the region from elsewhere."

While working for NEOEDD, Athens learned of a branding idea that originated in 2007 from a Rural Development Action Team report that considered ways to stimulate the economy.

The name "Genuine Wallowa County" and its logo, which is designed by Joan Gilbert, were created by a group of local stakeholders, who had enthusiasm but not enough bandwidth to support the brand on a broad and long-term basis. Athens consulted available stakeholders in 2018 to request taking over management of the brand for this website.

"This is an opportunity to bring in additional revenues from outside the county, on a year-round basis," Athens said. "I wanted to make a website that would allow (tourists) to relive their experience in Wallowa County."

Right now she buys directly from the vendor and creates the gift boxes herself. There are no consignments involved for the vendors.

Genuine Wallowa County will ease into existence with a "pre-sales" period. Shoppers can purchase boxes now, and they will ship May 1.

"I have curated 30 different gift boxes, but I'm launching with just 10 in order to ensure I have a handle on the operations," she said.

Athens expects the business to continue to grow to the point where she can hire a couple of workers to help do the picking and packing. "It's possible that this model could go to other communities as well," she said.

New vendors are welcome to apply at <https://tinyurl.com/y27s2maa>. Contact Kristy Athens at 541-406-0831 or write to [genuinewallowacounty@gmail.com](mailto:genuinewallowacounty@gmail.com).

## HYDRO

*Continued from Page 1B*  
get some compensation. Idaho Power will spend about \$12 million in eastern Oregon tributaries. Idaho Power will also spend roughly \$300 million as part of the Snake River Stewardship Program on fish, water and habitat. The agreement also calls for fish passage to be considered again 20 years into the new license.

Brett Dumas, environmental affairs director as Idaho Power, said ratepayers will pick up the bill that will be spread over the 50-year license when it's renewed. Essentially, the \$300 million is an offset to pay for harm to salmon caused by the dams, and in particular water exiting the dams that is warmer than allowed under federal standards.

"We're pretty excited

to get past this and move on to hopefully where we can do a lot of projects on the ground," he said.

The next step is for each state to complete certifications for the Hells Canyon Complex and send them to the Federal Energy Regulatory Commission.

Both states have already taken public comments on drafts and are expected to issue final documents by early this summer.

On another front for relicensing, Idaho Power sued the U.S. Environmental Protection Agency last year seeking to force that agency to act on a request by the state of Idaho to modify water temperature standards below a hydroelec-

tric project where federally protect fall chinook salmon reproduce.

Dumas said the agency has responded and now NOAA Fisheries is considering a possible analysis of how the dams harm salmon and orcas, which feed on salmon produced in the Columbia River Basin.

"We're probably at the best not looking at a final license until at least 2022," Dumas said.

Idaho Power supplies electricity to nearly 534,000 customers in southern Idaho and Eastern Oregon. The Hells Canyon Complex in a normal water year produces about 30% of the company's total annual power generation.

## Get help from a small business advocate

WesCom News Service Staff

**ENTERPRISE** — Small business owners are invited to a special gathering at the office building of the Wallowa County Chamber to meet with the Oregon Secretary of State's Chief Small Business Advocate Ruth Miles. This is a rare opportunity to discuss any local frustrations about government regulations, tax problems and new legislation that impacts business.

Miles will be holding office hours at Wallowa Resources from 1 p.m.

to 4 p.m. on April 25. Business owners who have problems, concerns or questions with state or local government are welcome to drop in. At 4:30 p.m., in the Tomas Conference Room, Miles and others will talk about issues other small businesses experience and what resources are available to work your way through those issues. Also on the agenda is how business owners can benefit by contracting with government. Find out the who, what, and where on opportunities that are

right for your business.

Earlier in the day, the Oregon Secretary of State's notary educator, Heather Wilson, will provide free basic and advanced training seminars in the Tomas Conference Room. The basic class will be in the morning and the advanced class will be in the afternoon.

Each class is approximately three hours long and includes plenty of time for questions and answers. For registration and information on the Notary Public classes, go to [\[state.or.us\]\(http://state.or.us\).](http://notsem.sos.</a></p>
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For further information, contact Vicki Searles at the Wallowa County Chamber of Commerce at 541-426-4622 or [vicki@wallowacounty.org](mailto:vicki@wallowacounty.org).

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