

Your Parents Could Give Good Financial Advice

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NEW YORK ([MainStreet](#)) — The best financial advice you may receive could be from your parents, a well-trusted source with many years of experience.

Only 36% of people believe their parents could give prudent financial advice, according to a recent online poll conducted by the National Foundation for Credit Counseling (NFCC). Respondents favored seeking advice from their fathers only slightly – 20% said their dads were more financial savvy compared to 16% who said their mothers were a better resource.

The majority of respondents or 64% believe they could obtain better advice than what either their mom or dad can offer. Leaving your parents out of the equation might mean missing an opportunity for solid, tried and true financial advice, said Gail Cunningham, spokesperson for the NFCC.

"The younger generations may want to reconsider where they seek financial advice as the data associated with Baby Boomers from the NFCC's 2014 Financial Literacy Survey indicates that the 55-64 age range or baby boomer generation has their financial act together in many areas associated with successful money management," she said.

Baby Boomers can be a tough act to follow with 82% who pay all their bills on time, have no debt in collections and 52% who do not carry credit card debt over each month, according to the survey. The survey showed that 72% report having savings in addition to those earmarked for retirement.

Many people in the Baby Boomer generation feel confident about the lifetime of financial decisions they've made, Cunningham said.

"So often the answers we seek are in our own backyard," she said. "Most parents would consider it a compliment if their adult child reached out to them for advice, particularly around personal finance. Their advice may not include using the latest financial app, but it will have survived decades of a different type of testing – real life."

While most Americans aged 55 and up have better control over their finances and have more manageable levels of debt than a Millennial, they are also in their peak earning years and likely have most of their mortgage paid off, said Charles Sizemore, a portfolio manager on Covestor, the online marketplace for investing with offices in Boston and London.

"By age 55, you have already made most of life's expensive, debt-financed purchases," he said. "That same baby boomer that has his or her act together today was probably a fiscal mess 30 years ago when they had just started their careers and made very little money."

Financial planners provide objective advice for many people, but parents can also give valuable advice, Sizemore said.

"Age comes experience," he said. "There is no substituting the advice of a good financial planner, but a parent who has diligently saved for retirement and "knows the ropes" of which savings vehicles to use such as IRAs and Roth IRAs can be an excellent source of information."

In a recent survey conducted by Discover, women said the top three things their mothers taught them to do was pay their bills on time, spending within your means and saving for a rainy day.

Combining advice from several sources may be your best option, said Mike Chadwick, CEO of Chadwick Financial Advisors in Unionville, Conn.

"I think it is beneficial to tap into all of one's sources, such as a friend, parent, teacher, advisor and the web," he said. "I do this all the time to either confirm information or find potential contradictions which can put to bed any possible misinformation."

Receiving information from another perspective is helpful since your financial situation could vary greatly from your parents or may not be aware of newer tax laws.

"Parents have a great foundation for helping younger people, but may not be up to speed with today's society, technology and options available," Chadwick said. "They may still view your house as your best investment and they likely grew up in a situation where pensions were very stable. They had less need to develop the tools needed by today's youth. Parents may not be fully up to speed on today's opportunity costs, tax deductions or cash flows."

Consumers who chose to seek advice from a business or organization should do some research before they make a decision such as checking with the Better Business Bureau and the state Attorney General's office, the NFCC said. Another option is to ask your friends or the human resources department at work for recommendations. If you want additional advice, a non-profit NFCC member agency can offer free information.

Some banks such as TD Bank offer free advice even if you are not a customer. TD Bank specialists provide answers ranging from finding the right checking account to more complicated questions like finding ways to reduce debt or buying your first home through TD Helps, an online social forum.

"Consumers' personal finance and banking needs vary widely and it's important to them that their questions are addressed in a timely and accurate manner," said Nandita Bakhshi, head of retail banking at TD Bank, which is headquartered in Cherry Hill, N.J. "TD Helps is an excellent online resource for consumers to ask questions about banking and finances and to receive personalized guidance from knowledgeable specialists within 24 hours."

Many banks provide free advice about budgeting or getting your first mortgage on their websites.

"Money doesn't come with instructions," said John Rosenfeld, head of everyday banking for RBS Citizens Financial Group in Providence, R.I. "Since banks offer a wide spectrum of products and services – from savings to investing to borrowing – they are ideally suited to help customers as they seek advice throughout their financial lives."

--Written by Ellen Chang for MainStreet