A New Chapter: Four Tips for Empty Nesters

When kids go off to college, it's a time of new beginnings—a chance for graduating high school students to learn about themselves, expand their worldview, and get a sense of what the real world is all about.

But with so many doors opening, it can be easy to overlook what other doors might be closing and the impact of becoming an empty nester might have on you as parents.

As kids go off to college, it's important for you to consider how your own personal identity and wealth planning priorities should evolve in this next life stage.

1. Redefine financial boundaries

Life transitions can be surprisingly emotional—eliciting joy, nostalgia, and even sadness at times. No matter the feeling, times of change often require us to be resilient and to readapt to our situations. This can be beneficial, as new chapters offer exciting opportunities that can strengthen bonds with family members. One way families might be able to create those connections is through having conversations about financial goals and educating children about money.

Establishing financial independence in adult children is crucial, especially as they set off for college. Having earlier and more frequent family conversations is one idea you could consider to instill strong financial values.

Having conversations about the power of delayed gratification, the value of a dollar, the art of budgeting, and how to manage credit are a few topics parents could bring up to help establish independent living boundaries for Millennials or Generation Z children striking out on their own. This way, you can use those expenses that previously went to children to fund passion projects, travel the world, and set the stage for financial security in retirement.

2. Identify new roles

Our identities are often shaped by the roles we play in life—and being a parent is one such meaningful role. But what happens when children leave the house? What role should you continue to play in your adult children's lives?

Often, getting used to having children out of the house is not enough to cope with the changes that come with this new reality. Instead, you could think about identifying new roles you might be able to play or interests you could explore to replace the caregiver role that defined your lives for so long.

You may want to begin this process before children leave the house. Thinking about what roles you currently play and how those roles could expand in the future is a good place to start. From turning a passion into a side business or learning a language to prepare for a foreign vacation, the more possibilities that are identified for growth, the smoother the transition may be.

What role should you continue to play in your adult children's lives as an empty nester?

3. Prepare for long-term care

Despite longer life expectancies, many wealth advisors say less than 25% of their clients have a long-term care plan in place, Key Private Bank's Advisor Poll focusing on long-term care found. Yet people ages 65 and older currently have a 70% chance of needing long-term care services, according to the U.S. Department of Health and Human Services.

As children depart for college, you may want to have an open conversation with them about the life stages and events that would activate a plan to address long-term care needs or diminished capacity. Adult children can play key roles in supporting your long-term care—including filling prescriptions and speaking with healthcare providers—and setting expectations and delegating responsibilities early on may help to avoid confusion.

As minors come of age, you should consider whether to designate your adult children as healthcare powers of attorney, which would give them decision-making power in the event of a medical emergency, or whether a trusted friend might be better suited to serve that role.

4. Review estate plans

A change in household structure could mean a change in estate plans. With fewer dependents, you may want to consider rethinking how your tax and philanthropy strategies might change. For example, you may want to ask whether you want to give to charitable organizations more often—or give larger donations, to optimize outcomes.

Additionally, if it hasn't been done already, you could consider creating a trust to support the inheritance process—especially since four in 10 advisors say half or fewer than half of estate plans capture their clients' values in the transference of wealth to the next generation. Taking time to communicate with adult children about the purpose of your family's money may help set the stage for wealth preservation in the future.

Change doesn't have to be scary. In fact, change can be liberating, offering a blank slate with the potential to be filled by new possibilities—be it a passion turned side-gig, a more robust estate plan, or a recommitment to healthy habits, like exercise.

Taking the time to consider all the ways in which your life, and wealth plan, could transform as kids go off to college is the first step on that new and exciting journey. This way, an empty nest may not necessarily represent the closing of a chapter, but the beginning of another.

For more information about family dynamics and its impact on your personal and financial wellness, contact your Key Private Bank advisor or visit key.com/kpb.