MoneySaver



Splitting Expenses When Dad Is Your Roommate

Protect family harmony from financial disputes

By LIZA N. BURBY

WHEN Theresa McGee accepted her daughter's invitation to move in with her family in Phoenixville, Pennsylvania, McGee was happy to offer free backup care for her daughter's three children. McGee, whose own home was proving difficult to maintain, loves to cook; her daughter, Regina McCann Hess, 56, estimates that she and her husband are also saving hundreds of dollars a month they would have spent on takeout. "When my husband and I come home from work, we have a hot meal waiting for us," says McCann Hess. "That's priceless."

"Not every grandparent gets to share daily life with their grandchildren," says McGee, 80. "It's very fulfilling."

Twenty-two percent of adults 65 and older lived in a multigenerational family household in 2023, reports the Pew Research Center, up from 17 percent in 1990. Finances often play a role.

If you're considering a multigenerational home, or have already taken steps toward one, this advice can help save money and family harmony.

Be Frank About Finances

Before moving in together, talk about what each of you has as resources and what each of you will pay for. How will you divide expenses such as mortgage or rent, utilities, groceries and other recurring costs?

"You cannot be afraid to discuss the financial reality, because if you don't do it beforehand, it's just going to get worse when the bills arrive," says Cynthia Campos Delgado, a financial adviser at Campos Wealth Management in McAllen, Texas.

Although there's no one-size-fits-all arrangement for divvying up expenses, "income is the first consideration," says Eric Croak, a financial planner in Toledo, Ohio. "The principle is one of practical equity rather than performative equality." Translation: If you're working at a well-paying job and your mother is getting by on Social Security, splitting the rent down the middle may not be the right approach.

Value Noncash Contributions

If a member of the household is adept at plumbing, electrical work or carpentry, and can save everyone the cost of a repairman when minor issues arise, that's worth considering when deter-

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mining their financial contribution to the household budget. "Everyone can reap the benefit of savings in what would have been out-of-pocket costs," Campos Delgado says.

Similarly, live-in grandparents who care for grandchildren provide real economic value, not just love. In 2025, the average annual cost of childcare for one child was more than $13,000, according to a report from the nonprofit Child Care Aware of America. A recent AARP study found that grandparents spend nearly 10 hours a week, on average, as their grandchildren's caregiver.

Such an arrangement should be reflected in the family ledger, Croak says.

Get Plans in Writing

Once you've cemented the financial specifics, don't rely on memory to retain them, says Leslie H. Tayne, an attorney at Tayne Law Group in Melville, New York. Create a physical or electronic document that spells out the terms. The agreement doesn't need to be fancy, says Jeff Gross, president of Proper Title, a title insurance agency in Chicago. Simple points like "Dad and Junior will split the electric and cable bills evenly" and "Junior will pay the mortgage and property taxes" can be drafted by family members. Revisit the terms after life-changing events, such as job loss, illness, marriage or divorce.

Pool Some Money

Instead of collecting payments from everyone when monthly bills are due, consider a shared checking account where each person makes a monthly contribution for their portion of the expenses, says Campos Delgado. Use that account to pay household bills. Also consider a shared savings account for unforeseen home expenses or emergency repairs, such as a broken water heater. "If you plan for it by having everyone contribute to the group savings, you can handle those unexpected expenses more easily and with less failure," Campos Delgado says.

Take Care With the Title

Whether one generation moves into another's home or they buy together, deciding who owns the property needs to be done deliberately, not by default, says Jonathan White, a trust and estate attorney in Danvers, Massachusetts.

For example, parents may think it's simpler to add an adult child to the deed of an existing home. But White says that triggers a title transfer, which in many states and localities prompts a property tax reassessment based on current market value. For a family that bought their home decades ago, that reassessment can mean a jump in property taxes at exactly the wrong time, he says.



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Adding a child to the deed during the parent's lifetime can also raise a tax bill years later. When a homeowner dies, the heir's cost basis—the figure the IRS uses to determine capital gains taxes if the heir sells the home—resets to the property's fair market value at the time of death. Thus, the heir's capital gains, in the eyes of the IRS, are likely to be much smaller than if the cost basis was the home's original purchase price from many years earlier.

"But if the child already holds an ownership interest acquired during the parent's lifetime, that portion of the property carries the original purchase price as its basis," White says. "I've seen families lose tens of thousands of dollars in unnecessary capital gains tax because a title change that seemed helpful at the time turned out to be very expensive at the back end."

Check In With Your Insurer

Homeowners insurance covers the house that was described when it was written, not the house as it's being used later on, White says. So if your father brings his coin collection when he moves in or you start running your business out of your father's den, a preexisting policy may not cover the risks brought on by your new situation.

Reaching out to the insurance carrier is especially important, says White, if you make changes to who owns the property where you're living. "What you don't want to see happen is when you need coverage on a claim, they're denying the claim because the ownership doesn't match the policy," he says.

Head Off Inheritance Fights

Plan ahead for the emotionally complicated—and financially divisive—issue of what happens to a multigenerational home when the parent dies.

Parents often want to leave the home to children in equal shares. "But equal isn't always fair," White says. "If the resident child cannot afford to buy out the siblings, and the siblings want to sell, the property goes to market, and the child loses their home."

An estate planning attorney can craft a solution, White says, such as a specific bequest of the property, a right of first refusal at an appraised value or a longer transition before a sale. ■

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