

FINANCIAL PLANNING, MONEY SAVVY LIFESTYLE, PERSONAL FINANCE, RESEARCH & STATISTICS

RETHINKING TRADITIONAL MONEY TIMELINES



Nontraditional Families Need Nontraditional Financial Support

American families have changed dramatically over the past several decades—and so have their finances.

While growing up in a [nuclear family](https://en.wikipedia.org/wiki/Nuclear_family), may have once been the norm, today's children are far more likely to be raised in what researchers call "blended," "fluid," or "complex" family structures. As [cited by the Pew Research Center](http://www.pewsocialtrends.org/2018/04/25/the-changing-profile-of-unmarried-parents/), one estimate suggests that by the time American children turn 9, more than 20% of kids born to married parents and 50% of those born to cohabitating parents will have experienced their break up. Whereas [73% of children in 1960 were raised by parents in their first marriage](http://www.pewsocialtrends.org/2015/12/17/1-the-american-family-today/), that number was down to 46% in 2014. This trend looks like it will continue as millennials appear to [prioritize having children over being married](http://www.pewsocialtrends.org/2011/03/09/for-millennials-parenthood-trumps-marriage/). In 1960, only 9% of American children were being raised by a single parent, [compared to 25% today](http://www.pewsocialtrends.org/2018/04/25/the-changing-profile-of-unmarried-parents/).

Whether you are living in a household with a single parent, a divorced parent, same-sex parents, remarried parents, or parents who are cohabiting, your family is part of the "new normal."

The problem is that not all parts of society have caught up to these changing demographics. This is [nowhere more apparent than with household finances](http://time.com/money/page/modern-family-finances/)—in part, because we assume that nontraditional families are still somehow capable of following a "traditional money timeline."

What is the "traditional money timeline"?

Stemming from the days when nuclear families were the norm, a household's traditional familial and financial trajectory was assumed to look something like this:



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4. Begin saving for a house and putting money away for retirement.
5. Purchase a home.
6. Have children.
7. Begin saving for your children's educations and purchase life insurance.
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Financial checklists [<https://www.forbes.com/sites/laurashin/2014/04/30/your-financial-checklist-for-every-stage-of-life/>], like these are written for households following this general timeline. They assume parents complete their educations before having children, post-college graduates maintain the same career (and, subsequently, retirement accounts) for decades, parents contribute equally to a child's inheritance and college fund, and shared life and health insurance plans are available to all couples. While their advice is sound, it is simply not realistic.

Challenging the traditional money timeline

Here are just a few ways nontraditional or "complex" families struggle to fit within this structure.

- College graduates increasingly find themselves sacked with student loans [<https://safetynet.com/blog/student-debt-young-employees/>], while also saving for a home and retirement.
- With 70% of mothers of children under the age of 18 now in the labor force [<http://www.pewsocialtrends.org/2015/12/17/1-the-american-family-today/>], (compared to 47% in 1975), childcare is now a significant new expense for families.
- Solo parents are almost twice as likely to be living in poverty compared with cohabiting parents. Yet, cohabiting doesn't ensure financial stability. In fact, 16% of households with cohabiting parents are also living in poverty [<http://www.pewsocialtrends.org/2018/04/25/the-changing-profile-of-unmarried-parents/>], in part because they tend to be younger, less educated, and less likely to have ever been married.
- Parents of blended families may contribute differently [<https://money.usnews.com/money/personal-finance/articles/2013/08/26/3-financial-challenges-of-blended-families>], to their biological and their step-children's inheritance and college funds.
- Domestic partners and same-sex couples [<http://time.com/money/page/modern-family-finances/>], may find themselves struggling to find a way to handle jointly owned property or even share in one another's health insurance or life insurance plans. They also receive fewer tax benefits.
- Divorce (now a reality for the majority of marriages) brings with it significant tax implications [<https://money.usnews.com/money/personal-finance/articles/2013/08/26/3-financial-challenges-of-blended-families>], rarely recognized in financial planning guides, including managing capital gains from once-shared property, claiming dependents, and more.
- More and more children are being raised by one or both grandparents [<http://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2016/11/02/why-more-grandparents-are-raising-children>]. Far from the retirement they may have dreamed of, 21% of those grandparents are living below the poverty line.
- Even for those whose life stages follow a traditional timeline, Americans are living longer than ever [<https://www.rand.org/blog/rand-review/2018/03/why-unretirement-is-working-for-older-americans.html>]. That means our savings and retirement benefits are being stretched to the limit.

Filling in the gaps

Many of the traditional financial guides and programs designed to relieve financial stress for families have failed to keep pace with the changes that U.S. households have undergone. That's one reason why private financial organizations are developing innovative ways to fill in the gaps of a new money timeline that better reflects the demographic challenges. Increasingly, income insurance [<https://safetynet.com/blog/how-safetynet-works-income-insurance/>], innovative savings programs, and community partnerships [<https://schmidtfutures.com/our-work/alliance-american-dream/>], for example, are bridging the gap between our traditional expectations of how families manage their money and the financial realities they encounter.

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