

Family Agreement - Financial Assistance

Situation:

"Mom" has agreed to provide support to "Junior" due to a job loss from the owner closing the business. Junior is in the process of finding a new job, but it may take a while because the market for graphic designers is slow. While he is looking for a full-time job in graphic design, he will attempt to find part time work in his field or some other line of work.

Amount of support:

The support that Mom can afford is \$2,500 per month for the next six months. This will be a gift that Junior does not have to repay.

Family communication:

The situation has been discussed with Junior's two siblings, and since they have been helped by Mom in the past, they are fine with the terms of the agreement. They also do not expect any changes in Mom's will or beneficiary designations as a result of the gift.

Junior's plans:

Junior's current living expenses are \$4,000 a month for rent, food, and transportation costs. He has shared his spending needs with Mom, and they have found potential cuts of \$500 per month. He has one more paycheck coming to him for \$2,000. He will use this to supplement Mom's assistance for the next two months. He agrees to do the following:

- Cut expenses such as cable TV and eating out to reduce expenses by \$500/month.
- Consider finding a roommate to share costs.
- Apply for jobs consistently and network with others in his field.
- Find freelance work to supplement his cash flow needs going forward or find odd jobs to supplement his income.
- If he is not successful in finding a new job in his field within four months, he will consider other occupations.
- Junior has money in a 401k that he will roll over to an IRA. If he is unsuccessful in finding new work, he may have to tap into that money once Mom's support runs out. He understands that IRA withdrawals will incur 10% penalty and taxes. The goal is to not touch this money.

After six months:

At the end of six months, Mom will no longer be able to provide support for Junior. Before that time, he needs to consider other avenues of income, including changing expectations for his line of work. Mom loves Junior very much and wants to help him. However, she cannot risk her financial security in the process. Junior understands this and in the event he needs more assistance, he will go to other people and not Mom to try to find further help.

Signature: _____ Date: _____