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'Don't Immediately Reach For Your Checkbook.' Here's What To Do When Relatives Ask You For Money

It can be stressful and overwhelming when a relative comes to you asking for money. Here's how experts recommend handling the tricky decision.

Money and family – what two subjects bring up more for us?

And so, when a relative comes to you asking for financial help, and the two are combined, it's only natural to feel overwhelmed.



"Being solicited for money from someone you love can cause discomfort that you might not fully understand," said Ashley R. Agnew, director of relationship development at Centerpoint Advisors in Needham, Massachusetts. "Perhaps it is due to a changing perception of the loved one, or perhaps it triggers some financial trauma that may have occurred in your past."

Here's how to handle the tricky requests, according to experts.

Don't rush into a decision

A family member asking for money is likely going to be a charged situation, and you may feel that the relationship depends on you saying yes.

Because the stakes are high, you'll want to take some time to think before jumping into action, said George Kiraly Jr., a certified financial planner and the founder and chief investment officer of LodeStar Advisory Group in Naples, Florida.

"Don't immediately reach for your checkbook," he said.

You'll want to consider if you can afford to do what's being asked of you. If you're unsure, you could speak to a financial planner or your spouse, Kiraly said.

Agreeing to something that will hurt you financially can damage your relationship with the person, said Nathan Astle, a financial therapist in Manhattan, Kansas.

"We can't pour from an empty cup, and trying to do so will only cause resentment," Astle said. "If you cannot do this, then you have the responsibility to tell them that you can't afford it."

Kiraly also recommends considering who the request is coming from, and why the relative is in need of help. "Usually, the same person within the family asks for money repeatedly and that person most often has bad money habits," he said.

This doesn't make their current bind any less distressing and worthy of empathy, but it is an indicator that your loan or gift to them may not last for long.

"Saying no is sometimes the best help you can give someone – otherwise you become an enabler," Kiraly said.

If you say no...

If you've decided you can't or shouldn't help a family member, that conversation will likely go best if you approach it with honesty and understanding, said Celia Robert Hughes, a financial therapist in Nashville.

"Remember that the person may be feeling shame and fear," Roberts Hughes said. "You can say 'no' without making those feelings worse."

To that end, explain to your relative why you aren't able to help, she said. If you hope to communicate that you're trying to set a boundary with them but they're in crisis mode at present, consider holding off for now. "If the person is triggered, wait until they're not emotionally dysregulated," Roberts Hughes said.

"Maybe in the first conversation you say, 'I'm sorry, I'm not able to help you right now' and then when things have cooled off for them, you can say, 'I'm concerned that my financial support through the years may not have been helping you in the way that I hoped.'"

There may be ways you can assist the relative that don't involve money, Kiraly said.

You can recommend they get budgeting tips and financial advice with a free credit counselling service, he said. (If they do, they may want to ask their counselor if they're eligible for any state or federal help, such as food stamps.) Or if they need help with childcare while they look for a job, maybe you volunteer yourself for a few hours.

If the family member is dealing with an emergency, you may be able to set up a GoFundMe page for them, Kiraly said: "I've seen this work in real-time."

If you say yes...

If you decide to gift or loan money to a relative, you should be as explicit as possible about the terms, Kiraly said. "You must have guidelines," he said. For example, if you're not able to help them again after this time, tell them that.

"If they need money in the future, they will need to find another option," he said. You'll also want to be clear about how much you're willing to give or lend.

Astle, the financial therapist in Manhattan, Kansas, recommends writing up a contract with the details of the arrangement to keep it separate from the rest of your communication.

"The contract might feel like overkill, but it can protect the relationship from the ambiguous discomfort that often comes from this," he said.
