

## **Sandwiched: Relieving the Financial Stress of Supporting Aging Parents, Adult Children**

Talk about pressure. Many Baby Boomers and Generation Xers are feeling it from multiple directions — from a sense of obligation to help their struggling adult children find direction and a solid financial footing, from a similar compulsion to care for aging parents with changing health circumstances and needs, and from a desire to keep their own financial house in order amid the strain and stress of those other demands.

Roughly 50% of adults ages 40 to 59 have provided some financial support to at least one grown child in the past year, according to findings from the Pew Research Center, while about 20% have provided financial support to a parent age 65 or older in the past year, and about 15% have provided support to both. These members of the so-called Sandwich Generation are discovering that meeting the unique demands of supporting an adult child and/or an aging parent requires an extra level of financial planning. “It can be overwhelming for the strain it puts on you both financially and emotionally,” says certified financial planner Rita M. Cheng, CEO of Blue Ocean Global Wealth in Rockville, Md.

How can members of the Sandwich Generation look out for aging parents and adult children without neglecting their own financial obligations, well-being and goals? What steps can they take to relieve the pressure that comes with a sandwich situation? Use the following suggestions as a starting point, then seek additional guidance from a financial planner with expertise in multigenerational issues.

“Working with a financial planner is liking having a GPS to guide you,” explains Cheng. “It’s important to have someone to talk through these issues with you, to make sure you’re not making an emotional decision but a decision that is in your best interests.”

### **The younger side of the sandwich: adult children**

*Issues and challenges:* Grown children today are increasingly reliant on their parents for some form of financial support, whether it’s paying off school loans or other bills, providing health insurance coverage, supplementing their income or giving them a place to live. In many cases, parents “don’t want to say no to their kids [who are seeking some measure of financial support], especially when their kids have gone about things the right way,” observes Cheng.

*Strategies and solutions:* So what’s the right way for parents to handle the extra financial burden associated with supporting an adult child? It’s important to **communicate openly right from the outset to set guidelines on the extent to which the parents are willing to help**, and for how long, Cheng says, so expectations are clear on both sides. If the adult child is living at the parents’ home, let them assume household responsibilities and/or pay rent to give them a sense they’re contributing in exchange for room and board. **If you’re loaning them money, then be sure everyone is clear about the terms for paying it back.**

It’s vital for the parents to **understand how providing support to an adult child impacts their own financial situation**, and to **balance their own financial needs with those of the adult child(ren) to whom they’re considering offering support**. Be careful not to overextend yourself in an attempt to support the adult child. **“Don’t be afraid to say no to certain things,”** advises Cheng. “There’s only so much a parent can

do.” For example, **carefully weigh decisions such as tapping home equity or a 401(k)** for funds to support a kid, for these kinds of decisions can have major ramifications well into the future. The better move might be to **tap into the emergency savings fund you’ve hopefully established** for situations such as these.

### **The older side of the sandwich: aging parents**

*Issues and challenges:* Aging parents bring their own unique set of circumstances, many of which can place financial demands on their sandwiched kids. In many cases, parents need not only additional, often costly healthcare but also some form of long-term care as they get older. Does that mean they move in with one of their kids? And if so, will the home need costly modifications to accommodate them? Kids may also need to take on a larger caregiving role. But how to juggle that responsibility with work and other obligations?

*Strategies and solutions:* As with adult children, discussing money and financial support with aging parents “can be very uncomfortable,” Chen acknowledges. “But it’s really important to talk about it.” **Lay the important issues out on the table:** the extent to which the aging parents can contribute financially and otherwise to the household, the kind and amount of support and care their kids are willing and able to provide, and the type of care the parents desire, if and when they need it. “It’s a matter of the kids saying to their parents, ‘Let’s talk about it. We don’t have to make hard and fast decisions now, but we want your input on how you want things to turn out.’ Let everyone verbalize and vocalize.”

**Being sure all the parents’ key documents are in order, up-to-date and in a place that’s readily accessible to the children** — will, insurance policy info, bank and retirement account info (account numbers, passwords, beneficiary designations), powers of attorney, etc. — also helps matters.

**Leaning on outside resources** also may relieve some of the pressure. Websites such as [www.eldercare.gov](http://www.eldercare.gov), [www.caregiveraction.org](http://www.caregiveraction.org), [www.caregiver.org](http://www.caregiver.org) and [www.helpguide.org](http://www.helpguide.org) can point you in the direction of elder care specialists, social services programs and other valuable forms of support and assistance.

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