Are You a Member of the Sandwich Generation?

Sandwich Generation (SandGEN): the generation of adults responsible for their own financial needs as well as the care and support of their dependent children and elderly family members. As a member of SandGEN, the financial security of your children and your parents can affect your financial situation.

As a member of this generation, you may face difficult financial considerations when balancing your own economic needs with the needs of your family. Did you know that nearly half of those in the Sandwich Generation do not have adequate means to finance their own retirement? At the same time, most consider paying for their children's college tuition a parental responsibility. On top of that, caring for an elderly family member often involves a significant financial obligation as people are living longer and health care costs continue to rise.

All of these considerations can leave a member of SandGEN feeling economically caught in the middle of a generational sandwich.

Read on to find out more and what you can do …

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Sandwich Generation:
Caught in the Middle
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Are You Financially Prepared?

Your Children | You | Your Parents

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Your Children

Your children are watching and learning from you. Have an open dialogue about the importance of financial planning. Show them how to investigate before investing. Children raised with money management skills will be better prepared for their own financial success.

As parents, you know that children are a significant financial obligation. Often, parents of a college-bound child resort to utilizing their retirement nest egg to finance their child's college education. This is not always the best solution. There are other resources available for educational expenses such as scholarships, grants, loans, work-study programs and various other payment options.

Checklist

- ❑ Teach your children about basic financial concepts and model responsible money management.
- ❑ Consider the impact of using your retirement assets for your children's education.
- ❑ Decide if you are going to pay for your children's education: Talk to your children about exploring education financing options.
- ❑ Set financial ground rules and expectations if adult children (boomerang kids) move back home.

You

As a member of the Sandwich Generation, you may feel pressured to make quick investment decisions to make up for insufficient assets as you near retirement. As a result of this pressure, you may miscalculate the level of exposure to risk you need in order to achieve your financial goals. Understanding the risks of investing can be difficult. Although an investment may be legitimate, it may be not be right for you.

Checklist

- ❑ Organize your financial records including brokerage statements, bank records and insurance documents.
- ❑ Start retirement planning early. Review your investments in relation to your financial goals and risk tolerance.
- ❑ Inquire whether your broker or financial adviser is registered to sell investments or provide advice.
- ❑ Create a realistic budget and control your debt.

Your Parents

As a member of SandGEN, one of your responsibilities may be to protect your elderly family members and their financial future. A primary concern is making sure your elderly family members are free from investment fraud. If an elderly family member makes a bad investment decision, they may need more support from you in their later years. Providing protection to family members who wish to remain financially independent begins with knowing and having access with their permission to that person's financial information. It is easier to obtain important financial information in advance, rather than later in a crisis situation.

The elderly are a favorite target of con artists because of their age and accumulated wealth; therefore, it is important for you to understand and be aware of your elderly family members' financial situation. Educate them on how to identify and avoid investment fraud.

Checklist

- ❑ Initiate a dialogue with your elderly family members about their financial matters.
- ❑ Have current copies of their estate planning documents.
- ❑ Know the location of assets (insurance documents, retirement plans, and other investments).
- ❑ Know their advisers and sources of information (accountants, doctors, financial planners).