

Planning for the “Sandwich” Generation

Even under the best of circumstances, planning your financial life can be complicated. Pursuing a career, raising a family, saving for college, and providing for your own retirement all take time and effort. For an increasing number of individuals, this already challenging situation becomes even more so when an aging parent needs help or an adult child (sometimes with children of their own) returns home. And not uncommonly, these events occur at the same time. For those in this situation, the term “sandwich” generation is an apt description.

Basic Planning Steps

Whether a planning problem is simple or complex, the same basic steps apply:

1. Define the goal (or goals). What is it you’re trying to accomplish? You may have to prioritize among competing goals.
2. What resources are available? This could be time, money, the personal efforts of you and/or other family members, or governmental resources.
3. Develop a plan. List the steps needed to achieve each goal, and then carry them out.

Key Points

Although every family and situation is unique, a few general thoughts may help:

- **Aging parents:** As a person ages, health problems can become overwhelming, to the point where the individual is no longer competent. If possible, planning ahead makes any transfer of responsibility (temporary or permanent) from a parent to an adult child much easier. Deciding when to intervene, what needs to be done, and who will be responsible are key issues.
- **College:** Ideally, every family should be able to save enough to pay for college for each child. If this is not possible, consider alternatives such as loans, scholarships, grants, or work/study programs. Consider starting at a local, two-year college and then transferring to a four-year institution.
- **Adult children:** “Boomerang” kids sometimes temporarily return to the family nest. What problem brought the adult child back to the parental home? Identify the steps needed to solve the problem and work to re-establish the adult child’s financial independence from the parents. Don’t be afraid to say “no.” Loving support is one thing; a free ride is something else.
- **Yourself:** Continue funding your retirement; you can’t make up the lost time if you stop or reduce your contributions. Try not to assume additional debt, take a withdrawal from your retirement plan, or dip into personal savings. Consider adult day care for your parent rather than quitting your job. Review your personal financial plan; what may have been appropriate in the past, may no longer be what you need. Take the time to take care of yourself.

Unexpected changes in the home can be difficult, but your Jacobi Capital team is here to walk with you on this new journey and help you strive to meet your goals.

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