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Financial Planning for the Sandwich Generation**

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**Financial Planning for the Sandwich Generation**

# Quite the Pickle: The Challenges of Being In the Sandwich Generation

Let’s break down the elements of a sandwich.

We had a client with four kids – three of whom were in college and one of whom was in middle school. Her father – a widower – had triple bypass surgery after which he required overnight care. All her siblings lived too far away to pitch in and help.

While she was still married, she and her daughter moved in with her dad so she could provide that care. She had a job where remote work wasn’t possible and frequently had to take off work to take her dad to doctor appointments. She did all his grocery shopping, cooked all of his meals, and helped him bathe.

Add in having to take her daughter to school, sports practices (and games), and music lessons.

This isn’t your average sandwich. In fact, it’s quite the pickle, no?

Pew Research Center reports that about 23 percent of U.S. adults are caring for both an aging parent and their own children, just like our client. They call these people the “sandwich generation” because they’re sandwiched between caring for two generations. When you drill further down into the data, around 54 percent of U.S. adults in their 40s have a parent aged 65 and older and children under 18 in their homes. And these caregivers are evenly split among men and women.1

Like our client, a majority of Americans feel responsible for caring for their aging parents, according to a study from U.S. Bank.2

The sandwich generation effectively runs two households. And that can lead to financial strain. But we offer you some takeaways to take care of your financial health while also taking care of your kids and your parents.

**The Financial Challenges of the Sandwich Generation**

MassMutual reports that 27 percent of people caring for both their parents and children causes emotional and financial distress.3

While these dual caregivers are primarily Gen Xers, more and more millennials are becoming part of this group, according to *USA Today*.4 And millennials came into adulthood during the Great Recession and even though, according to Investopedia, this generation is building wealth, they’re still financially stressed.5

## Both Gen X and millennials have financial challenges outside of taking care of their parents – including student loan debt and planning how to pay for their kids’ college. Plus, there’s the recent historic inflation and subsequent rising prices on groceries and other necessary items.

Add to that *Forbes* reporting that a quarter of adults provide financial support – in addition to care – for their parents. Furthermore, *Forbes* reports that while children require more money and capital to take care of, aging adults require more time and labor to take care of, which can in turn lead to missed paid hours at work.6

## **Strategies to Employ if You’re in the Sandwich Generation**

When you find yourself in the position of caring for three generations, it might be helpful to employ some strategies to alleviate the stress. Some strategies to implement include:

**Revisit, reestablish, and maintain a clear budget.** Revisit your budget to see what you could potentially cut out or rearrange. This is important especially if you need to make room for some of your parents’ expenses.

**Continue to save for retirement, if possible.** Saving for retirement if you’re caring for multiple generations can be complicated. But it’s critical that you continue to build up your retirement accounts and plan for the future, if you have the means.

Ann Dowd, CFP, of Fidelity Investments recommends contributing the maximum to your workplace 401(k) to receive your company match. She also advises to not dip into your retirement savings to cover costs for your parents or your kids. 7

“Caring for aging parents comes with many imponderables,” Dowd said. “Though your heart may put your loved ones first, they’re not responsible for your retirement security – you are.”7

**Rebuild an emergency fund.** If you’ve found yourself caring for an aging parent and having to help with their medical expenses or modify your home so it’s safer for them, you might have depleted your emergency fund – or at least made a dent in it. You can focus on rebuilding your emergency fund if you have the means.

**Prepare for your kids’ college.** The cost of college goes up every year. But there are multiple ways you can financially prepare for college, including 529 college savings plans, custodial accounts (like the Uniform Gifts to Minors Act account), and employing tactics like choosing more affordable colleges or having your kids get their core classes done at a community college.

**Get in touch with your financial professional.** Every person in the sandwich generation has unique challenges. And we can help you navigate your unique situation in a way that works for you. That’s why we are here!

**Plan Ahead if You’re Not There Yet**

Eighty-six percent of parents surveyed by Mass Mutual said they didn’t want their kids to take care of them. And 41 percent of respondents say they are concerned about their ability to help pay for care for their elderly parents.8

And while your parents probably have the best of intentions of you not taking care of them, being part of the sandwich generation is a very real possibility – and one you can prepare for ahead of time if your parents are still in good health right now. Sit down with them and ask about their preferences. Vanessa Martinez, CEO and founder of Expressive Wealth, notes that these difficult conversations can be framed in a way where you’re asking for help for yourself, so you don’t potentially offend them. Say something like, “Mom and Dad, I’m planning for my long-term care and I can’t decide whether I want to be in a facility or modify my home and have in-home health care. What did you do?” She advises that if the answer is that they haven’t done anything, you can frame it like a project you can work on together. For example, “Let’s plan our long-term care options together!” Parents love to be helpful to their kids. And asking for help for yourself, versus telling them they have to make a decision, might be a more fruitful way to approach the situation.

With proactive planning, it’s possible for you to meet the financial demands that come with being part of the sandwich generation. And we’re here to help. Let’s chat about how to prepare you!

**Sources**

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