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Many baby boomers who care for their children and aging parents are finding themselves ... Sandwiched in

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The baby boom generation has set the trends in American society for years. Now, while taking care of aging parents and still-growing children, many baby boomers have made a new name for themselves - the sandwich generation.

With Americans having children later and the elderly living longer, members of the sandwich generation are feeling squeezed financially.

Some boomers are even in the middle of a triple-decker sandwich, seeing an adult child return home because he can't make it on his own, or having to also take care of their grandchildren.

"It's becoming more and more stressful to be middle-aged," says Michael Busch, president of Vogel Financial Advisors in Dallas. "For our parents, middle age meant having to adjust to an empty nest. For the sandwich generation, middle age means the possibility of having to deal with a cluttered nest."

According to Allstate Insurance Co., 37 percent of baby boomers will be financially responsible for their parents or their children during their own retirement, and 7 percent will be financially responsible for both their parents and children.

What's more, 36 percent of people caring for someone over the age of 50 also have a child under 18, according to the MetLife Foundation, National Alliance for Caregiving and AARP.

To make it work financially, you must plan ahead.

Carlos Salazar, a Dallas banker who is caring for his 86-year-old mother, sending a son off to college and saving for another son's college education, knows the situation first-hand.

"You have to be very patient and take the time to assess what your needs are going to be, what your children's needs are going to be, and what your parents' needs are going to be," he says.

Because once a sandwich is made, it can be very messy to try to unmake it.

A delicate dance

Avoid bad turns by making care a family affair, experts advise

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Carlos Salazar became a member of the sandwich generation when his father was diagnosed with Alzheimer's disease and he realized he had just become responsible for his parents.

"It suddenly occurred to me that I had to figure out a way to get them taken care of, and at the same time to make sure my son got into the high school of choice," says Mr. Salazar, a 52-year-old Dallas banker and a board member of the Senior Source, Senior Citizens of Greater Dallas. "It dawned on me that, hey, I'm being pulled in two different directions here."

His dad died three years ago at the age of 80, and Mr. Salazar is now caring for his 86-year-old mother while raising two teenage sons.

His situation is one that many baby boomers are facing or will face as they head into their peak earning years and crucial pre-retirement savings stage.

"They're caring for their parents, they're caring for their children, and their medical expenses are skyrocketing," says Molly H. Bogen, executive director of the Senior Source.

If you're in that situation, or you expect to be, there are some things you can do to avoid being squeezed.

"The biggest advice we can offer to the sandwich generation is to have an open, frank discussion about money," says Shashin Shah, a certified financial planner at Financial Design Group in Dallas.

You have to prioritize.

The big challenge is "understanding the issues that you have, because they're so broad," says Charles J. DiVencenzo, director of advanced product marketing for the investment products division of the Hartford, a financial services company.

Keep things in perspective. These are very emotional issues you're dealing with - caring for your parents, your children and yourself.

Don't destroy yourself financially to care for your loved ones.

"I'm a huge believer in taking care of family, but it needs to be done in moderation, where you don't put your own financial future at risk," says Bryan Clintsman, a certified financial planner at Clintsman Financial Planning in Southlake.

Saving for college

Experts warn: Don't drain your retirement account or stop saving to send your kids to college.

You can always get college loans or scholarships, but "there's not a bank in the world that's going to let you borrow for retirement," Mr. Shah says. "They have to look at every other option before they start dipping into their retirement fund," he says.

If you haven't started saving for your kids' college expenses, ask yourself these key questions:

- *Have I talked to my kids about money and financial responsibility?
- *Have I made my kids' college planning a family affair?
- *Have I estimated future college costs for my children?
- *Have I exhausted all potential sources of college funding?

"Start saving now for the cost of college," says Michael Busch, a certified financial planner and president of Vogel Financial Advisors in Dallas. "By doing so, the magic of compounding has more time to work and can significantly reduce the total amount you will have to save. If you save through a 529 college savings plan, those funds will grow even faster by growing tax-free."

Fortunately for Mr. Salazar, he and his wife started saving early for their sons' college education. Michael, 18, will be going off to college this fall. Brother Alex is 14.

"We planned with my sons years ago to save for college," he says. "We're OK in the sense that my son was able to get a scholarship, and that's helped tremendously."

Keep the communication open between you and your children.

"Let them know the challenges so they can potentially be part of the solution or in making the choices," Mr. Clintsman says. "This is especially true with children who need to be taught that real life involves sometimes making tough choices."

That may mean that you won't be able to pay the entire cost of your child's college education and other expenses, and he or she may have to get a job to help out.

Caring for your parents

This is a very delicate dance, because you must navigate tremendous emotional and financial issues.

"You have to take the leadership role, and that's very difficult when your parents have been the leaders for decades," says Carol Abaya, who writes a nationally syndicated column on the sandwich generation.

"You need to empower them, you need to nurture them, and you need to still love them despite all their crotchiness."

You also need to help them manage their money.

Your elderly parents may be reluctant to discuss their financial resources with you, but "eventually the discussion is going to happen, whether people like it or not," Mr. Shah says. "Once the burden becomes a little bit too much, it's going to be more of an argument than a discussion."

Make sure your parents have all the proper legal documents in place - a will, power of attorney for financial affairs, a medical power of attorney for medical decisions, and a living will.

"You need early on to set the legal pieces of the puzzle into place," Ms. Abaya says.

Then consider one of the hardest questions you'll face: Where will your parents live when they no longer can take care of themselves?

"If your parents don't have the funds for care, you need to investigate your community resources, such as food stamps, reduction in utility bills, Meals On Wheels," says Ms. Abaya, who cared for her elderly parents until their deaths.

While he's not financially supporting his mother at the moment, Mr. Salazar anticipates her eventually moving in with his family.

By having her live with him, Mr. Salazar will save his mother housing expenses.

Talk to your parents about where they want to live.

"Do they have adequate retirement income?" Mr. Busch says. "What about long-term care insurance? See if you can enlist other family members to share the burden of care."

Says Mr. Salazar, "We always do the math on the kids, but not the parents."

Maintain respect for your parents' wishes.

"It's very, very wrong for a sandwich generationer to move in and take over that surviving parent's life, because they're taking away the dignity of the elder," Ms. Abaya says.

Remember your spouse

"Are you even on the same page with your spouse?" says Mr. DiVencenzo of Hartford. "Your parents may be set, but his or hers may not be, and are we going to help fund that?"

If you plan to help both sets of parents financially, make sure it's as equitable as possible.

"The challenge is balancing and keeping the finances fair," Mr. Shah says.

"They want to make sure that if the husband is spending \$500 on mother and \$500 on an aunt, that the wife has the leverage to spend a little bit more on her mother as well."