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# STRATEGIES FOR THE SANDWICH GENERATION

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## The Right Stuff

Whether it seems likely that you'll end up in the sandwich generation or you're already there, now is the time to think about taking action. Caring for two or even three generations can affect almost every part of your life. Let's look at some crucial steps to financial health and well-being that can ease the stress that inevitably goes hand in hand with such generosity.

## 1. Communicate

If this situation appears inevitable, discuss it with older children, parents, and siblings. Once you're there, keep talking so that everyone is on the same page. These discussions can be tense, even difficult. It may be awkward to talk about finances with your parents, and you certainly don't want to remind them of their mortality. If your children are grown, you may want to avoid disagreements. You may also feel obligated to help more than you'd like. Finally, siblings and other involved family members may disagree about the best approach to caring for parents—or financing that care. This is exactly why talking about all these issues alleviates stress, resentment, and hurt feelings and promotes family harmony.

## 2. Track down and organize the necessary documents.

While we all plan to live forever, or at least well into old age, occasionally life doesn't work out that way. Being prepared for that possibility removes a great burden from those who are left behind. Everyone should have the following documents:

- **Will** - defining how your estate or property will be managed and distributed.

**“If your children or parents are dependent on you, what would happen to them if something happened to you?”**

- **Living Will** - describing your wishes for medical treatment if you cannot make decisions for yourself (either an advance health care directive or a power of attorney for health care can also be used for this purpose).

- **Durable Power of Attorney** – authorizing a trusted person to act on your behalf to handle bills and finances.

- **Health Care Proxy** – outlining who is authorized to make medical decisions for you if you can no longer make such decisions for yourself.

Of course, having all these documents is not as helpful as it sounds if no one can find them! Keep them together in a place that's easy to find. Your parents, especially, may wish to include information on current doctors, medications, bank accounts, and other investments. It's also a



good time to consolidate assets and accounts. If your parents have difficulty with these tasks, offer to help or get professionals involved.

### **3. Establish an emergency fund.**

Many financial planners recommend an emergency fund equal to anywhere from 3 to 12 months' salary. If you don't already have one, or if you haven't fully funded it, make an effort to secure that cushion. After all, an emergency fund may prove essential while you're caring for both children and parents.

### **4. Think about your budget.**

Whether you foresee needing extra money in the future or you already feel financially squeezed, it's never too late to create or modify your budget. Look for ways to minimize expenses and increase savings. Even young children can be taught the basics of budgeting with a small allowance. Parents or young adult children who find this difficult may be open to your help in going over their budgets as well.



### **5. Keep saving.**

If you are still saving for a child's college education or your own retirement, or creating your emergency fund, your savings is a dangerous place to cut costs. After all, any time you take away from saving is: (1) time you can never get back, and (2) compound interest you can never regain. You don't want to sabotage your own retirement to help your parents through theirs. Still, this is often easier said than done for sandwich generation members. Automating your saving is one way to remove some of the temptation to spend part or all of the money you've earmarked for savings on more immediate needs.

### **6. Work toward paying off debt.**

This is particularly applicable if you haven't yet joined the sandwich generation but think you will in the future. Paying off debt becomes increasingly difficult once you're burdened with double caregiving expenses. You may not be able to eliminate debt, but you can get debt under control if it isn't already, and you can actively avoid taking on new debt. Set priorities—pay off high-interest credit card debt before a lower-interest car loan, for example. And if you have children heading to college, be sure they understand the danger of accumulating debt.

### **7. Review insurance coverage.**

If your children or parents are dependent on you, what would happen to them if something happened to you? Would they be able to manage financially without additional support? A life

insurance policy can help. Now is the time to ensure that your death benefit is sufficient to cover estate expenses and provide for dependent family members. In addition to life insurance, keep in mind that your children can now remain on your health insurance until age 26.

## **8. Share the burden.**

A supportive spouse and siblings can make all the difference in the world, but not everyone has this kind of family support.

- Ask extended family members to help with a parent's expenses or caregiving duties if they haven't already offered.
- If it's financially feasible, consider hiring a housekeeper or a part-time caregiver.
- Look into adult day care.
- Investigate support groups and websites that offer encouragement, assistance, and practical advice.
- If adult children have moved back in, ask them to chip in for groceries, pay rent, or help with the utilities, depending on what they can afford.
- Most of all, when friends or relatives offer to help, accept it!

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