Kelley Manning: Hello and welcome to the next podcast from our Women Going Beyond Wealth series, educating women on financial topics and providing encouragement to live joyfully, with intention. I am Kelley Manning, financial advisor with Beyond Wealth Advisors and I am so glad you have joined me for episode #7. Our topic today is *How the Sandwich Generation can support parents in financial matters.*

I recently spoke with a colleague who was feeling the strain of guiding her mother in financial matters. You see her mother, like many women, had very little knowledge or interest in household finances, savings or investments and associated documentation. She was comfortable with her husband owning those roles. Now there's nothing wrong with delegating duties, or even that unusual for women to take a back seat to financial matters, but my colleague was alarmed at just how little her mother knew. Even about the fundamentals such as how much money was in the checking or savings account or where life and other insurance documents were located in the event of a potential emergency down the road.

My colleague, like many of us - myself included - are members of the sandwich generation.
We're right in the middle of two generations – our parent's and our children's. Now I wouldn't have it any other way. I adore my parents and cherish my children. I welcome the time I spend engaged in their lives. They truly bring me joy and fulfillment.

Do you plan to help your parents financially or be involved with their finances as they age?

There's probably as many different answers to that question as there are families. Many do have a plan, but many don't. Many expect their parents to lead the conversation or expect siblings or a family attorney to provide direction at the appropriate time.

Families in many cultures are expected to, and respond accordingly by, taking care of their parents. Many move their parents into their homes and support them in their aging years. A MassMutual study found that 49% of respondents help with financial tasks for adults they care for, such as paying bills, while 31% bear the complete financial responsibility for their parents or in-laws.

There are certainly positives to caring for our parents. Bonding as an adult child with parents can be precious time well-spent. In a recent social media post, an adult caretaker wrote; "You do whatever it takes and whatever you can. I am currently caring for my mother and grandmother full time. They live with us while raising my children with my amazing husband. Is it easy? Not every day but I know I'm giving them the kind of care they deserve and more. No regrets here."

That said, some members of the sandwich generation can get overwhelmed with tending to financial matters for parents. In another recent social media post, an adult caretaker wrote, "We had no plans on caring for elderly family members because we thought they had stuff planned out. Life doesn't work that way. It is costing our savings to add on a room. I feel terrible we have to start over on our savings and our lives have literally been turned upside down. But it's the right thing to do. Money comes and goes. Life come with a time period."

I want to help those in the sandwich generation who are stressing over how to help parents with financial matters.

How?

By asking you to encourage and guide parents, particularly your moms, to better understand their financial situation. The reality is that around 80% of women outlive their husbands and will face the burden sooner or later. And you'll benefit too! Because as we help our parents, we also become empowered to better manage our own finances!

What many of us lack in managing our finances are knowledge and confidence. We constantly underestimate or second guess our own abilities. In reality, taking an active role in finances does not mean we have to be an expert, it simply means we need to become more involved and aware.

So where and when do you start?

I think we'd all agree that it's better to be proactive than to wait for a crisis to unfold, which could force your family into making decisions on the fly. Many in the financial gerontology field suggest the 40/70 rule. Meaning as you approach 40 and your parents approach 70, make the time to discuss financial issues, as well as long-term care, estate planning and other relevant topics.

So how do you approach the subject without creating drama?

I can't promise they'll be no drama, but I suggest you first ask your parent or parents if you can talk to them about their retirement years and financial planning. Include other siblings in the conversation if possible and appropriate. Anticipate that your parents might be hesitant at first and want to keep their finances private. Stress that your interest is to help them in the years ahead and to honor future wishes. Stress how understanding their finances could be beneficial in the event of an emergency. Consider including a financial advisor or estate attorney as an objective third party. Key information to discuss would include a general understanding of their savings, debt, expenses, and income going forward and both their lifestyle and medical needs and wishes in the event of a major medical situation.

Also, discuss designating some assets as Transfer on Death which can provide a direct transfer of assets to beneficiaries in the event of death. This helps to avoid delays and potential costs with the probate process, and allows a family to manage affairs more fluidly.

Key to feeling prepared and less stressed for you, and your parents as well, will be the creation of a legacy folder or box. This includes: financial statements with account names, numbers and amounts, medical directives, all insurance information, including health, car, disability, term life and long-term health insurance, funeral details, will/estate plan, marriage and birth certificates, Social Security cards, deeds, titles, tax returns, passwords/user names/PIN numbers, and safe deposit box instructions,

(I want to shout-out to our listener and podcast audio producer Diane for her efforts in this area!)

There are other steps to consider as time and various scenarios unfold:

- Agree with parents on expectations for what you can do financially to support them if needed. Discuss if you can help with bill payments and if you're willing to take responsibility to pay their bills and debts.
- Review your own budget to anticipate costs related to paying their bills or reducing your income to stay home to care for your parents. You may realize that you need to cut spending to offset parental support needs.
- Continue to save for possible emergencies and your retirement. And for those working, remember to make contributions to your 401(k) to at least get the company match otherwise you're leaving

free money on the table. Keep in mind matching contributions from your employer may be subject to a vesting schedule. And please consult with your financial advisor for more information.

- Anticipate that you may be paying for college for your kids while supporting or paying for long-term care for your parents. Set aside what you can in a tax-advantaged college savings account for the kids.
- Explore long-term care insurance with your parents to help cover their care if they eventually need to be moved to a nursing home.
- Consider estate planning. (For more detail on this topic, please listen to my earlier podcast on the topic.) Start with the basics - do your parents have an up-to-date will? Life insurance? Do they need a trust? Should they create a Power of Attorney so you or another family member can manage their financial affairs if they are ever incapacitated.
- Review tax implications as they can help put money back in your pocket and reduce some of the financial strain of caregiving. The Child and Dependent Care Credit can be used to recoup some costs of child or adult daycare you pay for an eligible dependent.
- Review your financial plan annually and keep in mind that your plan may need to be adjusted as your parents age and their medical care needs increase.

There's a lot to consider here, and again every family dynamic is different. Hopefully there's an idea or two for you to act on or file away for the future. For those of you in the middle of this process with your parents - be kind to yourself! Self-care is essential, and often overlooked when your time is stretched. Remember, as you begin taking a more active role in your own finances, you will set an example and demonstrate financial responsibility to your parents, kids, family and friends, paying dividends for generations to come.

Thank you so much for spending time with me today. If you enjoyed this podcast, please tell your friends! Also, let me know what ideas you might have for future podcasts. I can be reached at 816.246.8450 and you can follow me on Facebook and LinkedIn.

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