

5 Tips to Avoid the Sandwich Generation Squeeze



Susan and Derrick Friedman have reached their early 90s just as their four children have entered their retirement years. The Friedman siblings are part of the Sandwich Generation; Baby Boomers who may find themselves caught in a new financial paradox: how to retire while caring for both elderly parents and young adult kids—Millennials who still need financial assistance.

As life spans increase, so do the number of Baby Boomers who fit this description. A [2013 Pew Foundation survey](#) found that half of the Baby Boomers have aging parents and are raising a young child or supporting a young adult. And at least 15% provide financial support for both their parents and children. This new trend threatens to squeeze Boomers' finances and put their retirement nest egg at risk—unless they learn how to navigate the looming pitfalls.

That's what the Friedman children did—with some assistance. They spoke to a geriatric consultant and gathered valuable tips about how they could avoid moving their parents into a costly retirement facility. Here's five of the most important lessons for Boomers:

1 PROTECT YOUR RETIREMENT ASSETS—PUT YOURSELF FIRST

Don't sacrifice your own financial health by raiding your retirement savings to cover college tuition or your parents' long-term care. Consider student loans and ways to stretch parents' assets. In the case of the Friedmans, the consultant explained that as income from the sale of the family home dwindled, they might qualify at some point for subsidized care giving, critical to living on their own.

2 ANTICIPATE YOUR FINANCIAL NEEDS

Plan ahead for the possibility that kids may move back home and aging parents will require financial help, increasing your monthly reserve.

3 CONSIDER LONG-TERM CARE INSURANCE FOR YOUR PARENTS AND YOU

Price policies and learn what's covered—it may help defray some of the enormous expense of nursing homes. (Insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. Your financial professional can provide you with costs and complete details.)

4 RESEARCH TAX BREAKS FOR CAREGIVERS

If your parents live with you for half the year, you may be able to pay for caregivers and other expenses by claiming the dependent-care credit on your tax return or contributing to an employer's dependent-care flexible spending account.

5 SET CLEAR FINANCIAL LIMITS WHEN KIDS MOVE BACK

Encourage them to work or pay some rent.

If they hadn't reached out for advice, the Friedmans' children wouldn't have considered applying for Veterans Administration benefits. "Now they're more willing to spend on what they need—drivers and caregivers," says Dana Friedman Roberts. "And that's reduced the help they need from us."

Explore every option and contact your financial advisor today.

This is not an actual client or client experience. This is a hypothetical example and is not representative of any specific situation. Your individual circumstances and results may vary.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which course of action may be appropriate for you, consult your financial advisor.

This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

LPL Financial representatives offer access to Trust Services through The Private Trust Company N.A., an affiliate of LPL Financial.

This material has been prepared by LPL Financial. A registered investment advisor, member FINRA/SIPC.

To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial is not an affiliate of and makes no representation with respect to such entity.

Not FDIC or NCUA/NCUSIF Insured | No Bank or Credit Union Guarantee | May Lose Value Not Guaranteed by any Government Agency | Not a Bank/Credit Union Deposit

© 2014 LPL Financial LLC. All Rights Reserved. The information contained herein has been prepared by and is proprietary to LPL Financial. It may be shared via social media in the exact form provided, in its entirety, with this copyright notice.

LPL Tracking #1-276904