PLIGHT OF THE SANDWICH GENERATION

How can the sandwich generation cope with caring for elderly parents while also balancing their work, their children, and their own finances?

By **K R Raju**

Many Malaysians are increasingly being squeezed by the pressure of being part of the "sandwich generation", or S-generation, and are grappling with the financial and emotional implications of being in that predicament.

The term sandwich generation, first coined by social worker Dorothy Miller in 1981, describes people in their 30s to 50s who are caregivers for both their own children and concurrently responsible for the care of their ageing parents. In some situations, it may be a double sandwich involving in laws while having to save/invest for their children's education, and retirement nest egg.

Studies have found the costs of caring for both children and parents have grown tremendously, and these costs can be both financial and psychological, even before figuring out whether the elderly have serious medical problems which can lead to long term care.

Advances in medical technology and living conditions mean that people are living longer than ever before, which is a huge achievement but also brings new challenges along with it.

So if you are part of the S-generation, you are also ageing as well and you'll need to address these pressing concerns in your financial journey.

Focus on financial goals

The S-generation should focus on avoiding financial vulnerability, but oftentimes this is easier said than done. For example, it is important to focus on long-term financial goals, but this kind of focus needs to be planned well and executed diligently over the course of one's working life.

SANDWICH GENERATION CASE STUDY

Mrs J, 36, gets a call from her mother asking for help as her father has suffered a terrible illness. She drives 293km from Kuala Lumpur back to her hometown in Penang.

Mrs J is a single parent with two children – an 8-year-old daughter with a learning disability, and a 14-year-old son. She works for a large multinational corporation that provides accounting services. The work pays well, but lately she is feeling pressure from all sides as her commitments towards her children, and parents are increasing.

Her parents are in their mid-60s and generally in good health. However, with the recent events, they are considering to employ a full-time caretaker or look for a nursing home. Funding would be an issue, as they are running low on savings, and selling their home is not an option. So Mrs J, together with her two sisters, split the costs among themselves and decide to employ a dedicated caretaker for her parents.

For her daughter, Mrs J is constantly thinking of long-term care issues, especially if she is no longer around. She begins to seriously think about her children's education costs, and funding for her own retirement.

Here are some ways proper financial planning can help someone like Mrs J:

Medical bills and emergencies

Together with a licensed financial planner, make sure all assets available to your parents are being fully utilised. This is so they can be used to maintain financial independence, or soften the blow, in the event one or both of them fall ill or has an emergency.

Hospitalisation, disability, and long-term care insurance can be a solution, even if you need to pay the premium on their behalf. The premium will be small in comparison to the large sum needed if a disability occurs. Intelligent usage of insurance for risk management can help reduce the burden you have to carry.

Make better family decisions

Education and retirement goals may seem insurmountable at first, but with proper cash flow budgeting and a disciplined savings and investment plan, a large goal can be broken down to smaller objectives.

Budgeting allows for prioritisation of expenses, and we can make sure to consistently move towards our goals. By utilising the proper investment vehicles, achieving our financial goals becomes much easier.

Manage your finances

Before we are able to look after the finances of others, our own financial situation must be secure. When it comes to financial planning, taking care of yourself is a top priority. Helping parents pay for their retirement expenses is great, but if it means sacrificing your own retirement, no one wins at the end of the day.

This means you will need to protect your income, and prioritise your own essentials. Make sure you are adequately protected in emergencies, such as job layoffs and medical emergencies. This might mean having the right medical insurance, and or having an emergency fund stashed away in the right place.

Long-term care for special children

For children with special needs, long term care is a serious concern. As they may be hard-pressed or incapable of looking after themselves, some support will be needed. Giving them money/ assets directly would not be advisable, as they may be swindled or can run into unscrupulous characters.

In this case, a trust and proper estate planning can help tremendously. A testamentary and living trust can act in your place if you are no longer here, according to your own mandate. This ensures your legacy is preserved.

Get expert help

When it comes to the world of finance, it is full of technical and legal jargon. It would be difficult for the layman to navigate this environment, and you may end up making a bad decision. An external party can provide viewpoints to issues you may have missed or failed to address.

Employ the help of a fiduciary professional, a licensed and certified financial planner, to help you make better decisions and navigate the financial landscape.

But at the same time diligent execution of these goals can be delayed or derailed by unforeseeable variables with unexpected costs. And the results can be dire.

Ultimately, this means that many senior households become financially vulnerable, and what should have been the comfortable years of the elders' lives become a nightmare of mental anguish.

The question is this: who will take care of our parents? Especially when there is increasing chances of people living longer but also becoming susceptible to illness such as Alzheimer's disease, dementia, or a stroke?

While there are always competing priorities for money, finding the right balance is a constant challenge for the average household. Keeping up with mortgage and car instalments payments, household expenses, credit card bills, paying for children's education and activities are all challenges facing an S-generation individual daily.

The sandwich generation is also increasingly providing financial support for their own grown up children. This support keeps the children afloat during their early years of employment.

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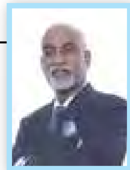
Financial discipline

Although balancing the demands of caring for ageing parents and children is complex and can affect your own personal finances, it is critical to take care of your own retirement needs first. You may well need the advice of experts and qualified financial planners, because the key to financial stability is to start embracing sound financial discipline and planning during the early years.

They can provide expert advice on financial matters that includes investment, savings, risk management, long-term health care, tax planning, estate planning, wealth accumulation strategies, and concerns such as special needs children, and being an only child.

Proactive financial planning is therefore necessary for the sandwich generation to avoid financial crisis and emotional stress.



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