By Jim Senkbeil, CIMA
Moore Colson
*Guest Columnist*

# Are you stuck in the sandwich generation?

The Baby Boom generation — those born between 1946 and 1964 — is once again charting an unprecedented course. This time, however, they are caught in a demographic "perfect storm" that has them squeezed between the needs of younger and older generations. As life expectancies increase and couples start families later in life, members of the so-called Sandwich Generation are trying to invest for their children's college education and offer support to aging parents while saving for their own retirement. According to the AARP, 44 percent of the 76 million Baby Boomers are already "sandwiched."

If you are part of this growing group, take heart. There is still time to put together a workable strategy for balancing these and other conflicting demands on your money and time. Here are a few ideas:

**Set clear priorities.** Before making any concrete plans, you need to research the costs of each potential expense and identify priorities. Yes, it is true that you are attempting to pursue three ambitious goals, but once you have identified priorities, you can put the bulk of your financial resources and energy toward meeting the most important goals first.

**Discuss eldercare issues before they arise.** One of the reasons people become sandwiched financially is that they put off addressing eldercare issues only to be blindsided by their parents' unexpected needs. Facing the financial facts head on is the first step. Research conducted by the Health Insurance Association of America and the American Council of Life Insurers indicates that 9 million people over age 65 will need long-term care by 2005. A year in a nursing home costs $57,000, and daily visits by a home health care aide can reach nearly $16,000 annually.

Given these statistics, it is not unreasonable to think that someday your parents may need help coping with long-term care expenses. Try to head off potential problems by engaging parents in some financial and estate planning while they are still healthy and independent. For instance, help them create a financial inventory detailing the account numbers and locations of all bank and brokerage accounts, insurance policies, real estate and other personal property. Offer to join them in meeting with their financial advisor, accountant, or lawyer to review their financial status, evaluate options such as long-term care insurance and update legal documents including wills, trusts and a power of attorney.

**Take a broad-based approach to paying for college.** According to The College Board, the average annual cost of tuition, fees and room and board at a four-year, private college is now a hefty $26,854. If you are providing financial support to your parents, the "sticker shock" of a college education is concerning.

In terms of investments, consider 529 college savings plans, which generally have no income restrictions and in some cases have account asset limits (contributions plus any gains) of more than $200,000. What's more, earnings in a 529 plan can accumulate tax-deferred, and qualified withdrawals are federally tax-free. Keep in mind that nonqualified withdrawals from either of these investment plans are subject to regular income taxes and a 10 percent penalty.

**Make retirement your long-term priority.** It is important to keep your competing priorities in perspective. After all, your children and parents' financial needs will eventually subside, but your own retirement income needs are with you for life. And, with life expectancies on the rise, retirement could last 30 years or more. Therefore, don't put off saving for retirement until your other goals have been met. Even if you have to reduce the amount of regular contributions you make to your 401(k) plan, try to keep investing something.

**Choose the right investments.** Traditional investing wisdom states that the longer you have to invest, the more risk you can assume. If your retirement is 20 or more years away, this may mean a portfolio weighted toward stocks, since stocks have historically provided better returns over time than other types of investments as well as more risk. Although past performance does not guarantee future results. For your college-bound money, consider your child's age before selecting investments.

*This article is not intended to provide specific advice or recommendations for any individual. Contact Jim Senkbeil, director of investments, Moore Colson Financial Services at jsenkbeil@moorecolson.com, 770-989-0028 or www.moorecolson.com.*