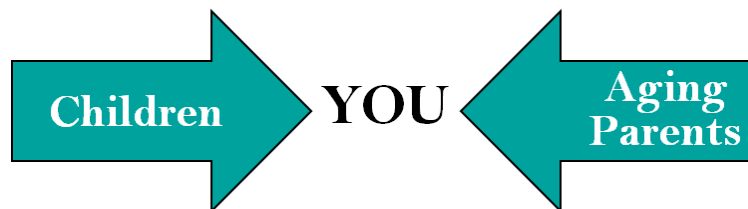


The Sandwich Generation: Squeezed in the Middle

September 28, 2012



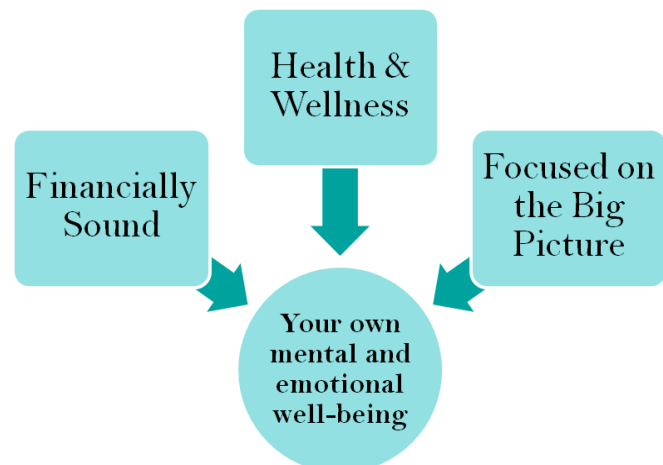
Consider the following situation; you are at a good point in your career, respected at work and seeing opportunity to advance your career; your salary is trending up and you are earning annual bonuses. You think you are finally getting ahead of the expenses, but then your son makes the travel soccer team and your daughter begins taking prep courses for her college entrance exams. As the thoughts of college creep in, you begin to worry about whether you have saved enough or if your children will get the scholarships that you've been relying on all these years to help compensate for the rising costs. On top of all the daily concerns of your immediate family, you've begun to notice issues regarding your parents. They seem to be much more forgetful than usual; your father had a recent fender bender and even mentioned having to argue with the electric company over an unpaid bill. Is this yet another area where you need to be paying more attention?

If this sounds like a page out of your day, you are not alone. For many baby boomers and some from Generation Y, this is the new reality. There are a growing number of pre and post retirees who have parents in their 80s and also have college age or boomerang children at home. This forces those in the middle of that sandwich to sometimes feel stretched to the breaking point. There are, of course, times in everyone's lives when emergencies arise and you have to drop everything to deal with it. However, some are feeling more like fire fighters, existing purely in reactive mode and always putting out the next fire in your family's lives.

We consider Sandwich Generation planning to be threefold. It requires the identification and coordination of the appropriate resources to enable those caught in the sandwich to be able to focus their efforts in the best ways. This is where the wealth management team at Rinehart can assist you as you navigate through this complicated time in your life.

Planning for your own future

The central area of consideration is your own comprehensive plan to ensure you are properly preparing for retirement, protecting against risks to your future and prioritizing appropriately for each stage of your life. It is critical to verbalize your financial priorities and to be able to see the likelihood that these can be met. You need to assess the areas of risk in your life, including the possibility of a disability, an early death or a significant long term care need. It is also



important that your own planning doesn't get bogged down by the additional demands from the generations above and below you, in terms of time and money. In all these areas of planning, it is essential that the big picture be examined to ensure that all parts are working cohesively toward a common goal.

Planning for your children

The second area of major concern for the Sandwich Generation is the education and eventual independence of children. This may involve having discussions in the teen years to set expectations for your and their participation in college funding. Although most parents want to give their children the best of everything, this can be an area of conflict when the child's educational needs arise at precisely the point when you are trying to save for retirement. Therefore, you may find it is not financially feasible to fully fund their education without jeopardizing your own eventual retirement. The years prior to college can provide great opportunity for parents to instill good money skills to help their children learn financial responsibility along the way to becoming adults. We have also found that when their own money is involved, children tend to take things much more seriously. Lastly, some parents are dealing with boomerang children, where the young adults have completed their undergraduate education, but returned home to the ranks of the unemployed. All of these issues can cause additional strain on the sandwiched parent. We work with our clients to prompt discussions in advance of these issues developing and when appropriate, work directly with the young adult to provide an unbiased assessment. As a parent, it is imperative that you continue to move your child forward on the road to financial independence so they are not using you as a monetary crutch later in life.

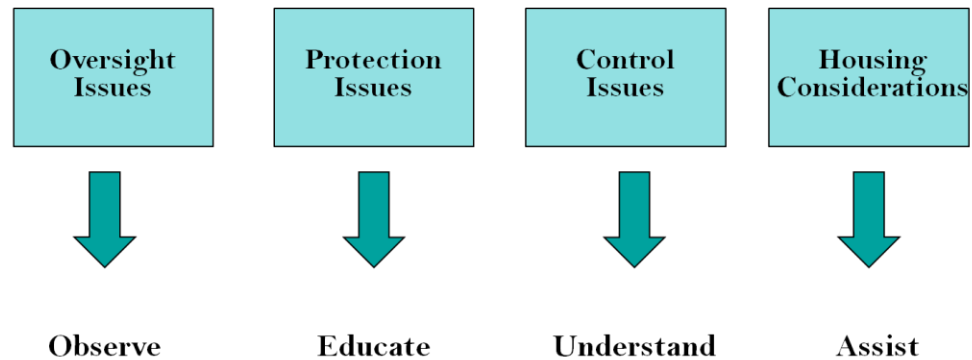
Planning for your parents

The third area of concern for the Sandwich Generation is the care and assistance of aging parents. The boomers of today are dealing with this in ways which were not the norm for prior generations. Medical advances for treatment of disease and associated increases in longevity are keeping many seniors alive well into their 80's or longer. However, in many cases these seniors are not fully independent and therefore need to rely on family members to assist them with daily life. While most adult children are happy to help their parents as they age, issues can occur as a slow drip of increasing assistance, or be a deluge of great need that occurs overnight. Whichever the circumstance in your family, the increased demands of assisting your aging parents can quickly take its toll within your family on a day to day basis.



Other concerns facing aging seniors include safety in their home, being targets of fraudulent financial activity, medication cost and dosage complications, loss of independence due to driving concerns, and for some, the

realization they need to make a move to a retirement community or care facility. These issues can come on slowly or may be thrust upon them as the result of an unexpected health crisis. Aging parents may or may not want your assistance as they face these concerns, but it is important that you be aware of the issues and the resources that are available to benefit them in these situations.



Assisting your parents can also be a sensitive area for adult children, dealing with both privacy and control issues for the parents, as well as the fact that you are still the child in a parent/child relationship. In some cases, it is best if the adult child is not the one bringing up these sensitive issues, but instead engaging the parent's financial advisor to drive these conversations. Having this unbiased, non-family member in the picture can help educate the entire family on areas for future consideration and increase the chance of positive outcomes. Aging seniors who are armed with knowledge will typically have more options available to them for their future.

Being part of the Sandwich Generation can be complicated and at times, overwhelming. However, you should know that you don't have to navigate this phase of life by yourself. The professionals at Rinehart Wealth Management have experience assisting aging clients, as well as boomers who are in the Sandwich Generation. Our depth of knowledge in this area has been especially helpful to our clients and their families.

If you would like to learn more about how Rinehart Wealth Management can assist in dealing with your own family's "sandwich" situation, we would encourage you to contact us. If your parents could benefit from forward-thinking conversations with an unbiased advisor, it may be appropriate for them to engage our firm to assess their situation.

If you, or a group you are part of, would benefit from hearing a more detailed presentation on planning for the Sandwich Generation, please indicate your interest by clicking the link for "Event Interest" in the email of this newsletter you received or email us at rinehart@rinehartwealthmanagement.com and we will be happy to include you in our next event.

Regards,

Cheryl Sherrard, CFP®
Director of Financial Planning