

## Sandwich Generation: Feeling the Squeeze



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### Managing Your Money

LYNN MacNEIL



The sandwich generation refers to middle-aged adults (often in their 30s to 60s) who care for both their older parents and their own children, whether financially, physically, or emotionally. Often this care falls predominantly on women. The “Sandwich Generation” is not a new concept, every generation has one. The issue currently is that it’s lasting longer for this generation. People are having kids later in life; young adults are launching later (or never!); and aging parents are living longer. All this has an impact on work, finances, and retirement plans.

Part of what is hard for this generation is the expectation that they will enjoy empty nest freedom as their parents did. The reality is that this sandwich generation has less time and financial freedom. Empty nesting is coming along much later in life. It’s often not the life-plan people have for themselves.

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When young adult children don’t fly the nest as expected (as the Baby Boomers and Gen X did) and their parents (right or wrong) take on their financial burden - like student loan or other debt, unemployment or stagnant wages, rising rents and home prices – they often feel the squeeze. The parents of these kids have their own financial goals, such as retirement, which are often getting pushed back to help kids. A 2019 Leger poll<sup>1</sup> shows that many parents are struggling to support their children into adulthood, while balancing their own needs. The survey says one-third of parents are being forced to postpone, or already have postponed their own retirement. I see many parents who may be supporting their adult children to live financially, but not supporting their adult children to grow financially. Next month I will delve into what parents can do to support their children’s financial growth.

While some aging parents might need financial support, the most common issues I see are not usually around *financial* help. It’s often the day-to-day help, emotional support, caregiving, appointments/transportation needs that create the squeeze for the sandwich

generation...who are often also doing the same for their children! Eventually, in many cases, the sandwich generation has to look after tax and financial details – from filing taxes and paying installments, to managing day-to-day banking and investing portfolios. While I will delve deeper into aging parents in a future article, for now I would say that when the “shift” starts happening, where adult children start worrying about their older parents, it’s important to get a clear picture of the older parent’s financial situation and what they can afford in terms of support/care. Understanding what might fall on you, financially or otherwise, can allow you to plan better, both for your own future and theirs.

The Sandwich Generation has all this potential pressure and stress coming from all sides – their own kids, their aging parents, and then of course, themselves! Juggling careers, living their best lives, and trying to plan and save for their own future – it’s a lot. Feeling a sense of responsibility for everyone can take its toll! This is often the point in life where marriage can suffer if partners are not on the same page about helping their parents or children financially, and simply managing the stresses of the squeeze. Communication is vital, and having conversations in advance about these topics can help prepare for the future. A Wealth Plan is a great foundation to determining these boundaries. I have had several clients tell their kids “According to the Wealth Plan Lynn did, we can’t afford to give you more than X dollars.” Having financial boundaries can provide a helpful framework within which to work and provide a sense of control (boundaries with kids and parents).

In a 2024 survey done by FP Canada, Canadians say money is their top source of stress. This is not surprising considering the pressures of life today. The Sandwich Generation shouldn’t lose sight of their own financial goals. My advice is: help your kids if you can, but keep your own future or retirement plans in mind when factoring that in. In fact, when building Wealth Plans for clients in the Sandwich Generation, we often include “helping kids”. Whether it be contributing to a wedding expense, or helping with a downpayment on a home, if it works, great! Parents also need to remember their own situation could change suddenly due to life events (job loss, illness, incapacity, death of a spouse). Prepare for different scenarios in your Wealth Plan...just in case. I call these “what if” scenarios.

As previously mentioned, generally those who get “squeezed” the most in the Sandwich Generation are



women. Most women who manage stress effectively don’t do it alone. They have a solid support network that helps empower them and does not make them feel judged for their decisions or for their lack of knowledge or experience. So, build a support team: friends, family, professionals, advisors, caregivers, tutors, etc. When it comes to financial professionals, women, especially, want to factor non-financial concerns in their financial plans because many of these concerns are actually connected to money – such as being in the Sandwich Generation. However, many advisors don’t necessarily understand this need. Take the time to find someone who understands you and that you connect with!

To summarize, I think the Sandwich Generation needs to adjust their expectations to the new reality. It’s critical that they plan for aging parents, for themselves, for young adult children. When I say plan, I mean it in the broadest sense. Having somewhat of a plan for “what if” scenarios can alleviate much stress

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and anxiety, both in the short term and long term. My expertise is in Wealth Planning, and I suggest that everyone needs a Wealth Plan – be it simple or elaborate. If money is one of the biggest stressors, having a plan is one of the best solutions. Lastly, build a good team for support, on all sides of the equation.

<sup>1</sup> The 2019 Student Debt Survey, a Leger poll, was conducted on behalf of FP Canada (formerly Financial Planning Standards Council, or FPSC)

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Lynn MacNeil, F.P.L., CIM®, is a Portfolio Manager and Investment Advisor with Richardson Wealth Limited in Montreal, with over 28 years of experience working with retirees and pre-retirees. For a second opinion, private financial consultation, or more information on this topic or on any other investment or financial matter, please contact Lynn MacNeil at 514.981.5796 or Lynn.MacNeil@RichardsonWealth.com. Or visit our website at www.EphtimiosMacNeil.com.

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