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“Sandwich” Generation Risks Running Out of Bread

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The financial meltdown that’s depleting the savings and income of millions of Americans presents special risk to the estimated 16 million adults who support themselves while also caring for dependent children and elderly parents.

“Millions of adults are facing a generational sandwich that’s putting an economic squeeze on everyone involved,” said Bruce Kohl, director of the New Mexico Securities Division and chairman of the North American Securities Administrators Association’s new investor education program. “Nearly half of those in the so-called ‘sandwich generation’ don’t have enough money to finance their own retirement but consider paying for their children’s college tuition a parental responsibility, all while juggling the rising costs of care for their parents.”

Given the increase in life expectancy, Kohl said, “You’re looking at millions of stressed families across North America. We’re concerned that this stress may make the sandwich generation more susceptible to fraud, depleting the financial resources they need to maintain their families.”

The investor education program aims to help members of the sandwich generation prepare for the financial responsibilities they’ve assumed, which includes protecting their assets — and those of older dependents — from fraud. A bad investment by an older relative often means other family members must then provide the support that’s no longer there. When multiple family members fall victim to an investment scam, the assets of an entire family can be wiped out.

The association suggests sandwich generation members first get their bearings as follows:

Teach children well: Parents should teach their children about basic finances and demonstrate responsible money management. They should consider the impact of using their own retirement assets to send children to college and talk to their children about how they can help finance their own education. If adult children move back home, parents should set financial ground rules and expectations.

Protect yourself: Those in the middle of the sandwich should organize their brokerage statements, bank records, insurance documents and other financial papers. Retirement planning should start early, and investments should be managed according to financial goals and risk tolerance. They should draw up a realistic budget, control debt and make sure that brokers or financial advisers are licensed to sell investments or provide advice.

With respect to elders: People with older parents should broach the subject of finances and ask them for current copies of their estate planning documents. It's critical to know where parents keep insurance documents, retirement plans and investment documents and to ensure that these documents will be accessible to other family members if necessary. They should know the names of their parents' financial planners, accountants, doctors and other advisers.

For more information about the association's sandwich generation outreach program, visit the Sandwich Generation Resource Center at nasaa.org/investor_education/9574.cfm.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC) and its partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to www.FinanceNewMexico.org.

