

How will I support my parents when their money runs out?



Baby boomers are the first generation in history to face a new 'third age' with an unprecedented expectation of a decade or two of relatively healthy life after their retirement.

But while boomers are actively planning for longer retirement years, many are also part of the 'sandwich generation' who have elderly parents without super and adult children still seeking help. As a result they are wrestling with some tough decisions.

Take a look at our case study below...

Ann's situation is one that arises more and more frequently. While ageing parents are also enjoying longevity many will find themselves unable to make their money last as long as they do. Should their children help them? Quite often, when their adult children can, they do.

But not every situation is so easily solved and not every sibling is on the same page. It can be an emotional minefield of guilt, jealousy and recriminations and raises the moral question of what is 'right'.

It is a shock for some that their parents didn't plan better (or do ANY planning for that matter). At a time in their lives when baby boomers might expect to be enjoying financial security and leisure time they are likely to have increased demands on their financial and other resources. This can give rise to some monumental family conflicts.

It also raises the question: 'what does this mean for future generations?'

Here are some issues we all need to think about:

- Become familiar with the affairs of aged parents, ie anything that pertains to their finances and care preferences. If you know what you are dealing with **you can plan for it.**
- **Make sure necessary legal documents are in place,** such as a health care directive and a power of attorney.
- Research the entitlements, benefits and programs available through government agencies (Centrelink, state government, local councils) or nonprofit organisations. Research has found **people may be missing out on more than \$600 million in assistance** largely due to a lack of awareness.
- **Explore a reverse mortgage for your parents.** Can they access some of the equity in their property?
- Ensure child care and aged care is **planned well in advance of when it will be needed.**
- Teach young adults about financial responsibilities and wealth creation. **You are never too young to start thinking about your future.**
- Seek professional assistance to help you **plan your long term financial strategy.**

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'Where are you? In the 82% or the 18%? If we fail to plan...then we plan to fail...'



CASE STUDY

Three times a week Ann Johnson makes the one hour drive from her home to look after her 85 year old parents. Her mother has dementia and now lives in an assisted living facility, but Ann drops in to visit and monitor her care. Ann's father still lives at home and is relatively fit, but he still needs rides to doctors' appointments as well as help with the shopping and other errands.

With the expense of her mother in care, Ann and her siblings all contribute a regular amount of money to help their parents financially as well as sharing care giving duties whenever possible. Without the mutual support system, things would be tough.

To complicate matters, Ann's daughter Sarah, a classical flutist with a graduate degree, moved back home a few years ago when she couldn't find work in her field. Sarah eventually retrained as a nurse, married and recently moved to an area nearby. She has just had her first child and is looking to return to work in the next few months - with assistance from Ann to help with childminding. **Ann is an unwitting member of one of the fastest growing groups: the so-called Sandwich Generation.**