



Caught In The Middle

When we do too much for a loved one, we communicate to them, "You are not capable."

A growing number of individuals and couples are entering the ranks of the Sandwich Generation. What they have in common is that they are "caught in the middle" between the competing needs and wants of their dependent children and aging parents. In addition, they also need to consider and prepare for their own retirement years and potential long-term care needs.

For example, most members of the Sandwich Generation value higher education and feel compelled to provide that opportunity for their children. Other "sandwichers" are pressed into service by providing financial resources to a divorcing adult child or helping raise a grandchild. In addition, as life expectancy increases, their aging parents are likely to survive well into their 90's and require monetary and caregiving assistance.

Increasingly, it is the middle generation that bears the responsibility for addressing the financial needs of both the younger and older generations. Unfortunately, the unintended result is that their own financial needs and wants are squished, squelched, and squeezed out.

As an alternative, is it possible to balance financial responsibilities across generations? Are their ways we can help our children and our parents without sabotaging our own long-term financial security and quality of life?

There is no magic formula, but a proactive approach can improve communication, build financial resiliency, and nurture resourcefulness in all family members. Here are a few ideas suggestions:

Start Early—

The negative impact of major life transitions can be mitigated by planning ahead. Expenses like college tuition for your kids and long-term care for mom and dad can be huge. Therefore, with the help of a trusted financial advisor, it is essential to research your options and make preparations well in advance of important life events.

Expect Involvement & Cooperation—

Involve your kids and parents in the planning and preparation for their future needs and wants. Ask them (and expect them!) to contribute what they can.

For example, children can assume responsibility for a portion of their higher education expenses. In addition, encourage the older generation to think about their eventual needs and to plan ahead both financially and emotionally for their later years and the possibility of frailty.

Encourage & Reward Independence—

In an effort to demonstrate our love, we often do too much for our children and for our parents. The more we do for others that they can do for themselves, the more we undermine their autonomy. When we do too much for a loved one, we communicate to them, "You are not capable." Instead, it is important to nurture a spirit of self-reliance and self-confidence in those we love, for that is the very best gift in life that we can give.

Rediscovering Our Values

In an article titled “The Value of Planning,” financial reporter and futurist Bob Veres wrote:

“The vast majority of people in our advanced, prosperous society have not taken the time to figure out what they really want out of the all-too-brief time they will spend on this planet. And because they don’t know their destination, you know they will never reach it. They are, in a very real sense, doomed unless acted on by a powerful outside force.”

Inside Information, July 2004

“44% of Americans feel the economic crisis has caused them to place greater importance on their family and personal life”

Although published several years ago, Veres’ observation seems more relevant than ever—especially in light of the impact of the financial crisis on the American psyche. In fact, this economic shake up appears to be the much needed “powerful outside force” that Bob referred to and one that has served as a loud and important wake up call.

Jim Wallis echoes this point of view in “Good News about a Bad Economy,” an opinion column he wrote for the March 2010 *AARP Bulletin*:

“The Great Recession that has gripped the world, defined the moment, and captured all of our attention has revealed a profound values crisis. Just beneath the surface of the economics debate, a deep national reflection is begging to take place and, indeed, has already begun in people’s heads, hearts, and conversations. It raises questions about our personal, family, and national priorities; our habits of the heart; our measures of success; the values of our families and our children; our spiritual well-being; and the ultimate goals and purposes of life—including our economic life.”

Wallis goes on to explain that this time in history “could be a transformational moment—one of those times that comes around only occasionally.” He stresses to his readers, “We don’t want to miss the opportunity to rediscover our values.”

In fact, several surveys have confirmed that Americans are rethinking their priorities. For

example, the 2009 *MetLife American Dream Study* revealed that 44% of Americans feel the economic crisis has caused them to place greater importance on their family and personal life. In addition, 59% reported that they are spending more time thinking about their life goals.

Even more surprising, 68% of consumers reported that the economic situation brought on by the recession has changed how they think and act when it comes to personal finances. In fact, the researchers believe that increased savings together with a newfound spending restraint has given Americans a sense of personal financial optimism. “With the ability to curtail spending and redefine success, many Americans feel hopeful about the future and optimistic about their long-term ability to achieve the dream.”

In a similar vein, results of a 2010 survey conducted by Merrill Lynch Wealth Management found that affluent Americans are returning to or holding on to core values, including an enhanced focus on what matters most such as family and friends. And, those already retired reported on lessons learned: 51% of this group wished they would have focused more on their “life goals” and less on hitting a specific nest egg goal.

Jim Wallis concludes his opinion column with this poignant thought: “Could there be some good news in, through, and even because of this recession? Maybe so, if it becomes the opportunity to rediscover some important things that we somehow lost, but now might find again.”

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Why 2010 is the Year You Should Pay Closer Attention to Your Estate Plan

Estate planning is an essential part of anyone's personal finances -- no matter how wealthy you are. But even for those who have been diligent about planning for their spouses and heirs, this is a year when it may make particular sense to re-examine your strategy.

With the nonstop flurry of legislative activity in Washington, Congress has still not acted on the phase-out this year of the estate tax. If nothing is done this year, the heirs of any person who dies in 2010 won't be liable for any federal estate taxes, no matter how big the estate. (The carryover basis rules for 2010, however, may give rise to additional planning considerations.)

Yet the potential bad news will come next year when the estate tax is scheduled to return with a vengeance on all estates over \$1 million in size (the threshold was \$3.5 million for individuals in 2009) with a potential return to a 55 percent top tax rate..

It's worth a trip to your estate planner and your financial planner to help ensure your paperwork is in order and the previous plans you've made won't cause problems.

Family trusts -- also called bypass or credit shelter trusts -- are of particular concern. These trusts work this way: Individuals add what's known as a formula clause to their will or revocable trust that distributes up to the maximum amount of assets that can pass free of estate tax to the trust if the individual dies before their spouse. The creation of the trust helps ensure that once your spouse dies, neither these assets nor any appreciation on them will be subject to estate tax. But if you die this year, a failure to address the formula clause could potentially cause you to unintentionally disinherit your spouse.

The bottom line: It's worth making a call to a financial planner and your estate attorney to make sure your plans are still in order.

And what if you've never made an estate plan? Even if you're not particularly wealthy, you definitely need one. Here are some specific things you should do and make sure you have in place:

Make a financial plan: You can't have a very effective estate plan without a full grip on your finances. First, sit down with a financial planner to gain an understanding of all the various

aspects of your finances from your income and investments to your debt. Add various facts about your family situation to the mix, and that's the starting point for an estate plan.

Make a will your first priority: Unless you have a very complicated estate, a standard will with wording common to your state may be satisfactory to properly dispose of your assets, but it's generally a good idea to get feedback from an estate attorney to make sure your will fits you and your financial structure.

Create all necessary directives: It's important to create a durable power of attorney to oversee financial issues and a healthcare proxy to appoint a trusted individual to oversee health-related decisions if you are unable to do so for yourself. Some states will allow you to appoint more than one individual in each role to allow for checks and balances, but it's particularly important to work with an experienced estate attorney to make sure things are done right.

Establish guardianship and financial directives for your children: If you and your spouse were to die at the same time, who would take care of your kids? Based on your state's requirements, your decision may need to be written up as part of or an addendum to your will. It's also a good idea to name alternates in case the people you name have a change of heart for any reason, or if something happens to them. If your children are to inherit substantial assets or insurance proceeds, it is also wise to make sure that their guardians are qualified to handle that money. If not, someone else should be legally named to do so.

Review all beneficiary information: Make sure all your beneficiary designations on retirement accounts, insurance and other assets not distributed through your will or trust are current and clear.

Consider transferring IRA assets to a Roth: You'll take a tax hit with the conversion, but converting traditional IRAs into Roth IRAs removes another headache for your heirs because no income tax will be assessed once the funds are withdrawn, assuming certain requirements are met.

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The Power Of Money

By Jim Stovall & Timothy J. Maurer, CFP®

"If money is not thy servant, it will be thy master."

—Sir Francis Bacon

Money is the most misunderstood commodity in our society, even on our planet. People today understand the price of everything and the value of nothing. There have been more conflicts, divorces, and disputes over money than anything else. In order to begin to have healthy attitudes toward money, we must understand that it is nothing more—or less—than a neutral tool or vehicle.

It is also critical to understand that money is not inherently bad, unimportant or irrelevant. Many have misquoted and misused ancient wisdom proclaiming that "...money is the root of all evil." The context here is imperative. "For the love of money is the root of all evil," is the actual quote, and the difference is profound. Nothing can take the place of money in the things that money does, but outside of the scope of where money is useful, it has no value.

When it comes to your health, family relationships, or personal well-being, for example, money is of little importance. It serves us best when it is a facilitator of relationships, not an end in and of itself. This understanding will keep money and its detrimental pursuit in check. Once you see money with new eyes, you'll use it better and more effectively.

Editor's Note: Jim Stovall and Timothy J. Maurer, CFP® are the authors of *Financial Crossroads: The Intersection of Money and Life* published in 2009 by Companion Enterprises, Inc. This excerpt was used by permission of the authors.

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In My Opinion...

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"Will you still need me; will you still feed me, when I'm sixty four?"

When I'm Sixty-Four, The Beatles

I am having my first "hands on" care giving experiences. First, my mother, whose aging has begun to limit her, needs more assistance in both the physical and intellectual challenges that life presents. Also, recently, my wife went through an acute medical experience that required the daily appearance of Nurse Bobby (the name we gave to me) to assist her healing process. Also, my granddaughter went through a major surgery which kept her in Kosair Children's Hospital for almost a week. During her parents' constant vigil (they never left her bedside), my wife and I ran errands and visited daily.

As this is going on, I keep humming a tune from The Beatles quoted above. You might remember the cute little ditty written by the famous song team of Lennon and McCartney, who were thirty-something at the time. It is interesting to hear how they perceived the aging process "many years from now". It is also interesting that two of the four did not make it to age sixty-four.

Care giving is probably one of the highest forms of love. Make no mistake, it is tough duty. Both sides of the equation are dealing with new dimensions. The willingness to offer assistance is mirrored by the need to have it. Much must transpire for the experience to be successful. There must be a strong relationship at the base and patience will be required as each party wrangles with this new role. In some cases, there are no resources --- which can be either personal or financial. Most of the time, it will take a combination of both to meet the need. In almost all cases, it takes planning in advance to assure that things will run as smoothly as possible

When it comes to successful aging, there is so much possibility beyond "losing my hair". Most of the skills for this are formed early in life, when one adopts a positive outlook for the future and a commitment to constant growth. There is also the very real job of saving enough financial resources to provide options. It is also at this time that smart insurance decisions, which in many cases required sacrifice to pay for, start to pay off. The point is, if you wait to start "when you're sixty-four", it will be a much more difficult challenge.

The good news is that such planning pays off. It allows the care giver some flexibility in acting in that role and allows the cared for some dignity and security in facing the challenges of going forward. So, listen to the song.....

Until next time, that's my opinion.

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