The Making of the Senior Sandwich

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Article:

Financial stability is important at all stages of life, but for older adults who may have fewer earnings options, it's essential. While retirement planning and saving should begin early, young families frequently postpone it for other household consumption needs. They decide to wait to save for retirement until middle age when they will be closer to retiring and assume family obligations will decrease. However, recent trends show that the family's changing age structure is directly influencing the timing of and saving for retirement.

There has been a relatively new phenomenon of older adults in their late 50s, 60s, and even 70s with aging parents who continue to have obligations to their own children—the Senior Sandwich.

Most people are familiar with the phrase "sandwich generation," introduced in the 1980s by author Elaine M. Brody. The picture was of harried women in their 40s juggling the demands of caring for their aging parents while also caring for young children. Adding to those demands were their roles of employee, spouse, and/or volunteer, each competing for a limited commodity—their time.

Today, with increased longevity, second families, and extended young adulthood, the Senior Sandwich experience is frequently part of older people's (late 50s and up) lives. While nearly one half of all children will provide care to a parent at some point, it will most likely be after their 60th birthday.

Why the change? Today's family is different. Social changes such as later marriage, later childbearing, later divorce and remarriage, and second families mean that men and women are older when they enter these family roles. Young-adult children have increasingly become reluctant to leave home or are returning home before launching into adulthood. Delayed and later marriage pushes back other family events; remarriage and later-life childbearing have become more common among boomers than previous generations. Increasingly, it's not unusual to see second families with children in their late teens and early 20s down to toddlers. As a result, middle-aged (and older) Senior Sandwich parents are caring for children from infancy to the mid-20s, while their own parents are in their 80s and 90s.

The increased longevity of parents is also a factor for middle-aged children but is only part of the caregiving story; the other is the number of living parents. An analysis of the decennial U.S. census from 1900 to 1990 found that the number of middle-aged children with one surviving parent doubled from 39% in 1900 to 80% in 1990. More critical to the Senior Sandwich is that the percentage of children aged 60 with at least one parent alive increased from a meager 7% in 1900 to nearly one half (44%) in 1990. Improvements in life expectancy have done more than add years to life; they have added years to a person's responsibilities in family roles as a son, daughter, son-in-law, daughter-in-law, parent, spouse, and grandparent.

Cultivating Financial Foresight

Financial gerontologists, a specialized subfield of gerontology developed by Neal E. Cutler, PhD, know that family decisions are also financial decisions. Young-adult children have become increasingly dependent on parents. A Pew Research Center study found that nearly two thirds of boomers had financial obligations to either one or more young children and/or were the primary financial support to one or more adult children. With a tendency to be financially generous, boomers tend to give more than they receive. Most (62%) believe parents should pay for their children's college education. Many (20%) helped out their aging parents with some financial assistance. Some (13%) were doing both—giving money to aging parents and children, either minor or young adult. And recent research suggests that 75% to 80% of all care to older adults is through the family at a savings of an estimated cost in 1998 of $128 billion—today that would equal nearly $164 billion. This cost savings to society (including public and private budgets) is a cost borne by family members either directly or indirectly in forgone wages, savings, and investments.

What's ahead for current and future Senior Sandwich generations caught caring for multiple generations is challenging because they are also—or should be—preparing for their own rapidly approaching old age. Costs in raising children are widely understood and financial decisions are made on expected demands. But for families with late-life children and/or dependent young-adult children, retirement planning has become more complex. Savings that should be directed toward future retirement are being redirected to current consumption. The old adage "pay yourself first" continues to be ignored. The complexities of family aging carry over to financially preparing for future retirement. To compensate for these difficult family and financial decisions, many families will defer retirement and continue working full- or part-time during retirement.

Most families plan and work within a finite budget, and unpredicted expenses force reallocation from limited resources. It is difficult to anticipate and, therefore, to plan for future unknown costs of obligations to aging parents. Research and discussions on caregiving continue to focus on the physical care to the aging parent and neglect the out-of-sight and out-of-pocket financial care provided by adult children. Many adults say they would use money earmarked for their children's education to pay for their parents' long-term care. Others say they've already used monies set aside for their retirement to pay for an elder parent's care.

In short, many who find themselves members of the later, extended Senior Sandwich generation will find greater complexity and less time to prepare for their own retirement and later years. This challenges both the middle-ager and the financial gerontologist to be sensitive to family dynamics, anticipated and unanticipated, when examining short-term and long-term financial goals for a successful old age and retirement.

The mantra to remember: Careful planning should take into account not only retirement plans for the current middle-ager but also future financial obligations that may include elder parents.