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The Sandwich Generation

Picture a big club sandwich, but instead of turkey, bacon, lettuce and tomato, put yourself in the middle with your kids on the bottom and your parents on top. If this describes your situation, you are one of the 10 million baby boomers who find themselves financially sandwiched between their children and parents. This is happening exactly when you need to be focused on your own retirement and retirement income needs. Consider the following strategies to help you create a balance between your family's financial needs and your own.

College vs. your retirement

Before you cut back on your own retirement savings to fund your children's college, explore other options available to you and your children. It is important to remember that you aren't doing your children any favors by putting them through school only to be dependent upon them down the road. Here are some ideas to consider: Have your kids contribute: match funds they are able to contribute, working part-time, scholarships, grants and student loans are all ways to have them come up with a portion of the cost of their education. Compare the costs of public to private schools. Consider which universities are affordable and determine what financial aid may be available. The College Board is a good place to compare costs and aid packages. Consider junior college for one or two years. After junior college, they can transfer to a four year school. You might also consider having your children live at home and save on room and board if you live near a good university.

Your retirement vs. your parents

If your parents are in a position where they need your assistance, the first step is to sit down with them and have an honest discussion about their finances. Everything needs to be reviewed, including all sources of income and expenses, as well as assets and liabilities. Once you have an idea of their cash flow, budget and net worth; you can begin to explore their options with them. Cut back on unnecessary expenses. Let them know that big gifts to the grandkids are not necessary. Suggest a family vacation where you can pick up the tab and they can watch the kids in return.

Maximize their cash flow through a comprehensive portfolio review. If necessary, you can work with them to restructure their portfolio to create more income. Review insurance coverage and deductibles on their-- homeowners, auto, health, prescription drugs and long term care-- to make sure they are not paying too much. Tap the value of their home. Your parents might consider selling their current home and downsizing.

Should you have any questions or if you find yourself getting "sandwiched," please give us a call so that we might be able to assist you in reviewing your options and develop a balance between your family's financial needs and your own.

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