

# Caring for others: Will it impact your retirement?

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There has been a recent increase in the awareness of the “Sandwich Generation,” where individuals provide for both their children and aging relatives. Nearly half of Baby Boomers have the responsibility of saving for retirement, raising children and caring for an older adult.<sup>1</sup>

Present generations will have life experiences and responsibilities that are far different and potentially more demanding than others before us and must do more to anticipate them. This leads to the question, how many of us consider aging loved ones as we prepare for retirement? If so, how many of us are prepared to support our loved ones, and what is the impact on our retirement future?

## Facts about caregiving

It is easy to go about our daily routines without considering having to serve as caregiver in the future; however, given increasing longevity it is likely that most of us will have to take on the role. Here are a few facts about caregiving<sup>2</sup>:

- There are approximately 41.8 million unpaid caregivers of adults ages 65 and older in the United States
- Of that group, 90% are providing care for an aging relative
- Eighty-two percent of caregivers care for one adult, 15% care for two adults, and 3% for three or more adults
- Fifty-nine percent of care recipients have a long-term physical condition, and 26% suffer from memory problems
- On average caregivers spend 24 hours per week providing care.

## Caregiving can impact your retirement future

One half of caregivers have no choice in taking on their caregiving responsibilities.<sup>3</sup> Approximately 60% of caregivers must make work accommodations like reducing hours or taking a leave. In many cases, caregivers are also faced with exiting the workforce early to provide care.<sup>4</sup> Such a decision may alter their retirement future, both financially and emotionally. Over 50% of caregivers have difficulty taking care of their households. They are also challenged to continue to save at the same rate.<sup>5</sup>

## Caregiving can be both rewarding and stressful

The caregiver role can also have an impact on well-being. Although most providers report experiencing unexpected joy from helping others and becoming closer to their loved one at this stage in their life, there are also negative effects. Individuals who provide care for extended periods of time often experience a decline in health. Approximately 17% describe their health as fair or poor compared to 10% of the general adult population.<sup>6</sup> One out of five caregivers report a high level of physical strain, and two out of five consider it emotionally stressful.<sup>7</sup> Caregivers often require care themselves, especially if they have served in the role for a long time. Their personal needs may result in healthcare costs that could reduce their retirement resources.

## The need for care is often unexpected – so be prepared

The caregiver role often comes at an unexpected time. Approximately 40% of caregivers are not prepared when they assume the responsibility.<sup>8</sup> Given the changing nature of responsibilities for loved ones, additional steps should be taken to plan for ourselves as well as the possibility of having to care others.

Retirement planning should include a multi-generational discussion for potential caregivers to understand what resources will or will not be available to them if they are needed to act well before caregiving is needed. If you are planning for retirement and have older loved ones here are a few things to consider:

1. **What resources are available to provide for their care?** Financial discussions are often difficult to initiate. However, having a conversation to confirm your loved one understands how much may be needed for care may lead to a more in-depth discussion. Confirm they have an understanding and are working with a financial planning professional to develop a strategy.
2. **Do they have insurance to cover their healthcare needs?** Medicare does not cover everything; specifically, it does not cover caregiving. Confirm that there is adequate insurance for hospitalization, short-term rehabilitation, and long-term care.
3. **Who is authorized to make decisions on their behalf?** If called to act, you want to make sure you have the power to execute. This often requires having powers of attorney for healthcare and property. Confirm that they have received legal help from counsel that specializes in estate planning and a good plan is in place.
4. **Who will make up the support system for care?** Caregivers need to have a support system, so their health does not decline also. Consideration should be given to how care may be structured. It may require seasonal care in different

locations by different family members. If so, consideration should be given to what resources are offered in the states the providers live in.

## The bottom line

At some point in their life Baby Boomers will most likely need to provide care for a loved one, most often unexpectedly. Preparing for this eventuality in advance can make all the difference from a financial, emotional well-being, and healthcare perspective for both the caregiver and for the family member receiving care.

Your Wealth Advisor can help start the conversation, involve family members who need to be part of that discussion, and help set the stage to help the family address current or future caregiving needs.

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1 <https://www.chrishoan360.com/feeling-the-pressure-retirement-planning-aging-parents-and-kids-college/>

2 <http://www.pewresearch.org/fact-tank/2015/11/18/5-facts-about-family-caregivers/>

3 <https://www.aarp.org/content/dam/aarp/ppi/2015/caregiving-in-the-united-states-2015-report-revised.pdf>

4 Ibid.

5 [https://www.aarp.org/content/dam/aarp/research/surveys\\_statistics/ltr/2017/family-caregiving-roles.doi.10.26419%252Fres.00175.001.pdf](https://www.aarp.org/content/dam/aarp/research/surveys_statistics/ltr/2017/family-caregiving-roles.doi.10.26419%252Fres.00175.001.pdf)

6 <https://www.aarp.org/content/dam/aarp/ppi/2015/caregiving-in-the-united-states-2015-report-revised.pdf>

7 Ibid.

8 [https://www.aarp.org/content/dam/aarp/research/surveys\\_statistics/ltr/2017/family-caregiving-roles.doi.10.26419%252Fres.00175.001.pdf](https://www.aarp.org/content/dam/aarp/research/surveys_statistics/ltr/2017/family-caregiving-roles.doi.10.26419%252Fres.00175.001.pdf)

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