

Tales of the Sandwich Generation

Can bringing families closer together help stretch savings?

By Dan White

Many baby boomers find themselves in a rather uncomfortable financial position. Just when they were planning to arrive at the finish line of retirement, they step off course to help an aging parent, adult child, or both. While these situations are never ideal, smart boomers are coming up with creative ways to make the most of being the “sandwich generation,” for their families and their finances.

For many nearing retirement, downsizing to a smaller, easier-to-care-for home is a logical next step—it can save time and money by eliminating the extra effort and expense of a family-sized house that is no longer necessary. But, when it comes to retirement, one size rarely fits all.

Recently a baby boomer couple came into my office with the exact opposite plan: to move into a larger house in need of renovations. How could this possibly make sense for them? As it turned out, this sandwich generation family’s decision was not only a necessary move, but a smart one financially.

Both in their 60s, the couple was ready to have an aging parent with dementia move in with them. At the same time, the couple’s only son and his wife were ready to buy a house, but didn’t have the cash for a down payment. The solution? Three generations moved in together.

This necessitated buying a house that would be accessible and large enough for everyone’s needs. In this case, it meant finding one designed with an in-law suite for the grandparent and enough room for four adults in the main living area. The baby boomers

covered the down payment and renovation costs while their son and his wife pay the mortgage and utilities.

Over the longer term, after the grandparent passes away, the plan is for the parents to move into the in-law suite, which has a separate entrance and kitchen, and for the house to eventually pass to the kids. This helps them get a head start financially and take advantage of buying with today’s low mortgage interest rates and friendly housing prices.

It might not be your vision of the perfect retirement, and it certainly wouldn’t work for every family, but it saves money for all involved, shares the burden of caring for the grandparent and allows the boomer couple to retire comfortably without having to worry about a mortgage.

While the solution may seem unorthodox, it’s the right fit for this

family, and would be for many that find themselves in this situation. I hope you’ll take heart in their story and willingness to use an “old” solution to a relatively new problem. We all would benefit from broadening our horizons when planning for retirement. In the end, some of the most important decisions are closer to home than we might think.

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Glen Mills-based Daniel A. White & Associates has been helping families make the right financial planning and retirement decisions since 1987. For more information, visit www.danwhiteandassociates.com or call 610-358-8942.

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