

SANDWICH GENERATION

With life expectancy in Canada increasing, seniors are living longer, and at the same time many couples are having children later. This combination of factors is making life challenging – and costly – for those caught in the Sandwich Generation.

Are you finding yourself caught between the demands of caring for your children and caring for your parents? If so, you are part of a not-so-exclusive club – the Sandwich Generation – and membership is growing at a substantial rate.

➔ We are a caring nation

At some point in their lives, almost half of all Canadians (46% or 13 million) aged 15 and older have provided some level of care to a family member or friend. The majority of those providing care are in the 45–64 age group, and from 2007–2012, the number of caregivers aged over 45 grew to 4.5 million, representing a whopping 20% increase over this short period. Furthermore, over 75% of these caregivers work at a paid job or business. In 2012, an estimated 8.1 million had provided care in that year alone and 28% (2.2 million – the Sandwich Generation) also had children under the age of 18.¹

Even though almost all caregivers report that they are happy to provide care, it still has an impact on their physical, emotional, and financial well-being.

🔗 Financial costs of care

The financial costs related to caring for a loved one can be significant. These are some of the financial pressures that caregivers feel:

- **Out-of-pocket expenses.** Supplies, medical equipment, prescription drugs, specialized devices, transportation and travel can add up. While the majority of caregivers spend up to \$6,000 per year in out-of-pocket expenses, 17% spend between \$6,000 and \$24,000 each year.²
- **Reduced income, benefits, and pension contributions.** Most caregivers have the greatest demand placed on them during what would normally be their peak earning years. Time lost due to absenteeism or reduced hours not only affects take-home pay during this critical earning stage, but also leads to fewer opportunities for career advancements, reduces access to employee and government benefits, lowers savings potential and pension contributions, and ultimately may lead to forced early retirement.
- **Increased costs for utilities, supplies, and renovations.** If parents are moving in with their children, there may be a need to implement home modifications costing on average about \$10,000.

The term **Sandwich Generation** is used to describe people who are sandwiched between the demands of caring both for their aging parents and for their own children. Today, many people are living longer, delaying marriage, and postponing having children, so more and more are being pushed into the Sandwich Generation.

💡 More information

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- **In-home support.** Home care assistance, respite services, and household help are costs not typically covered by our health care system. General home care can typically cost from \$15 to \$35 per hour, while personal nursing care can cost from \$35 to \$75 per hour. Some government subsidized services may be available for low income applicants.
- **Out-of-home care.** While less than 10% of older women and 5% of older men need long-term care facilities, the costs can be high. Government subsidized nursing homes can range from approximately \$1,000 to \$3,000 per month, while private facilities can cost from \$1,500 to \$9,500 per month. Most provinces offer subsidized care for low-income residents based on a means test.

Caregiver stress relief

Many caregivers cherish the time and opportunity spent looking after their loved ones – but it is not without some corresponding emotional and physical stresses. Facing the mortality of a loved one; changes in family and household arrangements; reduced time for children, spouses, and recreational activities; the added workload along with increased financial pressures; all these issues can take their toll.

Your loved ones depend on you, so you need to be around for the long haul. This means adopting strategies to manage the demands of care giving. Here are some helpful tips:

- **Share the load.** Reach out to family and friends and let them know specifically how they can contribute and help.
- **Keep the lines of communication open.** Bring family members into the care giving conversations early and often to ensure everyone has their say, and is in the loop.
- **Take care of yourself.** Make sure you have a healthy diet, get enough sleep, and exercise regularly.
- **Control what you can.** You might not be able to change the health challenges your loved ones are enduring, so focus on what you can control – your reactions and your stress management strategies.

Financial and estate planning tools for coping with care giving

Using some or all of these tools, together with a personalized financial plan, will provide financial benefit for both the caregiver and the recipient of care:

Decision-making documents:

- **Advance care directives.** Known by different names in different provinces, these directives state your medical, end-of-life, and home care choices in case you do not have the mental and/or physical capacity to communicate your wishes directly when needed.

Caregivers may have feelings of isolation, and self-doubt about the quality of the care they are providing. A caregiver should never have these feelings, especially when they are sacrificing so much for another person. If you have a friend or family member who is caught in the middle, offer them help and support – the sandwich generation need it. They often need someone to share the workload and financial pressures that come along with care giving. Your help can give them more time to spend with their friends and family, time to start or continue their careers, and most importantly, time for themselves.

- **Power of attorney (financial needs).** This says who has the ability to make financial transactions and decisions on your behalf. You can specify broad or limited powers for specified periods of time.
- **Will.** Allows you to identify an executor to administer the distribution of your estate and a guardian for your dependent children, and the details of the beneficiaries of your assets. A Will can also contain instructions to set up a trust to fund care giving.

Insurance:

- **Long-term care.** This insurance provides funds for residential care and/or home care needs.
- **Disability.** In the event of disability, the benefits from this insurance can contribute to the cost of care giving services. Caregivers can use this insurance to ensure care continues should they become disabled.
- **Life insurance.** Provides financial support for the recipient of care should their caregiver die.

Financial Strategies:

- **Investments.** Establish a nest egg for both care and retirement.
- **Emergency fund.** Make provisions for unexpected expenses.
- **Debt and home equity management.** Eliminate debt sooner or access the equity in your home.

➔ What's next

At BMO Financial Group, we believe that providing care for loved ones is an admirable but demanding responsibility. Speak to a BMO financial professional to develop a personalized financial plan that incorporates your family's care giving needs and responsibilities.

Even if you are not a member of the sandwich generation now, consider the possibility that you may be in the future. Most often, care giving is not considered until something happens that means care is needed immediately. It is important to discuss the options and plan for the possibility of caring for a loved one in the future. Being prepared will help you to cope with the emotional, physical, and financial stresses of care giving.

¹ Sinha, M. (2013). *Portrait of caregivers, 2012*. Statistics Canada Catalogue no. 89-652-X—No.0001 Social and Aboriginal Statistics Division, September 2013.

² Fast, J., Keating, N., Lero, D., Eales, J., Duncan, K. (December 2013). *The economic costs of care to family/friend caregivers: A synthesis of findings*. Fast and Keating - Edmonton AB: University of Alberta; Lero - Guelph ON: University of Guelph; Duncan - Winnipeg MB: University of Manitoba.

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We believe proactive planning and professional advice go hand in hand. Consult your BMO financial professional to help you manage the stresses of care giving, either now or in the future.

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