

Morgan Stanley

# Planning for the Future While Caring for Both Parents and Children

Personal Needs Workbook

Millions of Americans are providing financial, emotional, and physical support for their children and their parents at the same time. Caring for multiple generations while also planning for your own retirement can be challenging. This workbook helps you clearly define the needs of each generation under your care and carve out space to make your own retirement a reality.

## What Are My Needs?

Remember how flight attendants tell you to put on your own oxygen mask first before helping others? This is no different. Let's start by looking at your own needs first.

### Budgeting

Monthly income: \$ \_\_\_\_\_

<b>FIXED EXPENSES</b> (list out and add up)	<b>VARIABLE EXPENSES</b> (list out and add up to an average)	<b>DO THE MATH</b> (add up expenses and deduct them from income)
Total:	Avg:	Total:

### Emergency Fund

Do I have a basic savings or money market account?  Yes  No

ACCOUNTS THAT OFFER INTEREST (Check for minimum deposit or balance requirements and annual fees)	EMERGENCY FUND SAVINGS GOAL (3–6 months of expenses)	MONTHLY EMERGENCY FUND CONTRIBUTIONS

Have I set up automatic transfers?  Yes  No

### Savings and Surplus Checklist

This is perhaps the most challenging piece when defining your needs. You've now got a solid working budget and are building your emergency fund. You have a bit of surplus in your budget and are considering what to do with it.

Here are some key things to consider:

- PAY YOURSELF FIRST.** A good rule of thumb is to save for your retirement ahead of your children's college funds and your parents' care needs.
- CONSIDER YOUR RETIREMENT ACCOUNT CONTRIBUTION AS A FIXED EXPENSE.** Decide on a percentage of your income that you'd like to save every month and treat it like a bill you must pay.
- CONSIDER PUTTING MONEY IN YOUR 401(K) AT WORK,** especially if your employer matches contributions.
- PAY OFF ALL OF YOUR DEBT.** Nothing puts financial goals at risk faster than debt.
- MAKE SURE THAT YOU HAVE ADEQUATE INSURANCE.** It can mean the difference between financial security and financial uncertainty.

## What Are My Children's Needs?

Let's talk about how to understand and plan for the needs of your children.

### Smart, Healthy Kids

Is private school necessary? Pros and cons:

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What are the hidden costs of moving to a better school district? What are the pros and cons?

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What are the extra expenses (such as extracurricular activities, supplies, tutors)?

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What are the medical expenses for my child (such as primary care, therapy, etc.)?

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### Postsecondary Education

Is a 529 college savings plan right for me?

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How much can I contribute to this plan each month?

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What do the potential cost of living expenses look like?

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In-state vs. Out-of-state expenses:

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## Boomeranging Considerations

Fifty percent of young millennials plan to move back home with their parents after college—also called “boomeranging.” In order to make this work for everyone, there are a few things to consider:

- SET AND DISCUSS EXPECTATIONS** about contributing to household expenses, as well as helping your adult child create financial goals such as saving for retirement or a down payment on their own home.
- HAVE THE RENT DISCUSSION.** If you want to charge your adult children rent, consider asking for below-market rates. Other parents may decide to forgo rent because it gives their adult children a chance to build their savings.
- FIGURE OUT HOUSEHOLD EXPENSES AND TASKS.** Be clear on how you want your adult child to contribute to the expenses and maintenance of the household.
- CONSIDER THE IMPACT THIS SITUATION WILL HAVE ON YOUR OWN RETIREMENT GOALS.** Even paying for an adult child’s mobile phone can put a dent in your own retirement savings. That’s why it’s important for you to look at the big picture.

## What Are My Parents’ Needs?

Navigating the needs of your parents can be emotional and tricky. But staying in the loop on what your parents have saved, where it is, what plans they have for the future, and who they trust as their financial advisor, will help protect their money and yours. You’ll also be better able to make decisions on their behalf in case of an emergency. And, being included in financial decisions means you can help protect them from scams. Here are a few ways to help you better assess the situation.

### Financial Assets, Budget and Needs Checklist:

- Compile a complete picture of your parents’ assets. This can be delicate, but it’s important. Make a list of every possible source of income, such as Social Security, retirement savings, investments, pensions, etc. It could be helpful to review past tax filings or speak with their accountant, if applicable.
- Consider if any of your siblings or relatives can contribute a monthly stipend to help share the load.
- Create a budget for their current situation using the same process you used to create your own budget.
- Create a budget for their future. Include discussions about their desired standard of living—and what changes would need to happen, given financial constraints.
- Don’t forget the hard questions: How long can my parents stay in their home? Can they afford home health care? Should they live with me? What about assisted living? Additional care? These are all discussions that should take place well before a move is required.
- Get copies of all paperwork, account numbers and passwords. Know the names of the banks and financial institutions when they have accounts. And, don’t forget to include insurance policies in your assessment.
- Make sure to cover all beneficiary, power of attorney, advanced directive, living will and estate planning needs. You may need to connect with the appropriate legal professionals.
- The entire family—including your siblings—should be included in decisions about who will have power of attorney and who will be the “point person” for regular caregiving. Discussing all of this ahead of time will help prevent stressful miscommunication and rushed decision-making during an emotional time.

## Finding Your Balance

Dual caregiving can take its toll. Here are a few ways that you can find your balance.

- Make yourself a priority. Be sure to find healthy coping mechanisms (and be patient with yourself).
- Eligibility questionnaires at [benefits.gov](https://www.benefits.gov) can help you determine what public programs (such as Social Security or Medicare) are available and whether your parents qualify. It's a good idea to sign up for a [my Social Security account](#) for yourself.
- Create individual space in your home for yourself and allow time to pursue personal interests.
- Your social support network is key to your emotional and physical well-being. Explore alternatives such as sharing caregiving responsibilities with another family member or loved one. Professional support may be necessary in many cases. In-home care and home health care services are just a few examples of assistance available.
- Open and honest communication is the key to navigating the challenges of the Sandwich Generation. Have courageous conversations where you can share your thoughts and concerns about caregiving and multigenerational living.
- Have a plan and stick to it. Consider interviewing and hiring a financial advisor to help you make sense of the tough choices.

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