Back-To-School Financial Strategies For "The Sandwich Generation"

Americans are living longer—a cause for celebration. But for those tasked with caring for them, the burden has never been heavier. At the same time, young people face tough job and housing markets and are returning home in droves to live with their parents (or opting not to leave at all). These responsibilities being heaped on members of "the sandwich generation," can cause sleepless nights as they worry about caring for those aging loved ones, providing security for their children and while also working towards their own retirement goals.

As the kids and grandkids begin heading back to school, it can be an ideal time for you to meet with a professional and explore your financial strategies. According to Pew Research Center, nearly half of adults age 40-50 are currently supporting an aging parent or grown child, and 1 in 7 Americans are feeling pressures from both sides.[1] Our team at Cloud Investments, LLC, is dedicated to serving families at or near retirement that may be feeling these "sandwich" pressures, and we are here to help you identify the financial and tax-saving strategies that may be available to you while also balancing your investment priorities.

Deductions, deductions, deductions. In addition to personal tax exemptions for you and your spouse, you will want to explore any additional exemptions for a "qualifying child" (adult child) or a "qualifying relative" (elderly parent). In order for you to claim these deductions, your dependent must meet certain criteria. He or she must be a U.S. citizen, may not file a joint tax return and may not be eligible to be claimed on another's return.

Furthermore a qualifying child must:
1. Be your child, step-child, eligible foster child, sibling, step-sibling or a descendant of one of these
2. Be under the age of 19 or a student under the age of 24 by year's end
3. Have lived with you for more than half the year and
4. Not have provided more than half of his or her own support

A qualifying relative must:
1. Not also be a qualifying child
2. Have lived with you the entire year (There are some exceptions to this rule)
3. Not have annual gross income greater than $3,900 and
4. Not have provided more than half or his or her own support

It's all about trust(s). If you have not yet done so, you may want to discuss your elderly parent's estate plan. This may include reviewing designated beneficiary forms and possibly considering trust options that will allow your parents to help avoid probate, unnecessary taxes and make dealing with the estate easier when the time comes. If your parent has set up an estate plan, you may want to review it to make sure it still reflects your parents' wishes.

For example, a will may need updating or assets acquired after a trust was set up may need to be retitled. And there is the question of your parent's end-of-life care. What are his or her wishes? Has long-term care been provided for? While a difficult topic, time spent now reviewing your parent's estate plan can save you time, money and heartache in the future.

When you're stuck in the middle, there are so many things to think about. And that's where Cloud Investments, LLC, can be an invaluable resource. With proper guidance and seasoned advice, we can help eliminate stress and provide organization to simultaneously care for your loved ones of all ages, while balancing priorities of your own personal financial goals. Our team is here to provide comprehensive planning and advice for all of your financial needs. Give us a call at (256) 715-0094 today to request a consultation to learn more!

[1] http://www.pewsocialtrends.org/2013/01/30/the-sandwich-generation/