Women Caregivers Face Financial Challenges

On March 8, we observe International Women's Day. Although this event celebrates women's achievements, it's still true that women, especially caregivers, face significant financial hurdles. How can these challenges be met?

To begin with, let's look at some concerning statistics connected to American women in the "sandwich generation" — those who care for children and parents or other relatives — from a study by Edward Jones and research firms NEXT360 and Morning Consult:

• Nearly half of women report feeling financially strained.

• Almost two-thirds of women say caregiving duties have harmed their ability to save for their own financial goals.

• More than half of women have had to reduce their professional responsibilities due to caregiving, resulting in the loss of potential income.

So, if you're a sandwich-generation woman, what can you do to improve your financial outlook?

Consider these suggestions:

• *Establish your own financial goals*. Depending on the length and complexity of your caregiving duties, your own financial goals could be affected. For example, you may need to change your retirement date from what you had originally intended, or else adjust the retirement lifestyle you had envisioned. However, this doesn't mean you shouldn't try to establish your own short- and long-term financial goals and then create a strategy for achieving them. In doing so, you may find it helpful to work with a financial professional.

• *Contribute as much as you can to your retirement accounts*. Your caregiving obligations may be preventing you from working as many hours as you like, or perhaps even from accepting a higher-paying position. In either case, your ability to contribute to your retirement accounts may well be diminished. Nonetheless, each month try to put in as much as you can afford to your IRA and your 401(k) or similar employer-sponsored retirement plan. And if you do get salary increases, think about boosting your monthly contributions to your plan.

• *Don't rush into taking Social Security*. You can start collecting Social Security as early as age 62, and you might be tempted to do so if you're feeling some financial pressure because of your caregiving responsibilities. But your monthly benefits can be bigger if you wait until your full retirement age, which will be age 67 if you were born in 1960 or later. So, if you can find other ways to bridge this gap — possibly through a spouse's income or your own savings — it may well benefit you to wait as long as you can before collecting.

• *Maintain separate finances*. If your parents are concerned about falling behind on their bills, they might suggest combining their bank accounts with yours. This may not be a good idea — if your finances get tangled with those of your parents, you could end up paying for some of their expenses, even if they can afford to do so themselves. Consequently, try to keep your finances separate.

• *Create a financial power of attorney*. You may want to see whether your parents will agree to give you a financial power of attorney, so you can make decisions on their behalf should they become incapacitated. Such an arrangement can help protect them and you.

There's no sugar-coating it: Caregiving can be financially taxing on caregivers. But by taking the appropriate steps, you may be able to help reduce some of the stress involved.

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