



LOOK AGAIN

The McMansion May Not Be Too Big After All

By ROBERT M. BARANOFF, M.B.A., FLMI, LLIF
Senior Vice President, Member Benefits, LIMRA

Do you know anybody who's homeless? I don't mean someone you may pass regularly on the street on your way home from work. I mean a friend or relative, or the friend or relative of a friend or relative — anyone with whom you have a connection.

My guess is that you probably don't. And neither do the overwhelming majority of Americans, I would venture to say, which is why most people aren't saving enough for retirement.

Okay, it's not the *only* reason people aren't saving enough, but I think it's a contributing factor. The consequences of running out of money just aren't that dire. What's the worst that will happen (realistically)? They'll live with their kids, just like Grandma used to live with us when she couldn't live alone anymore.

Sure, nobody wants to be a burden on their kids when they get older. Indeed, a Gallup survey showed that 4 out of 5 nonqualified annuity owners said they will use their annuity savings to avoid being a financial burden on their children. But, according to a Pew Research Center survey, 75 percent of adults feel it is their responsibility to provide financial assistance to an elderly parent who needs it. The study also showed that one third of adults with a living parent aged 65 or older actually were providing them financial support. Further, AARP data show that 66 million people are simultaneously caring for their children, spouses, and parent(s).

Think about all those boomerang kids who came home after college or even after they had gotten a job. I'll bet most of them didn't really want to live with Mom and Dad anymore either. But it became a financial necessity or, at best, a financial convenience — not having to pay for food or rent (or not nearly as much), but being able to buy tech "toys" and still save for the future. In the Pew study, nearly two thirds of those with

grown children (aged 18 or older) were providing some financial support to those children.

Revenge is sweet, right? After all those years the kids freeloaded, now they owe their parents! Besides, Grandma can babysit, if there are children at home still young enough to need supervision. And if they're in college or moved out, then that big old McMansion won't seem so empty with Grandma and Grandpa moving in.

Multigenerational households are not really new. In some ways, living under the same roof makes it easier for those in that proverbial "Sandwich Generation." There is no need to go pick up your parents to drive them to a doctor's appointment; they're already in your house, so just drive them to the doctor's office. There is no need to constantly run over to their house with each "emergency," routinely bring food, or drop in to see how they're doing. You just have the stress of them living under the same roof!

CONTINUES ON PAGE 91

“Multigenerational households are not really new. In some ways, living under the same roof makes it easier for those in that proverbial ‘Sandwich Generation.’”

LOOK AGAIN

CONTINUED FROM PAGE 92

But while the Sandwich Generation does report always feeling rushed to a greater degree than do other adults (31 percent versus 23 percent), they are also a bit more likely to say they are very happy with life these days (31 percent versus 28 percent). I don't know if they feel that way because they feel good helping their parents, or if there is an inherent quality in them that makes them both more likely to help their parents *and* more satisfied with life in general. Either way, at least they are no less happy with their life. And if more retirees are forced to rely on their adult children, society may come to accept that as a potentially evolutionary phase of life, one that need not have any stigma attached to it.

If we evolve to that state, we may simply accept that the so-called "retirement crisis" may not be the crisis that some predict. Will it involve changing lifestyles? Absolutely. Will it require a change in one's standard of living? Perhaps, depending on your definition of "standard of living." Living arrangements will be different, but that does not

mean they will be inferior, and it certainly does not mean things will reach crisis mode.

Remember the TV show *The Golden Girls* (1985–1992), with three friends and one of their mothers sharing a house in Florida? Maybe that will be a more common lifestyle in the future, with single/widowed/divorced retirees having roommates to help share expenses. It's reminiscent of college life or perhaps life in your 20s. At any rate, things certainly could be a lot worse.

You could be homeless, out on the street. But we don't know anybody to whom that has happened and, fortunately, according to the U.S. Department of Housing and Urban Development, homelessness is down 9 percent since 2007. With Baby Boomers now retiring with so little money saved, the Chicken Littles of the world would have you believe that the rate should be going up.

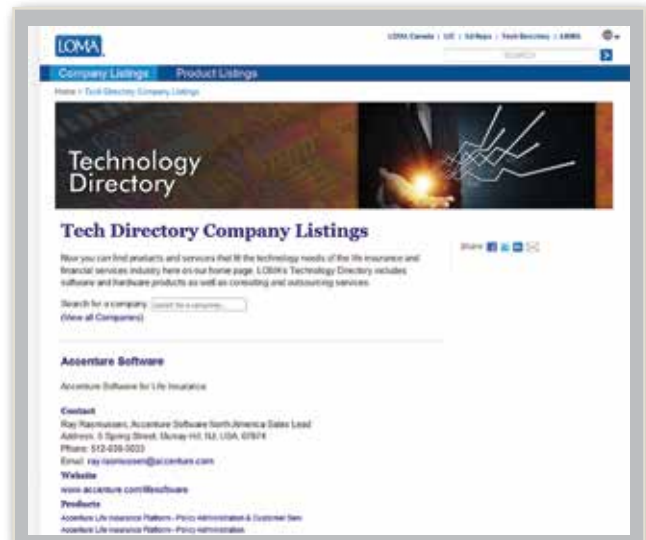
So for the next generation of retirees, while their retirement lifestyle may well be very different, "the sky is probably not falling." 🌐

Visit the LOMA/Resource Technology Directory

Now you can find products and services that fit the technology needs of the life insurance and financial services industry.

The **LOMA/Resource Technology Directory** includes software and hardware products as well as consulting and outsourcing services.

Find the product or service you need simply by typing in key words. Each listing provides the company name, address and contact person, as well as a detailed description of functions, features and other technical specs.



Go to www.loma.org and click on Technology Directory