The Future of Financial Planning Is about Understanding Gen C: Generation Caregiver

Sherri Snelling, MAG

ABSTRACT
The bonus years of life have not only put a spotlight on older Americans but also another group of people who are essential to the nation's long-term care support: family caregivers. While there is an amazing growth trajectory of octogenarians (80-year-olds), nonagenarians (90-year-olds) and centenarians (100+ years), there are also challenges—physical, emotional, and financial—for the younger generations caring for these oldest adults. There is a shortage of professional care workers in both home and congregate living environments; an impact on employees, employers, and workplaces; and potentially negative effects to the health and wealth of the family caregivers. These issues are driving new programs, services, and solutions that become essential knowledge tools to strengthen advisor-client relationships. Society is shifting from retirement planning to longevity planning that includes caregiving. The time is now for advisors to look at innovative approaches and potential new partnerships to best serve this new group of clients—Gen C: Generation Caregiver.

Vol. 79, No. 1 | pp. ##-##

This issue of the Journal went to press in December 2024.

In 2021, as I was researching my latest book, I came across a news headline in the UK of one family in Scotland who had six generations alive at the same time.[1] The youngest member was a few weeks old and the 6th generation grandmother was 86. The most generations living at the same time was seven, awarded to a U.S. family recorded in the *Guinness Book of World Records*.[2]

This multigenerational phenomenon is becoming more the norm. I had only known my grandparents growing up. To think I could have been living at the same time as my great-grandparents or great-great grandparents, let alone three- or four-times great grandparents was astounding. But, with medical breakthroughs, improvements in sanitation and vaccines, technology innovation, and educated health consumers, living more than a century is not a rare occurrence anymore. In fact, many of those in the millennial and Gen Z age groups enjoy relationships with grandparents in their adult years and many more of them will be alive at the same time as their great-grandparents.

The Blessing and Burden of Living Longer

"Ninety is the new 40" is one of the quotes from *The Great Age Reboot*, by Dr. Michael Roizen, the former chief wellness officer for the Cleveland Clinic.[3] While this quote seems provocative, consider the statistics that back up the claim:

- In 1900, the average lifespan in the U.S. was only 47 years old.[4]

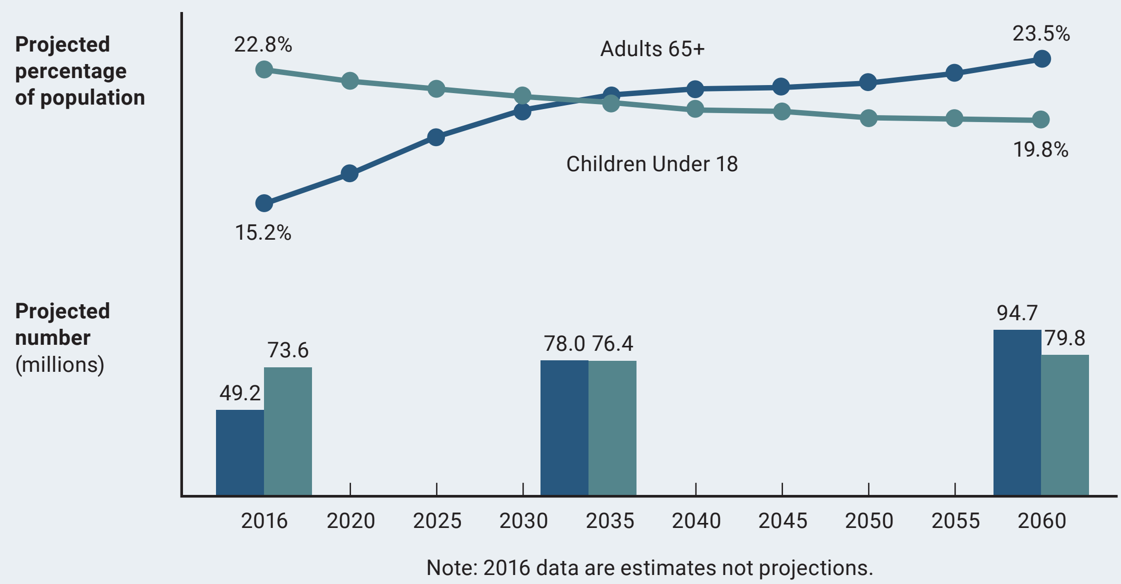
- Today, Americans have the potential to live past 100, with 1 in 20 women age 63 having a life potential to age 100, and 50 percent of the 10-year-olds today have an average life expectancy to age 104 and the potential to live to 124.[5]
- The U.S. Census Bureau reports that the fastest growing age group in the country is those 85 years and older, an age group expected to reach 19 million by 2060—nearly triple the number today.[6]
- By 2035—for the first time in U.S. history—the number of people aged 65 or older will be larger than those in the age group of 18 years and younger (Figure 1).[7]

Despite the ability to thrive later in life, two-thirds of Americans over age 75 have three or more chronic conditions, with 20 percent needing help with activities of daily living (ADLs) and 60 percent requiring assistance with mobility problems.[8] This is a gap that gerontologists define as healthspan not matching lifespan that can impact wealthspan.

And, while health breakthroughs are aiding longevity, at the same time, lower U.S. fertility rates are also helping to usher in an extended era of caregiving where we will have more parents and grandparents to care for than children in the future. Today, 53 million Americans are caring for adults over age 18—many with a chronic illness, disease, or disability.[9] Eleven million are caring for an older loved one with dementia or Alzheimer's that affects one in three adults over age 85.[10] Compare this to the number of parents who have children under age 18—down 3 million between 2010 and 2020—from 66 million to 63 million.[11]

This new paradigm shift in caregiving relationships where elder care needs to receive as much at-

FIGURE 1
An Aging Nation: Projected Number of Children and Older Adults



Source: National Population Projections, 2017, U.S. Department of Commerce, U.S. Census Bureau.

tention and requires as much support as child care is disrupting health care, long-term care, workplaces, financial planning, family living situations, and almost all aspects of society and family life.

And, while almost half the Gen X population are the 24 million "sandwich generation"—caring for both younger children and older parents simultaneously—24 percent of the millennial demographic are now caregivers for older loved ones. Longevity has also created 3 million grandparents who are caregivers to grandchildren and 3 million children under age 18—the Gen Z population—who are currently caregivers to a parent or grandparent. There is no longer a one-size-fits-all definition on what age or life stage a person becomes a caregiver.[12]

Caregiving across the Lifespan

When it comes to identifying caregivers, in my book I write we are at a turning point, or what I call, "caregiving redefined."[13] The workplace definition of an employee who is also a family caregiver has been evolving over the last decade. While those in aging have long defined a family caregiver as someone caring for an older adult—typically a care recipient over age 50 such as a spouse, parent, or in-law—the now-expanded definition includes parents who care for children, parents with a special needs child or adult, siblings caring for siblings, friends caring for friends, and going beyond older parents to also care for grandparents or other older loved ones.

This spectrum of caregiving encompasses almost an entire adult lifespan. Today, there are five generations in caregiving roles—from teenagers caring for parents or grandparents, to 70-year-olds caring for 90-year-old parents, and everyone in between those ages. Caregiving can happen anywhere to anyone at any time. It is a constant: We begin life being cared for by our parents and end our lives being cared for, typically by a spouse, partner, or adult child. In between, we form caring relationships, recruiting ourselves into new caregiving roles.

This means caregiving is no longer a looming potential crisis event that happens later in life. It is a lifetime continuum of care—different people with different care needs and levels of intensity—but an ongoing role in life. As I write in my book, "Using the term caregiver for child care, elder care, or spousal care is now the norm. Even a TV commercial identified pet owners as their pet's caregiver." Essentially no one is exempt from joining Gen C: Generation Caregiver.[14]

And while the term caregiver is becoming more of an accepted definition by employers and individuals to describe their role in providing care for another, most people today, especially older baby boom generation members, still do not self-identify as a caregiver. Most people feel caregiver means a professional health care worker who is trained to provide hands-on health care. Family caregivers did not identify with the term 20 years ago and it still does not fully resonate today. Most family caregivers see themselves as adult daughters and sons; wives, husbands, or partners; siblings; and friends who step into the essential role of caregiver when a loved one needs more help.

Financial Advisors as Trusted Caregiving Guides

This makes it incredibly challenging for marketers and other service providers to find family caregivers and get them information and resources that can help them. Even if family caregivers were more accessible to marketers, there is no one-stop-shop comprehensive place or resource for caregivers to find help. It is a patchwork quilt of federal, state, and local services and solutions that are not easily found in a quick internet search. And after hours of online research, the caregiver is not sure if the solution is the best available from both a quality and a cost standpoint.

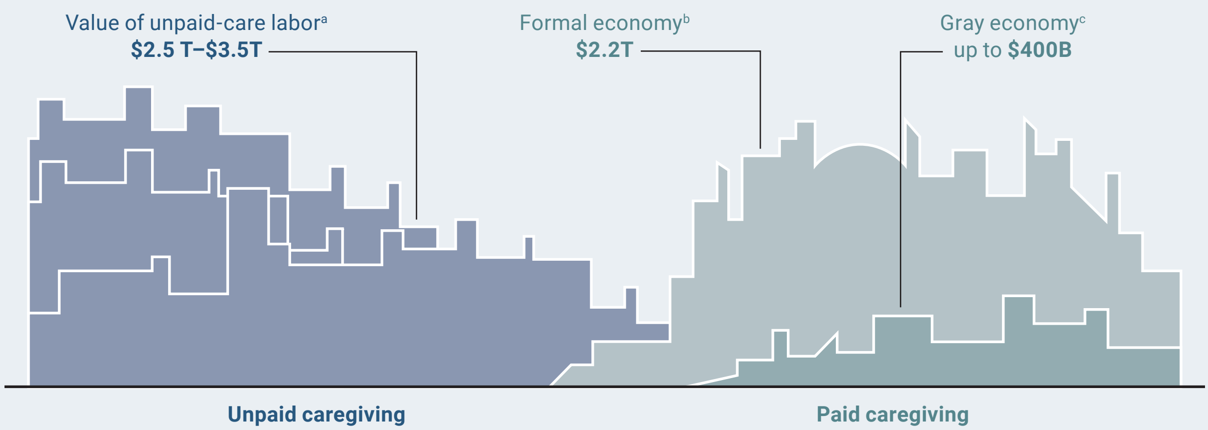
These gaps and opportunities are what is driving the care economy. Companies engaged in caregiving—from the health care sector to home care or senior living communities, transportation, meal delivery, smart wearables, remote monitoring and care robots, and other innovations—are all engaged in what the World Economic Forum (WEF) calls the "care economy." WEF reports the care economy will be the fastest-growing market over the next decade—even faster growing than the green economy. The care economy is projected as a $648 billion opportunity for services that support both professional and family caregivers. In addition, the millions of family caregivers control $6 trillion of household income.[15]

However, analysts forecast that the U.S. will lose about $290 billion a year in GDP in 2030 and beyond if the country fails to fix two critical care-economy dynamics: (1) the lack of available workers to fill a dramatically increasing number of these hands-on jobs; and (2) the departure of productive employees from the paid labor force to take on unpaid care duties, whether they want to or not.[16]

For advisors, this becomes an opportunity to fill the information void family caregivers face by connecting with caregivers on both financial planning conversations but also as trusted guides who can illuminate other care services and solutions to help. This new advisor role creates a bond with clients that goes beyond simply offering new financial services products. As a trusted resource, advisors can use caregiving as an avenue to serve in a more valued role for clients. Some financial service organizations are approaching this care guide role in a couple of ways:

1. curating vetted services that support family caregivers and providing those recommended services to clients as supplemental to financial caregiving advice such as elder care-focused fintech solutions
2. partnering with gerontology and elder law experts who can be the hand-off from advisors to tackle the more in-depth, intricate issues of care navigation for clients

FIGURE 2
The U.S. Care Economy Is Worth Up to $6 Trillion



Source: U.S. Bureau of Labor Statistics, Institute of Economic Affairs, BCG/Dynata Caregiver Survey, 2022 (N=3,673); BCG analysis.

[a]Calculated as the value of unpaid care labor if it were paid: number of individuals providing unpaid-care multiplied by the average time spent providing unpaid care in an equivalent full-time position multiplied by the average paid caregiver wage.

[b]Calculated in real GDP terms, based on the number of paid caregivers multiplied by the average paid-caregiver wage for educational services, ambulatory health care services, hospitals, nursing and residential care facilities, individual and family services, and child-daycare services.

[c]Calculated using Institute of Economic Affairs estimates on U.S. shadow economy.

Source: Boston Consulting Group

How to Start the Caregiving Conversation about Healthspan and Wealthspan

A famous gerontology case study I wrote about in my latest book is about the financial aspect of living longer and highlights the importance of decisions around where and how to live later in life.

Jeanne Calment was a French woman most famous for being the oldest living human in recorded history. Born in 1875, she lived to the super-centenarian age of 122 and spent most of her life in relatively good health. But it is not her historical place as the oldest human that makes this story poignant for financial advisors. It is her savvy negotiation on her living situation in the last half of her life that makes this both a tale of never underestimating a person's longevity and how to think about long-term care planning.

At the age of 90, Calment had outlived all her immediate family. She had lost her husband, her daughter, and even her grandson. Feeling her time to join them was imminent, she wanted to spend her last days of life living in the same Arles, France home where she had lived for decades. She struck a deal with a neighbor, André Francois Raffray, who also happened to be a notary. Raffray would agree to pay her 2500 francs per month for the remainder of her life to cover living expenses and, in exchange, Raffray would take ownership of her home when she died. Estimating that Calment could not live that much longer, Raffray agreed to the deal. As we know, Calment lived another 32 years—even outliving Raffray by 2 years. His family had to continue paying Calment and, by the time she had passed, Raffray and his heirs had paid Calment 180,000 francs.

While Calment's story is a cautionary tale in not shortchanging one's longevity, no one has a crystal ball to predict how long a person may live. But, understanding longevity statistics and personal health history and behaviors of clients, long-term care wishes, and costs and familial financial obligations all become the elements of ensuring a solid foundation for future financial planning.

What is important for advisors is to understand caregivers and their psychographic profile (behaviors, attitudes, and needs) instead of simple demographics (age, race, gender). Gen C requires that advisors discuss with clients whether they are currently in a caregiving role (child, spouse, parent, grandparent) or predict that one day they may be. In the same way that advisors help clients look at the future of their retirement and long-term care plans or building a fund for a child's college tuition that may be 15+ years down the road, the same attention and discussion should be happening around elder care plans and long-term care costs.

Starting these caregiver planning conversations sooner than later will provide the time needed to create savings funds or other investment decisions that cannot be done in the middle of a crisis later in life. This may be especially important for many younger clients whose older boomer parents may not have the financial savings to cover their longevity care needs.

A 2018 study by the Stanford Center on Longevity found one-third of boomers did not have the potential savings needed for long-term care, with a median savings of $200,000.[17] Yet, the average retiree will need savings of at least $1.18 million to support a 30-year retirement. (This calculation is based upon average returns of 6 percent and inflation at 2.5 percent.)[18]

This is just one of the reasons why 9 in 10 caregivers find themselves serving as either financial contributors or financial coordinators. For the 88 percent of caregivers who are financial coordinators, the focus is on helping review or manage bill paying, monitor investments, review insurance claims, file annual taxes, and more.[19]

However, for the 78 percent of caregivers who are financial contributors, AARP surveys show caregivers are digging into their own pockets and savings to cover some or most of the costs of care. These caregivers are spending on average 26 percent of their annual income *after* costs that are covered by the loved one's Medicare benefits, Social Security, supplemental health plans, long-term care insurance, and personal savings. These out-of-pocket costs funded by caregivers include: medical and prescription drug costs not covered by Medicare Part D plans or other insurance; helping with rent, mortgage, or long-term-care community payments; household needs such as medical equipment and assistive devices; and personal costs, such as adaptations to the home for safety measures, food and meals, home care, or adult day care services, and legal fees.[20]

A majority of caregivers are desperate for help planning financial resiliency for their future and that of their loved ones. Financial advisors should recognize that plans for younger clients may involve planning for their older parents as well.

Advancing technology, including artificial intelligence (AI), may soon be able to replace the technical skills of financial advisors. This is where the IRL (in real life) aspect of advisor-client relationships has to transcend spreadsheets and stock picks. It must now encompass the kind of emotional support and expertise in how to navigate this new frontier of living longer.

Advisors can help clients review the decision-making process for the more than 33 percent of the 1 in 5 employees who take a leave of absence in their peak earning years in order to provide hands-on care for an older parent.[21] Studies have shown these employees suffer a financial loss on average of $303,880 based on waived income and benefits such as bonuses or pensions as well as a halt on accruing Social Security and Medicare benefits.[22] Not only is that income no longer contributing to households or savings but caregivers may also then find themselves spending on average $360,000 over a 3-year period to cover care costs for someone with Alzheimer's.[23]

Smart advisors would be wise to seek a baseline level of education in financial gerontology to understand not just the cost considerations of care but also the intricacies of Medicare and Medicaid covered benefits, costs of senior living and long-term care, essential home modification planning, and more. For instance, understanding the options and costs of active senior living communities versus assisted living or memory care versus life plan communities (formerly known as continuing care retirement communities) and knowledge of the average costs and waiting periods for these facilities are becoming the kind of insider guidance that family caregivers and older adults need and will expect.

In addition, knowing that while women are still the majority of caregivers (60 percent), they also spend more time than men in their caregiving role. According to one report, women will spend on average 10 percent of their adult life as a caregiver to an older loved one.[24] This may be due to the fact found by the Center for Retirement Research at Boston College that older parents receive more care hours from adult daughters (31 percent) compared to adult sons (16 percent).[25]

Yet, in older age, women are the majority of those with Alzheimer's (66 percent of cases), typically making husbands not only the primary caregiver but also at times needing legal support to become custodian guardians over a wife's estate and decision making.

Advisors should also be in tune with the 12 million older adults who are "solo agers"—those who are single, widowed, or divorced and live without a partner or spouse—who currently comprise 27 percent of the population over the age of 65.[26]

And this is just the tip of the caregiving iceberg. For most advisors, meeting with clients at least once a year for an annual financial wellness check, in the same way patients see their doctors for an annual physical wellness exam, is crucial to understanding not only the happier life planning events such as weddings, children, or homeownership but also the lifequakes such as elder care or health issues that can happen during a client's lifespan.

Three Ways Advisors Can Help with Client Caregiving Planning

Building a financial portfolio for clients is the essence of what advisors do. To continue to do this effectively, advisors need to create their own portfolio based on training and knowledge, partnerships and supplement services, and products in the caregiving ecosystem. These are three ways advisors can stress-test their ability to effectively forecast financial futures and build peak performance plans for Gen C clients.

1. Have a Foundation of Knowledge about Caregiving Costs and Services

If an advisor has not yet had a conversation within their family, this is the best place to start. By personally navigating or understanding caregiving challenges, advisors bring experience and financial planning expertise to clients.

There are also financial gerontology certifications through credible academic institutions and other organizations available to advisors. The training is typically a 6-12 week course on the basics of longevity, caregiving, and long-term care. There are also ongoing educational webinars that can be accessed by advisors and shared with clients for better understanding of the ever-changing policies, Medicare/Medicaid rules, fintech, home care or senior living choices, and other solutions to help prepare for caregiving.

2. Be Proactive in Asking Clients Caregiving Questions

Since many caregivers do not self-identify and most do not plan on long-term care within families until there is a crisis event, advisors can help facilitate client conversations around caregiving early in the financial planning process. Planning for a child gives prospective parents a 9-month runway, but planning for elder care typically happens only when a devastating diagnosis or tragic occurrence has happened. It is instantaneous and catches families unaware of the costs of care and the emotional tolls of myriad decision making for aging care.

3. Curate a Circle of Caregiving Partners and Products/Services

While all advisors should have a basic knowledge of caregiving and long-term care planning, they can also engage experts, such as gerontologists or elder law attorneys, as mutual referral sources or even partner services in this new era of financial planning. Gerontologists can help counsel clients on care plans and support advisor financial planning input regarding care costs. They can also help facilitate family conversations to avoid family conflicts and guide clients to essential local services with an ability to answer key questions or provide insights not found on the internet.

A gerontologist can also recommend certain supplemental services that advisors may want to connect clients with, such as providers offering bill pay services, elder financial abuse prevention services, universal design specialists for home modifications for those 50+, transportation trends such as companion rides or the caregiver app recently announced by Uber Health that provides free rides for seniors through certain health plans, and more. As mentioned earlier, several leading financial services companies have begun building their caregiving ecosystem of partners as a value-add to the financial advice they provide.

The advisor-client conversation has to present a holistic view to financial planning. It is no longer about retirement planning or building a nest egg. It is about longevity and family care planning—care that addresses the lifespan of caregiving responsibilities and costs. It is about helping clients evaluate not just risks and rewards on investments but also navigation on challenges to personal financial goals because of the unforeseen health events of family members, especially those associated with aging.

As longevity ushers in new definitions of retirement and family planning, advisors can help lead clients into planning for a future that addresses the needs and challenges of Gen C: Generation Caregiver. ■

Sherri Snelling, MAG, is a corporate gerontologist, author of *Me Time Monday—The Weekly Wellness Plan to Find Balance and Joy for a Busy Life,* and *A Cast of Caregivers,* and CEO/founder of the Caregiving Club, a strategic consulting and educational content creation firm with expertise in caregiver wellness, well-home design, financial gerontology, and brain health/Alzheimer's. She is a podcast host, writes articles for PBS Next Avenue, Forbes.com, and *USA Today,* has appeared on *The Today Show,* MSNBC, Fox News, CNN, and serves as an on-air aging and caregiving expert for TV and radio news. Snelling has spent the last 20 years working with employers and financial wealth advisor clients to deliver caregiving educational workshops and webinars. She also consults with companies on building caregiver marketplaces and ecosystem strategic partnerships. She has served on advisory committees for the White House, the CDC, CMS, Alzheimer's Association, the National Institute on Aging, and Georgetown University.

Snelling has a master's degree in gerontology (MAG) from USC and master's certifications in business and psychology from MIT Sloan School of Management and Harvard University. She can be reached at sherri@caregivingclub.com.

(1) BBC News, "Woman Overjoyed at Birth of Great-Great-Great Grandchild in Edinburgh," bbc.com, June 16, 2021.
(2) *Guinness Book of World Records,* "Youngest Great-Great-Great-Great Grandmother," January 21, 1989; accessed October 2024, at: https://www.guinnessworldrecords.com/world-records/67449-youngest-great-great-great-great-grandmother.
(3) M. Roizen, *The Great Age Reboot: Cracking the Longevity Code for a Younger Tomorrow* (Washington, D.C.: National Geographic Publishing, September 13, 2022).
(4) R.M. Shmerling, "Why Life Expectancy in the U.S. Is Falling," *Harvard Health* blog, October 20, 2022.
(5) R. Stepler, "World's Centenarian Population Projected to Grow Eightfold by 2050," United Nations chart, Pew Research Center, April 21, 2016; C.E. Finch and M.C. Pike, "Maximum Life Span Predictions from the Gompertz Mortality Model," *The Journals of Gerontology Series A: Biological Sciences and Medical Sciences* 51, no. 3 (1996), B183-B194; L. Shen, "Today's Youth Have a 50% Chance of Living to Age 104. What Does That Mean for the Economy?" *Fortune*, October 14, 2021.
(6) J. Vespa, D.M. Armstrong, and L. Medina, "Demographic Turning Points for the United States Population Projections for 2020 to 2060," U.S. Census Bureau, Current Population Reports, P25-1144, February 2020.
(7) *Ibid*.
(8) B. Mace et al., "Middle Market Seniors Housing Study," data from the *Health and Retirement Study,* National Opinion Research Center (NORC) at University of Chicago and National Investment Center for Seniors Housing and Care (NIC), 2014.
(9) AARP and National Alliance for Caregiving, "Caregiving in the U.S." 2020 Report, AARP, May 2020.
(10) Alzheimer's Association, "Alzheimer's Facts and Figures Report 2024," March 2024.
(11) U.S. Census Bureau, "America's Families and Living Arrangements," December 2, 2020; accessed October 2024, at: https://www.census.gov/newsroom/press-releases/2020/estimates-families-living-arrangements.html.
(12) N. Muthiah, A. Adesman, and S.A. Keim, "Grandparents Raising Grandchildren: Are They Up to the Job?" *Pediatrics* 144, 2_MeetingAbstract (2019): 77.
(13) S. Snelling, *Me Time Monday: The Weekly Wellness Plan to Find Balance and Joy for a Busy Life* (Edinburgh, Scotland: Luckenbooth Press, 2023).
(14) *Ibid*.
(15) The Holding Company and Pivotal Ventures, "The Investor's Guide to the Care Economy," accessed October 2024, at: https://www.theholding.co/insights.
(16) E. Kos et al., "Solving the $290 Billion Care Crisis," Boston Consulting Group, November 2022.
(17) L. Carstensen et al., "The Sightlines Special Report: Seeing Our Way to Financial Security in the Age of Increased Longevity," Stanford Center on Longevity, 2018.
(18) C. O'Hara, "How Much Money Do I Need to Retire?" *AARP Magazine,* January 27, 2015.
(19) K. Dychtwald, "The Journey of Caregiving: Honor, Responsibility and Financial Complexity," Kantar TNS, Agewave, 2017.
(20) L. Skufca and C. Rainville, "Caregiving Out-of-Pocket Costs Study," AARP Research, June 2021.
(21) J.B. Fuller and M. Raman, "The Caring Company: How Employers Can Cut Costs and Boost Productivity by Helping Employees Manage Caregiving Needs," Harvard Business School, Harvard University, 2019.
(22) J. Migliaccio, "Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents," *Gerontologist* 52 (November 2012): 285.
(23) *Ibid*.
(24) R. Schulz, and J. Eden (Eds.), *Families Caring for an Aging America* (Washington, DC: National Academies Press, 2016) Appendix D.
(25) G. Wettstein and A. Zulkarnain, "How Much Long-Term Care Do Adult Children Provide?" *Issue in Brief,* 17-11 (2017).
(26) E. J. Einhart, J.M. Flynn, and R.K. Flowers, "Solo Agers Can Find Independence in Planning and Advocacy," *Generations* 47, no. 2 (Summer 2023).