



Aging and Retirement

Article from

Family Structure, Roles and Dynamics Linked to Retirement Security

2019 Call for Essays

Family Considerations in Retirement Planning

Zenaida Samaniego

The traditional family is a nuclear unit formed by two married individuals who provide care for their biological offspring. The extended family can include grandparents, aunts, uncles, cousins and others who are blood relations of the nuclear unit.

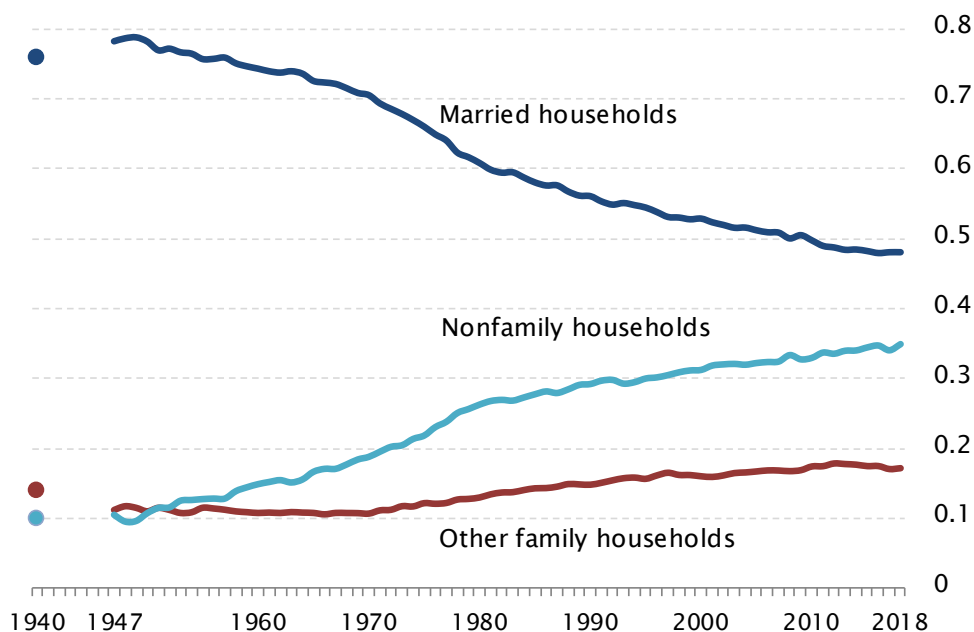
Nontraditional forms have evolved over time. To date, there has been a rise in the number of single-

parent families including never married, divorced or adoptive parents, as well as same-sex marriages including gay, lesbian or bisexual couples that choose to raise children from adoption or other modern-day means.

The evolution of the family structure has been brought about by many social and economic factors, such as new industries and technological advances, as well as equal rights movements led by women, and ethnic and LGBTQ groups. For instance, the increasing number of women entering the workforce has led to a shift from multigenerational households to multiple households with fewer people, a transition from the traditional role of stay-at-home mom caring full time for young children and an elderly parent to working mother in dual-earner families and the rise of day-care centers, nannies and licensed caregivers for the paid care of family members.

With the rise in single parenthood and nonfamily households (as seen in Figures 1 and 2), we also see increasing reliance on social welfare and public assistance programs.

Figure 1 Percent of Households by Type



Source: U.S. Census Bureau. Historical Household Visualizations. Accessed March 29, 2019. <https://www.census.gov/library/visualizations/time-series/demo/households-historical-time-series.html>; U.S. Census Bureau, Decennial Census, 1940, and Current Population Survey, Annual Social and Economic Supplements, 1947 to 2018.

According to the 2000 U.S. Census,¹ there were over 105 households comprised of 68 percent families (52% married couples, 12% female householders, 4% male householders) and 32% nonfamily households (26% one person, 6% two or more people).

Beyond biological ties and family structure, thoughts of family invariably evoke a sense of nurturing, caring, support and give-and-take. Who constitutes or what is considered a family may be easily defined, but the degree of kinship and closeness among the family members is key to determining how functional (or dysfunctional) is the family, and the level of expectations for care and support within the family. There is the saying: “The family that plays together, stays together.”

Research published by the American Society on Aging² provides a historical perspective on family caregiving and the important role it has played over the years.

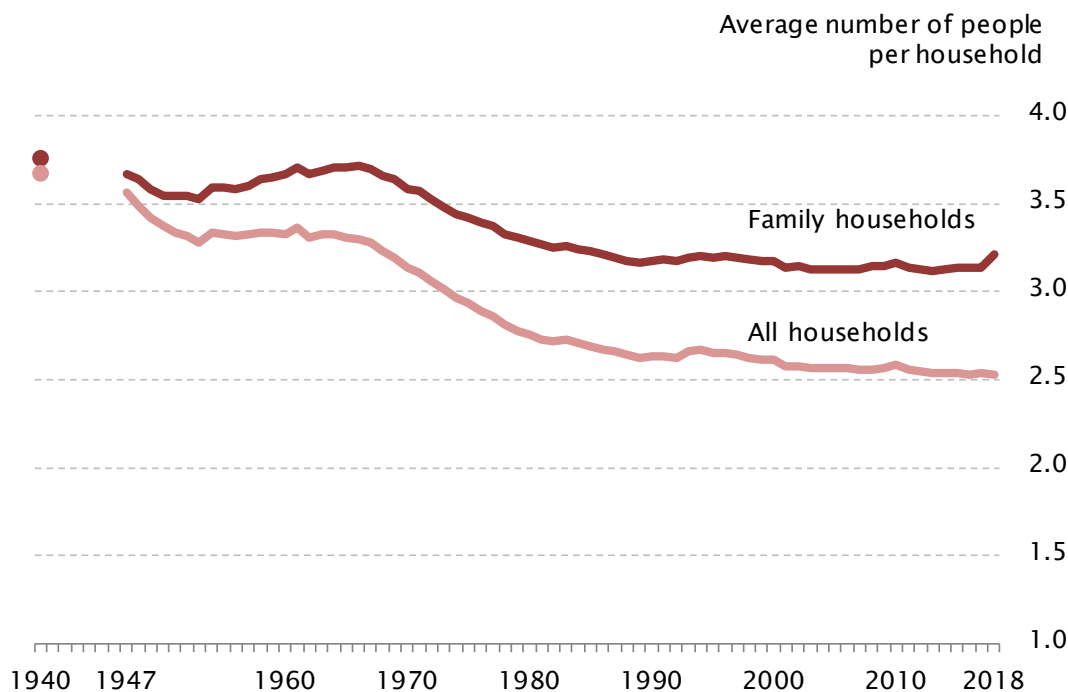
Retirement Experiences

Recent research from the Society of Actuaries based on retirement experiences among individuals age 85 and over confirms that most needed help of some type, primarily from adult children. The findings also show that family help is not usually considered in planning.³

When it comes to family caregiving, I am reminded of my personal experiences.

When I was growing up, large families with many children were common. I come from a traditional family of five

Figure 2 Changes in Household Size



Source: U.S. Census Bureau. Historical Household Visualizations. Accessed March 29, 2019. <https://www.census.gov/library/visualizations/time-series/demo/households-historical-time-series.html>; U.S. Census Bureau, *Current Population Survey*, Annual Social and Economic Supplements, 1940 and 1947 to 2018.

- 1 Simmons, Tavia, and Grace O’Neil. 2001. Households and Families: 2000. U.S. Census Bureau, *Census 2000 Brief*, September. <https://www.census.gov/prod/2001pubs/c2kbr01-8.pdf>.
- 2 Feinber, Lynn Friss, and Carol Levine. Family Caregiving: Looking to the Future. *American Society of Aging* blog, 2016, <http://www.asaging.org/blog/family-caregiving-looking-future> (accessed March 20, 2019).
- 3 Greenwald & Associates Inc. 2018. Post-Retirement Experiences of Individuals 85+ Years Old. Society of Actuaries research report. <https://www.soa.org/research-reports/2017/2017-post-retire-exp-85-years-old/>.

children and countless relations from both my mother's and father's sides. In the Philippine culture, many households could have two or more generations living in one household, with everyone contributing to the caring and support of younger and older family members. This was especially prevalent in the rural areas where farming was the common livelihood. Attaining higher education was viewed by many as key to obtaining competitive skills needed for well-paying jobs in growing urban areas, with the ultimate goal of gaining personal independence and financial stability as well as helping the family move up the social and economic strata. Thus, parents work hard to finance their children's education, while older children who, having completed their own collegiate studies and landed their first jobs, would be expected to help with financial support of the family and education of their younger siblings.

In my own family, the importance of higher education was always instilled in us. I will always remember my father's words: "Education is the single most important legacy that [we] parents can pass on to you, as it can never be lost or taken from you."

Attaining one's college education would often lead to new opportunities for personal growth.

With my family's encouragement, my personal ambitions led me to further my studies in the United States, where I have since worked, lived and now retired. When it was time for our own U.S.-born children to go to college, they knew that we, their parents, were fully committed to their attainment of a college education, which included financial support through college. We also taught our children the importance of hard work and budgeting so they were aware of the limits of our family's resources and could contribute in their own ways to the family's welfare. For example, they learned early on and through college how working in odd jobs can supplement their limited allowances, and that our financial commitment would only apply to four years of college within which they were in turn committed to attain their college diploma. After our children finished college, they did not all start to work right away. One or another would go on a travel adventure or come to live at home for a time. During such periods,

we set rules for sharing household expenses and responsibilities until they all invariably moved out. We are proud to say that they have all since been living on their own.

Notwithstanding the financial independence of our children, and the distances that separate our various households, our family remains connected in many ways. In our retirement, my husband and I live far from our adult children and their families. We always reach out to family first when in need of emotional support or mentoring or unbiased opinion. It can be an occasional or scheduled call just to say hello, or visit to help with some babysitting of our grandchildren. We never fail to offer our parental counsel and unsolicited advice, which they appreciate as adding value to their own critical thinking and problem-solving.

Our children look to us as their role models, knowing how hard we strived during our working years not only to support and be there for our family but also to save for our own retirement. In their own financial planning, they are also well aware of the need to budget, make provisions for unforeseen contingencies that may adversely affect one's health and finances (or independent living, in our case), and strive for financial independence now and in retirement by working and saving smartly in their peak earning years.

We always kept our children apprised of our family finances when they were growing up, and continued to do so even now, particularly when we have significant changes to our financial and health situations. They know that we have set up provisions for them in our wills and trusts to help with the college education of their own children. However, our children do not ask or expect any financial support or monetary gifts from us, though they are always appreciative when they receive any. They are fully aware how we are carefully managing our retirement resources so that we do not outlive our assets, or need to rely on them for financial support in our retirement.

The subject of moving closer to our children has often come up. Our usual response is that we hope to live a long life and continue to be independent in our retirement. However, we are comforted by the knowledge that we can depend on one another in

times of emergency and crisis, and expect our family to look after our well-being when the time comes.

Most Americans cannot afford the costs of long-term care. In 2012, such costs averaged \$41,000 per year for assisted living facilities, over \$100,000 per year for a nursing home stay, \$66 per day for adult day services and \$20 per hour for a licensed non-Medicare certified home health aide. While there are private financing sources for high-income Americans, and public program coverage for eligible, low-income individuals, most in the middle-income strata of the population will need private LTC insurance to be able to afford the costs of LTC. However, fewer than 10 million Americans had private LTCI (in 2010).⁴

Claims against LTCI policies tend to occur at older ages, typically after age 80, for a variety of causes led by Alzheimer's and cancer.⁵

In our own family, I have experienced close-up how family members have responded in such times of need. My mother suffered from dementia in her old age. Fortunately, she lived in the Philippines and a culture where family members were expected to and did care for her. Furthermore, my mom had adequate financial resources for extraordinary medical expenses. My once vibrant sister-in-law was diagnosed with Alzheimer's disease, the most common form of dementia,⁶ at the early age of 55 and suffered from steadily deteriorating health until she passed away 10 years later. At the time of her diagnosis, her family had not anticipated but recognized the need for professional help, and luckily had both the resources and capacity for paid home caregivers to help with her care.

There is no definitive evidence of a genetic connection to dementia. Nonetheless, I have learned from our family's caregiving needs and experiences of the risk of needing LTC later in life and thus the value of making provisions for private financing of formal care, through, first, the purchase in our 50s of employer-facilitated offerings of LTCI for my husband and myself

during our active employment and, second, targeting additional savings for other unanticipated and catastrophic needs.

I also learned through my place of employment, and professional volunteering and research, the value to one's family of risk protection and insurance coverage in financial planning. For example, we obtain life insurance to protect against loss of family income upon the insured primary earner's death, health insurance to cover individual and family medical and related expenses in case of acute or chronic illness, homeowners' insurance to cover cost of replacement or repair of home and personal property due to destruction and damage from fire and other covered causes, and auto insurance to protect against vehicular loss or harm to others.

Some would argue that paying for insurance is a waste of money if they never file a claim. They miss the point of insurance as protection against risks that may (or may not) happen and having peace of mind and the knowledge that they have a safety net should disaster strike.

In the case of Social Security, a social insurance program for old age or longevity risk protection, those claiming early Social Security may view benefits as income to be spent sooner than later. Waiting to claim until such time that benefits are optimized will supplement diminishing retirement savings should one live to a very ripe old age just when expenses are also increasing.

Summary

The family structure has evolved over time, but the sense of family caregiving and support has remained largely intact in a changing society and changing economic landscape.

The traditional informal care of/by family has faced increasing geographic and economic challenges from

4 Ujvari, Kathleen. 2012. Long-Term Care Insurance: 2012 Update. AARP Public Policy Institute, *Fact Sheet* 261, June. https://www.aarp.org/content/dam/aarp/research/public_policy_institute/ltc/2012/ltc-insurance-2012-update-AARP-ppi-ltc.pdf.

5 American Association for Long-Term Care Insurance. Top Reasons for Long Term Care Insurance Claim: Alzheimer's & Cancer. Aug. 31, 2011, <http://www.aaltci.org/news/long-term-care-insurance-news/top-reasons-for-long-term-care-insurance-claim-alzheimers-cancer> (accessed March 22, 2019).

6 Alzheimer's Association. Alzheimer's and Dementia. Accessed March 20, 2019. https://alz.org/alzheimer_s_dementia.

changing family households and sources of family income.

Keeping close family ties and up-to-date communications lead to better expectations and crisis management.

Financial planning and risk protection tools provide important resources in the changing retirement

landscape, so that family support can be better managed with less duress and financial burden to affected family caregivers.

Maintaining family values through evolving family structures is key to a healthy society and the economic welfare of the people.

Zenaida Samaniego, FSA, MAAA, is an active volunteer in SOA research on retirement and other practice areas. She is retired from her role as chief actuary, Employee Benefits Security Administration, at the U.S. Department of Labor. She can be reached at zsamaniego70@gmail.com.