

ARE YOU HAPPY?

In *The How of Happiness*, research psychologist and professor Sonja Lyubomirsky provides a comprehensive guide to understanding that nebulous and elusive state of being called “happiness.” Her pioneering research has revealed that a genetic set point accounts for 50 percent of our happiness while only 10 percent can be attributed to our life circumstances and situations. That leaves 40 percent of our capacity for happiness within our power to change.

For Lyubomirsky (and for the rest of us!), this is heartening news. Scientific evidence confirms that we can maximize our happiness by managing what we do and how we think. She explains:

“If we observe genuinely happy people, we shall find that they do not just sit around being contented. They make things happen. They pursue new understandings, seek new achievements, and control their thoughts and feelings. In sum, our intentional, effortful activities have a powerful effect on how happy we are, over and above effects of our set points and the circumstances in which we find ourselves. If an unhappy person wants to experience interest, enthusiasm, contentment, peace, and joy, he or she can make it happen by learning the habits of a happy person.”

Luckily, we don't

have to rely on our observations alone. Lyubomirsky's research has identified the most effective strategies for maximizing happiness such

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as cultivating optimism, practicing gratitude, and savoring life's pleasures in the here in now.

To determine your own happiness score and to learn what happiness activities will benefit you the most, go to http://chass.ucr.edu/faulty_book/lyubomirsky and click on “Discover Happiness.”

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CAUGHT IN THE MIDDLE

A growing number of individuals and couples are entering the ranks of the Sandwich Generation. What they have in common is that they are “caught in the middle” between the competing needs and wants of their dependent

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children and aging parents. In addition, they also need to consider and prepare for their own retirement years and potential long-term care needs.

For example, most members of the Sandwich Generation value higher education and feel compelled to provide that opportunity for their children. Other “sandwichers” are pressed into service by providing financial resources to a divorcing adult child or helping raise a grandchild. In addition, as life expectancy increases, their aging parents are likely to survive well into their 90’s and require monetary and caregiving assistance.

Increasingly, it is the middle generation that bears the responsibility for addressing the financial needs of both the younger and older generations. Unfortunately, the unintended result is that their own financial needs and wants are squished, squelched, and squeezed out.

As an alternative, is it possible to balance

financial responsibilities across generations? Are there ways we can help our children and our parents without sabotaging our own long-term financial security and quality of life?

There is no magic formula, but a proactive approach can improve communication, build financial resiliency, and nurture resourcefulness in all family members. Here are a few ideas suggestions:

Start Early –

The negative impact of major life transitions can be mitigated by planning ahead. Expenses like college tuition for your kids and long-term care for mom and dad can be huge. Therefore, with the help of a trusted financial advisor, it is essential to research your options and

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CAUGHT IN THE MIDDLE

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make preparations well in advance of important life events.

Expect Involvement & Cooperation –

Involve your kids and parents in the planning and preparation for their future needs and wants. Ask them (and expect them!) to contribute what they can.

For example, children can assume responsibility for a portion of their higher education expenses. In addition, encourage the older generation to think about their eventual needs and to plan ahead both financially and emotionally for their later years and the possibility of frailty.

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Encourage & Reward Independence –

In an effort to demonstrate our love, we often do too much for our children and for our parents. The more we do for others that they can do for themselves, the more we undermine their autonomy. When we do too much for a loved one, we communicate to them, “You are not capable.” Instead, it is important to nurture a spirit of self-reliance and self-confidence in those we love, for that is the very best gift in life that we can give.

FINANCIAL RELATIONSHIPS

Our financial relationships involve connections with others that affect our financial well-being and life satisfaction. Without a doubt, the complex circumstances and evolving dynamics of each relationship can have a profound influence (consciously and subconsciously) on the big and little decisions we make on a daily basis.

Nowhere is the influence of emotions on financial behavior more clearly illustrated than in family relationships. In particular the needs and wants of our children and our parents can weigh heavy on our hearts and minds and undermine our objectivity. The following questions will help you to reflect on and assess your financial responsibilities across generations:

1. Do your parents and children often rely on you for financial assistance and advice? If yes, how does this make you feel?
2. Are you able to effectively communicate with your parents and children about their financial needs and wants?
3. Are you concerned about balancing the financial needs and wants of your children and aging parents while also preparing for your own long-term financial security?
4. Are you able to say “no” to your parents and children when necessary?
5. If you have a spouse or life partner, do you generally agree on the degree of financial assistance to give your children and parents?
6. Are you willing to seek professional advice, on both a practical and emotional level, to help you deal effectively with the financial needs and wants of your children and your parents?

LIFE IS COMPLEX

FINANCIAL WELL-BEING ELUDES YOUNG ADULTS

More than two decades ago, financial planner and author Venita Van Caspel wrote:

“Our educational system continues to send forth our young with so little information about financial matters that they are like time bombs about to destroy their own and their families’ economic futures. We equip them to earn good incomes and to live the good life, but we fail miserably as a nation to prepare them to know what to do with the money they earn.”

Unfortunately, the implications of Van Caspel’s sobering forecast are becoming more apparent each day. With the level of consumer debt skyrocketing and the cost of housing, education, and health care increasing at double digit rates, young adults in the U.S. and other industrialized societies are facing unprecedented challenges to achieving financial security.

Recently Elisabeth Donati, the founder and director of Creative Wealth International, reported that only 10 percent of high school graduates have taken any course in managing money or building financial security. She also pointed out that more students are dropping out of college because of money problems than academic problems; and, those under 25 are the fastest growing group filing for bankruptcy.

In light of the economic challenges facing young adults, the American Savings and Education Council and AARP conducted a study to examine the financial behaviors, attitudes, and concerns of individuals between the ages of 19 and 39. The following are some of the key findings:

1. Only 9 percent are “highly satisfied” with their current financial situations and 7 percent report feeling “very secure”
2. 59 percent agreed that they struggle to make ends meet

3. 35 percent believe their level of debt is a major problem
4. Approximately one-half of those surveyed believe that it is harder for them than older generations to a) support a family, b) save for the long-term, d) buy a first home, e) and save for a child’s college education
5. 37 percent expect to provide financial support to their parents during their retirement
6. 36 percent cite their parents or in-laws as their primary source of financial advice while only 20 percent cite a financial advisor

Clearly, helping the young adults in our lives to deal with economic challenges and to adopt good financial habits and attitudes is more important than ever. The first and most important step is to examine our own money beliefs and behaviors and take action to get our own financial lives in order. Nothing is more effective in guiding the younger generation than providing a powerful role model.

Next, stay alert for teachable moments to share your financial wisdom. Very few topics affect us on a day-to-day basis like money, so there are endless opportunities to provide financial lessons via word and example. In addition, elicit the help and support of your trusted financial advisors. Many are eager to use their expertise to guide younger generations.

It is also important to seek resources that are tailored to the unique needs and perspectives of young adults. Examples include *Get a Financial Life: Personal Finance in Your Twenties and Thirties* by Beth Kobliner, *Your Financial Future: A Guide to Life After Graduation* by Terry Arndt, and *Debt Free by 30: Practical Advice for the Young, Broke, & Upwardly Mobile* by Jason Anthony and Karl Cluck.