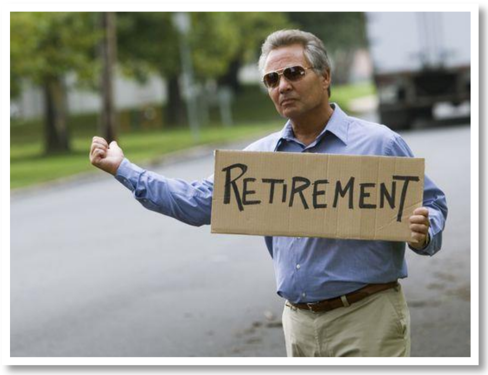
Survey: Americans do not like to discuss finances

Annika McGinnis, USA TODAY 9:25 p.m. EST November 17, 2013

Not discussing retirement savings is as worrisome as not saving enough for later in life.



(Photo: Thinkstock)

Changes in society have created different ideas of what retirement is.

American families may not be saving enough for retirement but even worse, they're not talking about it with each other, show the findings of a new study out Monday.

"Family & Retirement: The Elephant in the Room," a representative survey of 5,400 adult Americans conducted by Merrill Lynch and consulting firm Age Wave in August shows 70% over the age of 25 have not had a discussion with their parents about retirement.

More than half -- 56% -- of parents over the age of 50 have not discussed key financial issues, including wills, health directives, inheritance plans or where they plan to retire, with their children.

Time is running short for Baby Boomers, now 47 to 67 years old. Even without health care complications, they're worried about life after they stop working. One-third of people surveyed age 50 and older say they feel well prepared for retirement if everything goes as they expect.

Less than one in four surveyed over the age of 50 say they would be prepared financially if they or their spouse were forced to retire early due to health issues. But, according to the new study, a third of all people who retire early do so because of health problems.

"It will not be uncommon for people to live to 80, 90, 100 -- unfortunately, our health span isn't lined up with our life span," Age Wave CEO Ken Dychtwald said.

Not discussing these emotionally delicate topics is preventing many Americans from facing the facts together as a family. More than 90% say they would not be prepared financially if an aging parent or close relative needed long-term care. And just 37% of people age 50 or older believe they'll need long-term care before they die. The reality: 70% eventually will need the costly services, the new study says.

What's already happening is that many Americans have boomerang children, adults who have moved back home or are financially dependent on their parents, at the same time as they're being confronted with the financial pressures of their aging parents.

AARP expert Amy Goyer, 52, has spent her career advising people on retirement savings -- but she hasn't been able to save a penny for years. Her mother had a stroke decades ago, and her father's Alzheimer's prevented him from caring for her. Goyer moved across the country to live with and care for her elderly parents.

"I know I need to be saving, but it's a dollar-and-cents thing that I haven't been able to do," Goyer laments. She's not alone.

There's no shortage of generosity. The past five years, 62% of Americans age 50 or older have given an average of almost $15,000 to family members -- older and younger relatives, the new study shows.

Often, it's parents giving to their adult children. More than two-thirds-- 68% -- of parents age 50 or older have provided some form of financial support to their adult children the past five years. Of those who know where the money went, 20% say it was to pay the mortgage or rent, 18% went to pay cell phone bills, 17% helped pay for a car, 15% contributed to health care expenses and 11% helped pay back student loans.

"Within families, if you work hard and take some lucky breaks, you may be the person who's got a grandchild thinking of going to private college for four years -- and it might be you paying for it," Dychtwald said. "Someone [in our survey group] said 'I was expected to support the college fund; now I am a college fund."

In Granbury, Tex., Gene Berrier, 87, paid for not only his daughter's college education, but also the college degrees of two grandchildren. Their father had been killed when they were children, and their mother couldn't afford to send them to college.

"I've wondered a lot of times why I did it," he said. "I guess eventually they became mine."

Just as often, children shoulder the financial responsibilities of their parents. Nadia Allaudin, 37, has been financially helping her parents for nearly 20 years. The child of Pakistani immigrants and a father who abused her mother, the Merrill Lynch senior vice president spends about 25% of her income providing for her mother.

Allaudin started saving for retirement early, so her care-giving responsibilities mostly affect discretionary spending decisions, such as whether to buy a second home.

When people don't anticipate these expenses, "their own needs get pushed to the side" and they have to dig into their retirement savings -- often with detrimental consequences, Allaudin said.

AARP spokesperson Nancy Thompson points out that caregivers who can only work part-time or quit a full-time job early because of their responsibilities are reducing what they contribute to Social Security. They'll have less to spend later on in life.

Goyer and Thompson say the upcoming holidays that create a reason for extended family get-togethers offer an opportunity to broach the subject of long-term financial planning. They also recommend hiring an accountant and using the services of AARP long-term care planners, budget planners and online self-help programs such as one called "Decide, Create, Share."

Dychtwald is grieving the loss of his father, who died six weeks ago. Because his family had discussed "everything" years ago, they could focus solely on "sharing [their] love and final words," he says.

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